

# Memorandum

To : Michael Havey, Chief  
Division of Accounting and Reporting

Date: February 17, 2009

From : State Controller's Office  
Jeffrey V. Brownfield, Chief  
Division of Audits

Subject: CALIFORNIA UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING  
COMMISSION REVIEW – CITY OF LINDSDAY, LIBRARY PROJECT

As requested by the California Uniform Public Construction Cost Accounting Commission, the Division of Audits reviewed the records of the City of Lindsay's Library Project pursuant to Public Contract Code (PCC) section 22042(b).

The objective of our review of the City of Lindsay's Library Project (Fund 450) was to determine whether the total costs for the Library Project did not exceed the force account limit.

Our review determined that the City of Lindsay did not comply with the Public Contracts Code Section 22042(b) because total costs for the Library Project exceeded the force account limit. (see the attached schedule for details).

At the exit conference on February 10, 2009, the results of our review were discussed with Kenny Walker, City Finance Director/Treasurer. According to Mr. Walker, the total costs incurred for the city's Library Project exceeded the force account limit because the city is a charter city and, therefore, the city followed its City Ordinance.

City Ordinance No. 482, Section I (Purchasing & Contracting), states, "At the option of the City Manager an alternative purchasing and contracting procedure may be followed for any specific purchase or construction contract bid process, which procedure would follow California Government Code Sections 54205, or appropriate Public Contract Code provisions, but without compliance with the dollar limits of said Government Code or Public Contract Code Sections. The use of such alternative procedure shall be solely discretionary by the City Council or City Manager, and generally will not be followed, merely being an optional procedure which might be utilized, if desired."

Our working papers supporting our findings are complete and available for review by your staff, if needed. Please contact Steven Mar, Chief, Local Government Audits Bureau, at (916) 324-7226 to make arrangements as warranted.

JVB/wm

7257

Attachment

# City of Lindsay

## Schedule of Costs-Library Project

	<u>Cost Per City</u>
Salaries/Benefits – Force Account	\$ 187,657
Materials/Supplies- Contract	<u>951,324</u>
Total Project Costs Per City	1,138,981
Overhead Amount on Force Account*	<u>37,531</u>
Total Project Costs Per SCO	<u>\$ 1,176,512</u>

\* The city did not compute an overhead rate. Per PPC §22017(b)(1) states, "Cities with a population of less than 75,000 shall assume an overhead rate equal to 20 percent of the total costs of a public project, including the costs of material, equipment, and labor."