

**Independent Accountants' Report
On Applying Agreed-Upon Procedures**

The School Board of Orange County, Florida

**Dover Shores Elementary School Comprehensive Needs Project -
Road Realignment and New Track at Stonewall Jackson Middle School**



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Dover Shores Elementary School Comprehensive Needs Project - Road Realignment and New Track at Stonewall Jackson Middle School

The School Board of Orange County, Florida
Orlando, Florida

We have performed the procedures enumerated below, which were agreed to by The School Board of Orange County, Florida ("OCPS" or the "District" and the "specified party"), solely to assist you in certifying the final contract value to Charles Perry Partners, Inc. (the "Construction Manager" and the "responsible party"), based upon the total costs of construction and final contract value, as presented by the Construction Manager, for the Dover Shores Elementary School Comprehensive Needs Project – Road Realignment and New Track at Stonewall Jackson Middle School (the "Project"). The sufficiency of these procedures is solely the responsibility of the specified party. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures applied and the related findings are as follows:

PROCEDURES	RESULTS
1. Inspect a copy of the Standard Construction Management Contract (the "Agreement"), dated September 23, 2016, between OCPS and the Construction Manager, and the Guaranteed Maximum Price Amendment #2, dated May 31, 2018 (collectively referred to as the "contract documents"), relative to the construction of the Project.	○ The contract documents were inspected by Carr, Riggs & Ingram, LLC ("CRI") without exception.
2. Inquire of OCPS and the Construction Manager as to whether there are any disputed provisions between the two parties, relative to the contract documents or the Project's costs as provided in 4. below, or if there are any other unresolved disputes.	○ The Construction Manager and the District stated there were no disputes between them.

PROCEDURES	RESULTS
3. Inquire of the Construction Manager as to whether there are any disputes between the Construction Manager and its subcontractors.	<ul style="list-style-type: none"> ○ The Construction Manager stated there were no disputes between the Construction Manager and its subcontractors.
4. Obtain from the Construction Manager, a copy of the final job cost detail, dated January 27, 2020 (the “final job cost detail”).	<ul style="list-style-type: none"> ○ Obtained a copy of the final job cost detail without exception. <p>CRI noted \$11,887 of general conditions were included in the final job cost detail. This total was removed from the Construction Manager job costs in Exhibit A.</p>
5. Obtain from the Construction Manager and OCPS, a copy of the final payment application request issued to OCPS, dated March 31, 2019 (“final pay application”)	<ul style="list-style-type: none"> ○ Obtained the final payment application from the Construction Manager and the District without exception.
6. Obtain from the Construction Manager a reconciliation between the final job cost detail and the final pay application.	<ul style="list-style-type: none"> ○ Obtained a reconciliation between the final job cost detail and the final pay application without exception. The Construction Manager identified \$25,463 of costs considered non-reimbursable to the Project, and these amounts were removed from the final job cost detail, as reported in Exhibit A.
<p>7. From the final job cost detail, select all subcontractors with total costs listed in excess of \$50,000 (“selected subcontractors”) and perform the following:</p> <ol style="list-style-type: none"> a. Obtain the subcontract and related change orders, executed between the selected subcontractors and the Construction Manager. Compare the total amount recorded in the final job cost detail to the original subcontract amount plus the related change orders. b. Obtain the labor and material pricing estimates, vendor invoices, subcontractor markups, or other appropriate documentation (“supporting documentation”) for the subcontractor change orders in 7.a. above. Compare the change order amounts to the supporting documentation. c. Obtain from the Construction Manager, the final lien releases or individual payment lien releases totaling the final subcontract value submitted by the selected subcontractor to the Construction Manager, or a sample of cancelled checks 	<ol style="list-style-type: none"> a. Obtained the subcontract and related change orders for the selected subcontractors and compared them to the final job cost detail without exception. b. Obtained supporting documentation for all change orders to the selected subcontractors without exception. The supporting documentation was compared to the change order amounts in the final job cost detail without exception. c. Obtained final lien releases, partial lien releases, and cancelled check copies (in instances where the lien releases were not available) as evidence of payment to the selected subcontractors without exception.

PROCEDURES	RESULTS
<p>(at least 30) for payments made by the Construction Manager to the selected subcontractor (“payment documentation”). Compare the final subcontract amount to the final job cost detail to the payment documentation.</p> <p>d. Obtain a listing of owner direct purchases (“ODP”) from the District related to each subcontract selected. Compare the ODP amounts to the sum of the deductive ODP change orders, per the selected subcontractor.</p>	<p>d. Obtained the ODP log without exception. The sum of the deductive ODP change orders for the selected subcontractors agreed to the ODP log for all selected subcontractors, with the following exception. CRI observed an additive ODP change order of \$4,588 to reconcile OLP Construction’s owner direct purchases which was not included in the final job cost detail. CRI made an adjustment to account for the additive ODP change order, as reported in Exhibit A.</p>
<p>8. If there are reimbursable labor charges included in the final job cost detail, from the total number of Construction Manager employee payroll transactions listed in the final job cost detail, we will haphazardly select a sample of at least 15 Construction Manager payroll transactions. Each sampled payroll transaction will be for a specific, identified time period of the Project.</p>	<p>o CRI did not identify any reimbursable labor charges in the Construction Manager’s final job cost detail.</p>
<p>9. From the final job cost detail, select any non-subcontractor line items that exceed \$50,000.</p>	<p>o CRI did not identify any non-subcontractor line items over \$50,000.</p>
<p>10. From the final job cost detail, select amounts for payment and performance bond costs and builder’s risk insurance (as applicable) and perform the following:</p> <p>a. Obtain a copy of or access to the original invoices and a copy of the cancelled check or other proof of payment paid directly to a third party. Compare the documentation obtained to the amounts recorded in the final job cost detail.</p>	<p>a. Obtained the invoice from the Construction Manager's insurance agent and cancelled check for the payment and performance bond and compared the amounts to the final job cost detail without exception. There were no charges for builder's risk insurance included in the final job cost detail.</p>
<p>11. From the final job cost detail, select amounts for general liability insurance and perform the following:</p> <p>a. Where applicable, obtain the Construction Manager’s internal allocation for general liability insurance charges.</p>	<p>a. Obtained a letter from the Construction Manager's insurance provider stating the rate to be applied to the contract value for the general liability coverage.</p>

PROCEDURES	RESULTS
<p>b. If applicable, recalculate the Construction Manager’s internal allocations and compare the recalculation to the amounts in the final job cost detail.</p>	<p>Obtained the worker's compensation insurance rate sheet and noted the modifiers, totaling a 30% reduction of the rates, had not been applied. The total adjustment to the worker's compensation insurance charges is \$763, as reported in Exhibit A.</p> <p>b. Recalculated the Construction Manager's general liability charges and compared the recalculated amount to the amount in the final job cost detail. An adjustment was made to increase the insurance by \$80, as reported in Exhibit A.</p>
<p>12. Inquire of the Construction Manager to determine if there are any expenditures, in the final job cost detail, to entities related by common ownership or management to the Construction Manager.</p>	<p>o Inquired of the Construction Manager regarding expenditures in the final job cost detail to entities related by common ownership or management to the Construction Manager. The Construction Manager utilized a related entity, Contractor Computer and Equipment Leasing, LLC.</p>
<p>13. If there are expenditures to entities related by common ownership or management noted in 12. above, perform the following:</p> <p>a. Report the entity and volume of the transactions to OCPS.</p> <p>b. Determine if such transactions are properly authorized by OCPS, in accordance with the contract documents.</p>	<p>a. The related entity is Contractor Computer and Equipment Leasing, LLC and \$4,429 is included in the final job cost detail to Contractor Computer and Equipment Leasing, LLC.</p> <p>b. Observed an email from the Construction Manager to OCPS dated February 14, 2017, notifying OCPS of their intent to use Contractor Computer and Equipment Leasing, LLC on this Project.</p>
<p>14. From the final job cost detail, haphazardly select at least five transactions determined to be the Construction Manager’s internal charges to the Project, and perform the following:</p> <p>a. Obtain vendor invoices and Construction Manager calculations for internal charge rates.</p> <p>b. Compare the internal charge rates recorded in the final job cost detail to the supporting documentation obtained in 14.a. above.</p>	<p>a. Obtained vendor invoices and allocation calculations for the computer rental charges without exception.</p> <p>b. Compared the documentation obtained in 14.a. to the amounts in the final job cost detail without exception.</p>
<p>15. Obtain the Project’s Notice to Proceed (“NTP”) from OCPS and inspect the dates of the charges in the job cost detail for recorded costs with dates prior to the date on the NTP.</p>	<p>o Inspected the final job cost detail and identified subguard insurance and permit fee charges occurred prior to the NTP date, both of which appear to be proper.</p>

PROCEDURES	RESULTS
<p>16. Inquire of the Construction Manager to determine whether they are using a subcontractor default insurance program (“subguard”) for subcontractor bonding requirements. If so, perform the following:</p> <ul style="list-style-type: none"> a. Inspect the final job cost detail, as well as, subcontracts and change order line items for the selected subcontractors noted in 7. above, for line items described as subcontractor bond costs. b. Obtain an invoice and cancelled checks for the subguard charges found in the final job cost detail, if paid to a third party. c. Obtain written representation that the subcontractors on the Project, enrolled in subguard, have not included bond costs in their payment applications. 	<ul style="list-style-type: none"> o Per inquiry of the Construction Manager, a subguard program is being used for this Project. a. Inspected the final job cost detail and selected subcontractors’ original subcontract and change orders, and no bond charges were identified. b. Obtained a letter from the Construction Manager’s insurance provider stating the rate to be applied to subcontractor value for the subguard coverage. This rate was utilized to calculate the final subguard charges, and an increase of \$570 was made to the amount on the final job cost detail, as reported in Exhibit A. c. Obtained written representation from the Construction Manager that subcontractors enrolled in the subguard program did not include bond costs in their payment applications.
<p>17. Obtain all signed and executed change orders between OCPS and the Construction Manager for the duration of the Project.</p>	<ul style="list-style-type: none"> o Obtained all executed and signed change orders without exception.
<p>18. Obtain from OCPS, a log of the ODPs plus sales tax savings for the Project and perform the following:</p> <ul style="list-style-type: none"> a. Recalculate the total owner direct purchases, from the log obtained above, by taking the actual ODPs spent on the Project and comparing them to the original contract value (including ODPs) plus or minus any change orders (not including ODP change orders). b. If the above recalculated percentage is below 25% (as per section 20.3 of the General Conditions to the Agreement), inquire of the District regarding whether it was determined the Construction Manager failed to obtain any tax savings that could have been achieved. If so, inquire if the District will seek to recover the amount of any such missed tax savings from the Construction Manager. 	<ul style="list-style-type: none"> a. Obtained the ODP log from the District without exception. We recalculated the percentage of the total owner direct purchases plus sales tax savings, per the ODP log, as a percentage of the original contract value (including ODPs) plus or minus any change orders (not including ODP change orders). b. The recalculated percentage is less than 25%. CRI inquired with OCPS to determine if OCPS will seek to recover missed sales tax, and OCPS determined they would not due to the scope of work of the Project.

PROCEDURES	RESULTS
19. Compare the ODP log plus tax savings amount obtained in 18. above, to the total signed and executed change orders amounts obtained in 17. above relative to ODPs.	<ul style="list-style-type: none"> ○ Compared the owner direct purchases plus tax savings per the ODP log to the total signed and executed change order amounts relative to owner direct purchases without exception.
20. Utilizing the not-to-exceed general requirements detail from the contract documents in 1. above, compare to the general requirements charges noted in the final job cost detail.	<ul style="list-style-type: none"> ○ Compared the not-to-exceed general requirements per the contract documents with the actual general requirements charges noted in the final job cost detail and observed the Construction Manager overspent general requirements by \$11,031. This adjustment will be reported in Exhibit A.
<p>21. Recalculate the final guaranteed maximum price ("GMP") as follows:</p> <ul style="list-style-type: none"> a. Obtain the original GMP amount, including any fixed or percentage-based Construction Manager fees or lump sums from the contract documents noted in 1. above. b. Add the original GMP amount (from 1. above) plus additive change orders and minus deductive change orders from 17. above to get the "Adjusted guaranteed maximum price". 	<ul style="list-style-type: none"> a. The original GMP amount was obtained without exception. b. The net amount of change orders was deducted from the original GMP amount and is reported in Exhibit A as the "Adjusted guaranteed maximum price".
22. Obtain the final contract value, per the final pay application (noted in 5. above) and compare it to the adjusted GMP amount recalculated in 21.b. above.	<ul style="list-style-type: none"> ○ The adjusted guaranteed maximum price was compared to the final contract value, per the final pay application, without exception.
<p>23. Recalculate the construction costs plus fee as follows:</p> <ul style="list-style-type: none"> a. Starting with the final job cost detail, adjust for any reductions identified in the application of the above procedures (i.e. subcontractor markup differences, non-reimbursable items, repair/rework items, etc., as applicable) to reach the "Adjusted final job costs". b. Utilizing the adjusted final job costs, add any fixed fees or lump sum amounts to reach the "Construction costs plus fee". c. Compare the adjusted GMP amount recalculated in 21.b. above to the construction cost plus fee amount from 23.b. above. 	<ul style="list-style-type: none"> a. The results of performing this procedure are reported in Exhibit A as the adjusted final job costs. b. The calculation of the Construction Management fee has been added to the adjusted final job costs, resulting in the construction costs plus fee as reported in Exhibit A. c. The results of this procedure are reported in Exhibit A.

PROCEDURES	RESULTS
<p>24. Using the General Conditions attachment in the contract documents, obtain the raw rates for the Construction Manager’s personnel.</p> <ul style="list-style-type: none"> a. Obtain from the Construction Manager a listing of the personnel that filled the positions listed in the General Conditions attachment. b. From the listing of Construction Manager personnel that filled the positions in the General Conditions attachment, choose a sample of at least 15 payroll entries and obtain documentation of the selected persons’ actual pay rate for the period selected. c. Compare the actual pay rate obtained in 24.b. above to the raw rate included in the General Conditions attachment. 	<ul style="list-style-type: none"> a. Obtained a listing of the personnel that filled the positions listed in the General Conditions attachment from the Construction Manager. b. From the listing of Construction Manager personnel entries, we chose a sample of 15 payroll entries and obtained the Earning Register Report for each of the items selected. c. The results of this procedure indicate the actual pay rate is less than the raw rate per the General Conditions attachment ("raw rate") in 11 of the 15 samples tested. Overall, the average actual pay rate is 16% under the raw rate for the samples selected.
<p>25. Obtain, from OCPS and/or the Construction Manager, all of the Project’s contingency logs and usage documents and inspect all contingency usage forms for OCPS’s designated representative’s signature of approval.</p>	<ul style="list-style-type: none"> o Obtained the contingency log and all the contingency usage documents and inspected all usage documents for proper approval without exception.
<p>26. Compare the ending balances in the contingency funds, per the contingency logs obtained in 25. above, to the change order amount of the funds returning to OCPS, as obtained in 17. above.</p>	<ul style="list-style-type: none"> o Compared the ending balance in the contingency funds with the funds returned to the District in the draft final change order. The unused contingency fund balances were given back to the District in the final change order without exception.
<p>27. Obtain a listing of assets acquired by the Construction Manager for the Project and verify the assets were turned over to OCPS.</p>	<ul style="list-style-type: none"> o Obtained a listing of assets and verified the assets were transferred to OCPS at the conclusion of the project.
<p>28. Obtain the Certificate of Substantial Completion, signed by the Architect, and compare the date of this document to the time requirements contained in the contract documents.</p>	<ul style="list-style-type: none"> o Obtained the Certificates of Substantial Completion without exception. The substantial completion dates, as reported on the Certificates, were in compliance with the time requirements contained in the contract documents without exception.

PROCEDURES	RESULTS
29. Obtain the Certificate of Final Inspection, signed by the Architect, and compare the date of this document to the time requirements contained in the contract documents.	<ul style="list-style-type: none"> ○ The final completion date, as reported on the Certificate of Final Inspection, indicated the Construction Manager achieved final completion prior to the contractually required date. Final completion is to be achieved within 120 days after the date of substantial completion, which for this Project was April 6, 2019. The Certificate of Final Inspection was signed by the Architect on April 1, 2019.
30. Utilizing the Certificate of Final Inspection obtained in 29. above, inspect the dates of the charges in the final job cost detail for recorded costs with dates subsequent to the date of the Certificate of Final Inspection.	<ul style="list-style-type: none"> ○ Inspected the dates of the charges in the final job cost detail for recorded costs with dates subsequent to the date of the Certificate of Final Inspection. Observed \$15,165 in costs for late reconciliation billings, non-billables, late subcontractor payments, and fee sharing payments, after the date of final inspection, all of which appear to be proper.
31. Obtain the SAP/Purchase Order reconciliation from OCPS and compare the guaranteed maximum price on the reconciliation to the guaranteed maximum price on the Construction Manager's final pay application, as noted in 5. above.	<ul style="list-style-type: none"> ○ Obtained the SAP/Purchase Order reconciliation from OCPS and agreed the guaranteed maximum price on the reconciliation to the guaranteed maximum price on the final pay application without exception.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion on the total costs of construction and final contract value. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of The School Board of Orange County, Florida, and is not intended to be and should not be used by anyone other than the specified party.

Carly Riggs & Ingram, L.L.C.

Orlando, Florida
April 5, 2021

**The School Board of Orange County, Florida
Dover Shores Elementary School Comprehensive Needs Project
Road Realignment and New Track at Stonewall Jackson Middle School**

Exhibit A – Project Costs

Calculation of the construction costs plus fee

Calculation of adjusted final job costs:	
Construction Manager job costs	\$ 2,767,228
Adjustment to remove general conditions in the job cost detail	(11,887)
Adjustment to remove non-reimbursables in the job cost detail	(25,463)
Adjustment to add ODP change order not issued to OLP	4,588
Adjustment to worker's compensation insurance costs allocation	(763)
Adjustment to insurance costs allocation	80
Adjustment to subguard insurance costs allocation	570
Adjustment to reflect general requirements at the not-to-exceed amount	(11,031)
Adjusted final job costs	<u>2,723,322</u>
Original lump sum general conditions	<u>197,171</u>
Calculation of the construction management fee:	
Original construction management fee from Amendment #2	130,038
Fee reduced through owner change orders	(1,831)
	<u>128,207</u>
Construction costs plus fee	<u>\$ 3,048,700</u>

Calculation of adjusted guaranteed maximum price

Original guaranteed maximum price per Amendment #2	\$ 3,171,767
Adjustments from change orders per the Construction Manager	(114,682)
	<u></u>
Adjusted guaranteed maximum price	<u>\$ 3,057,085</u>
Construction costs, lesser of construction costs plus fee and adjusted guaranteed maximum price	<u>\$ 3,048,700</u>
Owner direct purchases	<u>153,148</u>
	<u>\$ 3,201,848</u>