

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

**The School Board of Orange County, Florida
Hillcrest Elementary School Comprehensive Needs Project**



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INDEPENDENT ACCOUNTANTS’ REPORT ON APPLYING AGREED-UPON PROCEDURES

Hillcrest Elementary School Comprehensive Needs Project

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 Wharton-Smith, 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 Hillcrest Elementary School Comprehensive Needs Project (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 Agreement (the “Agreement”), dated February, 8, 2017, between OCPS and the Construction Manager, and the Amendment, dated July 27, 2017 (collectively referred to as the “contract documents”), relative to the construction of the Project.	<ul style="list-style-type: none"> ○ 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.	<ul style="list-style-type: none"> ○ The Construction Manager and OCPS stated there were no disputed provisions between the two parties, relative to the contract documents or the Project’s cost. There are no unresolved disputes on the Project.

PROCEDURES	RESULTS
<p>3. Inquire of the Construction Manager as to whether there are any disputes between the Construction Manager and its subcontractors.</p>	<p>o The Construction Manager stated there are no disputes with any of its subcontractors.</p>
<p>4. Obtain from the Construction Manager, a copy of the final job cost detail, dated October 18, 2019 (the "final job cost detail").</p>	<p>o Obtained a copy of the final job cost detail without exception.</p>
<p>5. Obtain from the Construction Manager and OCPS, a copy of the final payment application request issued to OCPS, dated October 31, 2018 ("final pay application").</p>	<p>o Obtained a copy of the final payment application without exception.</p>
<p>6. Obtain from the Construction Manager a reconciliation between the final job cost detail and the final pay application.</p>	<p>o The Construction Manager's reconciliation between the final job cost detail and the final pay application was obtained without exception.</p>
<p>7. From the final job cost detail, select all subcontractors with total costs listed per the job cost detail in excess of \$50,000 ("selected subcontractors") and perform the following:</p> <p>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.</p> <p>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.</p> <p>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 if a lien release is not available, a cancelled check ("payment documentation"). Compare the final subcontract amount to the final job cost detail to the payment documentation.</p>	<p>a. Obtained the subcontract agreements and the related change orders, and totaled the original subcontract amount, plus change orders, for each of the selected subcontractors. Compared these amounts to the amounts recorded in the final job cost detail for all selected subcontractors without exception.</p> <p>b. Obtained supporting documentation for the subcontractor change orders without exception. Additionally, compared the change order amounts to the supporting documentation without exception. However, we noted three subcontractor change orders were for a higher amount than was accepted by the District through contingency. We have reported an adjustment in Exhibit A for the overage in the amount of \$1,186.</p> <p>c. Obtained payment documentation and compared the documentation to the final subcontract amount without exception.</p>

PROCEDURES	RESULTS
<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 listing of ODPs from the District and compared the amount to the sum of the deductive ODP change orders for each of the selected subcontractors without exception.</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 Selected 15 reimbursable labor charges in the final job cost detail.</p>
<p>9. From the items selected in 8. above, perform the following:</p> <p>a. Obtain copy of or access to, the original timesheet and a payroll register, for the time period of the selected transaction, showing gross pay to the employee for each employee selected.</p> <p>b. Compare the amount listed for each sample in the final job cost detail to the items obtained in 9.a. above.</p>	<p>a. Obtained the original timesheets and payroll registers, for the time periods and employees selected, without exception.</p> <p>b. Compared the calculation of the labor cost, using the raw rate obtained from the payroll registers and the labor burden percentage in the contract documents, to the amount in the final job cost detail, for each selection. CRI identified an error of \$341 in a sample population of \$5,781 of labor costs. We extrapolated the error rate over the total population of reimbursable labor in the final job cost detail, resulting in an adjustment of \$485 as reported in Exhibit A.</p>
<p>10. 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-subcontractors line items that exceeded \$50,000 in the final job cost detail.</p>
<p>11. From the final job cost detail, select amounts for payment and performance bond costs and workers compensation costs and perform the following:</p> <p>a. Relative to payment and performance bond costs, 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 original invoices and the cancelled checks relative to the payment and performance bond costs and compared the documentation to the amounts recorded in the final job cost detail without exception.</p>

PROCEDURES	RESULTS
<p>b. Relative to workers compensation, obtain the Burden Register from the Construction Manager. Compare the amount of the workers compensation costs for the project on the Burden register to the amount in the final job cost detail.</p>	<p>b. Obtained the Burden Registers for the Project from the Construction Manager and compared the workers compensation costs per the Burden Registers to the amount in the final job cost detail. The workers compensation costs in the final job cost detail were higher than the costs in the Burden Registers by \$3,929, which has been reported as an adjustment in the Exhibit A.</p>
<p>12. 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>b. Inspect the internal allocation method and calculation. Compare the documentation obtained in 12.a. above to the amounts recorded to the final job cost detail to identify that the internal allocation received was used to support the amounts in the final job cost detail.</p> <p>c. If applicable, obtain third party invoices for internal allocation amounts.</p> <p>d. If there is a self-insured portion of the premium, inquire regarding the calculation methodology for the self-insured portion of the premium. Obtain third party invoices or documentation for the calculation of the self-insured portion of the premium. Specifically inquire if that portion of the premium is based on actuarial calculations. If so, obtain the actuarial report supporting the calculation.</p>	<p>a. Obtained the Construction Manager's internal allocation for general liability insurance charges without exception.</p> <p>b. Inspected the internal allocation method and calculation without exception and identified that the internal calculation received was used to support the amounts in the final job cost detail.</p> <p>c. Obtained the following third party documents for premium amounts used in the allocation (all documents for the period from April 1, 2017 to April 1, 2018):</p> <ul style="list-style-type: none"> • for automobile coverage, the Common Policy Declarations page; • for excess liability coverages, the Excess Liability policy Declarations pages; • for general liability coverage, the Common Policy Declarations page, • for pollution, professional liability and environmental protection coverage, the Declarations pages from Berkely Assurance Company; • for contractor's property and equipment coverage, the Commercial Lines Policy - Common Policy Declarations page. <p>d. No portion of the general liability insurance coverage is self-insured.</p>

PROCEDURES	RESULTS
<p>e. If applicable, obtain supporting documentation for the allocation base, i.e. annual Company revenue.</p> <p>f. If applicable, recalculate the Construction Manager's internal allocations and compare the recalculation to the amounts in the final job cost detail.</p>	<p>e. Obtained the supporting documentation for the allocation base, as described in 12.b above. The allocation base is the Construction Manager's estimated annual revenue.</p> <p>f. Recalculated the Construction Manager's internal allocations and compared to the amount in the final job cost detail. The amount in the final job cost detail was less than the recalculated amount by \$7,835, which has been reported as an adjustment in Exhibit A.</p>
<p>13. 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 The Construction Manager stated there were no related entities used on this Project.</p>
<p>14. From the final job cost detail, we will 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 a "Computer Equipment Purchase Price and Rental Rate Calculations" report for the laptop computer charge and obtained an allowance set forth in the contract documents for the vehicle charge. Obtained invoices evidencing the computer charges, including an invoice for a Dell laptop, invoices for Dell monitors, and invoices for computer accessories that are considered as components of equipping personnel with a computer.</p> <p>b. Compared the internal charges as follows:</p> <ul style="list-style-type: none"> • The vehicle charges are at a set monthly rate for a predetermined number of vehicles. CRI agreed the total vehicle charges to the amount included in the general requirements. • The internal charges for laptop computers, as recalculated by CRI from the invoices mentioned above, were compared to the final job cost detail without exception.
<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 Obtained the NTP and did not identify any charges in the final job cost detail prior to the NTP date.</p>

PROCEDURES	RESULTS
16. Inquire of the Construction Manager to determine whether they are using a subcontractor default insurance program ("subguard") for subcontractor bonding requirements.	o The Construction Manager did not utilize a subcontractor default insurance program on this Project.
17. Obtain all signed and executed change orders between OCPS and the Construction Manager for the duration of the Project.	o Obtained signed and executed change orders between OCPS and the Construction Manager without exception.
18. Obtain from OCPS, a log of the owner direct purchases plus sales tax savings for the Project and perform the following: 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.	a. Obtained the ODP log from the District without exception. CRI 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. b. The results from the recalculation in 18.a. above indicated the Construction Manager achieved the goal of at least 25%; therefore, inquiry of the District was not necessary.
19. Compare the owner direct purchase log plus tax savings amount obtained in 18. above, to the total signed and executed change orders amounts obtained in 17. above relative to owner direct purchases.	o 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, as adjusted by change orders and contingency use requests, compare the not-to-exceed amount to the actual general requirements charges noted in the final job cost detail.	o Compared the not-to-exceed general requirements per the contract documents with the actual general requirements charges per the final job cost detail. The Construction Manager did not overspend the not-to-exceed amount.
21. Recalculate the adjusted guaranteed maximum price ("GMP") as follows: 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.	a. Obtained the original GMP amount without exception.

PROCEDURES	RESULTS
<p>b. Add the original GMP amount (from 1. above) additive change orders and subtract deductive change orders from 17. above to get the "Adjusted guaranteed maximum price".</p>	<p>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".</p>
<p>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.</p>	<p>o Compared the adjusted guaranteed maximum price to the final contract value, per the final pay application, without exception.</p>
<p>23. Recalculate the construction costs plus fee as follows:</p> <p>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".</p> <p>b. Utilizing the final job cost detail, add any fixed fees or lump sum amounts to reach the "Construction costs plus fee".</p> <p>c. Compare the adjusted GMP amount calculated in 21.b. above to the construction costs plus fee amount from 23.b. above.</p>	<p>a. The results of performing this procedure are reported in Exhibit A as "Adjusted final job costs".</p> <p>b. The results of performing this procedure are reported in Exhibit A as "Construction costs plus fee". CRI has reported reimbursement for materials testing of \$1,322 as an adjustment to the construction management fee in Exhibit A.</p> <p>c. The results of this procedure are reported in Exhibit A.</p>
<p>24. Using the General Conditions attachment in the contract documents, obtain the raw rates for the Construction Manager's personnel.</p> <p>a. Obtain from the Construction Manager a listing of the personnel that filled the positions listed in the General Conditions attachment.</p> <p>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.</p> <p>c. Compare the actual pay rate obtained in 24.b. above to the raw rate included in the General Conditions attachment.</p>	<p>a. Obtained the listing of the Construction Manager general conditions personnel without exception.</p> <p>b. From the listing of Construction Manager personnel entries, selected a sample of 15 payroll entries and obtained the Payroll Register Report for each of the items selected.</p> <p>c. The results of the procedure indicate the actual pay rate is less than the raw rate per the General Conditions attachment ("raw rate") for all employees selected. Overall, for the sample selected, the average actual pay rate is 32% under the raw rate per the contract documents.</p>

PROCEDURES	RESULTS
	CRI did not see evidence OCPS was notified the labor rates paid were lower than the raw rates, in accordance with Section 5.A.1.d. of the Agreement.
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.	○ Obtained the Project's contingency log and usage documents and observed that all the contingency usage forms evidenced approval of an OCPS designated representative.
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.	○ The remaining balances in the contingency funds were returned to OCPS in the final change order without exception.
27. Obtain a listing of assets acquired by the Construction Manager for the Project and verify the assets were turned over to OCPS.	○ Obtained a listing of assets which verified the assets were transferred to another OCPS project without exception.
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.	○ Obtained the Certificate of Substantial Completion without exception. The substantial completion dates, as reported on the Certificate, were compared to the time requirements contained in the contract documents without exception.
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.	○ The final completion date, as reported on the Certificate of Final Inspection, indicated the Construction Manager achieved final completion 29 days after the contractually required date. Final completion is to be achieved within 120 days after the date of substantial completion, which for this Project was November 8, 2018. The Certificate of Final Inspection was signed by the Architect on December 7, 2018.
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.	○ 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 without exception.
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.	○ 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.

Caru, Riggs & Ingram, L.L.C.

Orlando, Florida
June 29, 2020

**The School Board of Orange County, Florida
Hillcrest Elementary School Comprehensive Needs Project**

Exhibit A – Project Costs

Calculation of the construction costs plus fee

Calculation of adjusted final job costs:	
Construction Manager final job cost detail	\$ 10,902,849
Subcontractor change order amount in excess of the amount approved by the District	(1,186)
Adjustment for error in reimbursable labor costs	(485)
Adjustment to worker's compensation charges	(3,929)
Adjust general liability insurance to actual cost	7,835
Adjusted final job costs	10,905,084
Calculation of lump sum general conditions:	
Original lump sum general conditions	741,913
Additional general conditions added through owner change orders	15,091
	757,004
Calculation of the construction management fee:	
Original lump sum construction management fee	683,272
Additional fee added through owner change orders	3,790
Reimbursement for material testing	(1,322)
	685,740
Construction costs plus fee	\$ 12,347,828

Calculation of adjusted guaranteed maximum price

Original guaranteed maximum price	\$ 16,274,292
Adjustments from change orders per the Construction Manager	(3,927,378)
	\$ 12,346,914
Construction costs, lesser of construction costs plus fee and adjusted guaranteed maximum price	\$ 12,346,914
Owner direct purchases	3,867,427
	\$ 16,214,341