

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

**The School Board of Orange County, Florida
Ivey Lane Elementary School Replacement Project**



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INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

Ivey Lane Elementary School Replacement 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 Gilbane Building Company, 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 Ivey Lane Elementary School Replacement 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
<p>1. Obtain and read a copy of the Construction Management Contract (the “Agreement”), dated May 31, 2016, between The School Board of Orange County, Florida and the Construction Manager, and Amendment No. 1, dated July 27, 2016 (collectively referred to as the “contract documents”), relative to the construction of the Project.</p>	<p>○ The documents were read and obtained by Carr Riggs & Ingram, LLC (“CRI”) without exception.</p>
<p>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.</p>	<p>○ OCPS and the Construction Manager stated there were no disputed provisions between the two parties, relative to the contract documents, the Project’s cost or any other matters relating to the Project, with the exception of the following matter. The Construction Manager does not agree with the adjustment to reduce the insurance charges for insurance coverages not required by the Project’s contract documents.</p>

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>○ The Construction Manager stated there were no disputed provisions between the Construction Manager and any of its subcontractors.</p>
<p>4. Obtain from the Construction Manager, a copy of the final job cost detail, with charges from January 25, 2017 to December 25, 2017 (the “final job cost detail”).</p>	<p>○ CRI 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 April 3, 2018 (“final pay application”).</p>	<p>○ The final pay application was obtained 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>○ 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 final job cost detail in excess of \$50,000 and perform the following:</p> <ul 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 (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. 	<ul style="list-style-type: none"> a. The subcontract agreements and related change orders were obtained without exception. No exceptions were found as a result of performing this procedure. b. CRI obtained supporting documentation for the subcontractor change orders without exception. CRI identified \$159 of subcontractor markup in excess of contractual limits while performing this procedure. This has been included in Exhibit A as an adjustment to the “Construction costs plus fee.” c. The payment documentation was obtained and agreed to the final subcontract amount to the final job cost detail without exception.

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. CRI observed that the ODP deductions for the selected subcontractors agreed to the owner direct purchases listing from the District 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 CRI did not identify any reimbursable labor charges from the Construction Manager. All Construction Manager labor charges were included in fixed general conditions. CRI did recalculate the fixed general conditions attachment to the contract documents without exception.</p>
<p>9. From the final job cost detail, select any non-subcontractor line items that exceed \$50,000 and perform the following:</p> <p>a. Obtain a copy of, or access to, the original invoice, pricing document, and a copy of the cancelled check for each item selected. If there are more than 10 entries for the non-subcontractor in the final job cost detail, select a sample of at least 5 items.</p> <p>b. Compare the documents obtained in 9.a. to the amount recorded in the final job cost detail.</p>	<p>a. CRI did not identify any non-subcontractor line items in excess of \$50,000.</p> <p>b. N/A</p>
<p>10. From the final job cost detail, select all amounts for bond, insurance, and subguard charges and perform the following:</p> <p>a. Obtain a copy of, or access to, the original invoices, internal allocation calculation from the Construction Manager (if applicable), and a copy of the cancelled check for items paid directly to a third party.</p> <p>b. Compare the documentation obtained in 10.a. above to the amounts recorded to the final job cost detail. For amounts charged via an internal allocation, inspect the internal allocation method.</p>	<p>a. CRI obtained invoices and remittance reports relative to the costs for bond. CRI obtained third party supporting documentation for general liability insurance and subguard. CRI obtained an internal allocation for worker’s compensation insurance.</p> <p>b. The bond documentation obtained in 10.a. above was compared to the amounts in the final job cost detail without exception. CRI observed the general liability rate and observed that a portion of the rate did not relate to OCPS projects. This portion was eliminated from the recalculation of general liability insurance. The allocation for subguard and worker’s compensation were inspected without exception.</p>

PROCEDURES	RESULTS
<ul style="list-style-type: none"> c. If applicable, obtain third party invoices for internal allocation amounts. d. If applicable, recalculate the Construction Manager’s internal allocations. 	<ul style="list-style-type: none"> c. CRI obtained third party documentation for general liability and subguard insurance rates. d. CRI recalculated the Construction Manager’s internal allocation for worker’s compensation and subguard without exception. CRI made a \$5,457 adjustment to general liability based on our recalculation which eliminated contractors property/inland marine, directors/officers, crime, and pollution insurance. The adjustment is shown in Exhibit A as an adjustment to “Construction costs plus fee”. As noted in 2. above, the Construction Manager has disputed this adjustment.
<p>11. 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>	<ul style="list-style-type: none"> o There were no expenditures to entities related by common ownership or management included in the final job cost detail.
<p>12. 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> <ul style="list-style-type: none"> a. Obtain vendor invoices and Construction Manager calculations for internal charge rates. b. Compare the internal charge rates recorded in the final job cost detail to the supporting documentation obtained in 12.a. above. 	<ul style="list-style-type: none"> a. CRI obtained the allocation for technology charges included in the final job cost detail. Invoices were not obtained as the allocations included costs for the entire company and could not be traced to invoices. b. CRI made an adjustment based on our inquiry with OCPS. \$5,600 for IT support and \$4,500 for CPM Software was deducted from the final job cost detail and is reported in Exhibit A.
<p>13. Obtain the Project’s Notice to Proceed (“NTP”) from OCPS and inspect the dates of the charges in the final job cost detail for recorded costs with dates prior to the date on the NTP.</p>	<ul style="list-style-type: none"> o CRI obtained the Notice to Proceed. There were cellular related charges identified prior to the NTP date. However, the charges were for costs after the NTP date. Therefore, no costs were incurred prior to the NTP date.
<p>14. Inquire of the Construction Manager to determine whether they are using a subguard program for subcontractor bonding requirements. If so, select a sample of five subcontractors from the final job cost and perform the following:</p>	

PROCEDURES	RESULTS
<ul style="list-style-type: none"> a. Inspect the final job cost detail, as well as, subcontracts and change order line items noted in 7. above, for line items described as bond costs. All of these bond costs should be deducted from the subcontract. b. Obtain written representation from the Construction Manager that the subcontractors on the Project, enrolled in subguard, have not included bond costs in their pay applications. 	<ul style="list-style-type: none"> a. CRI reviewed all selected subcontractors in step 7. above and did not observe any bond costs included in their subcontractor agreements or change orders. b. CRI received written representation from the Construction Manager that no subcontractors enrolled in the subguard program included bond costs in their pay applications.
<p>15. 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 Signed and executed change orders between OCPS and the Construction Manager were obtained without exception.
<p>16. Obtain a log of the owner direct purchases plus sales tax savings for the Project from OCPS 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 sales tax savings from the Construction Manager. 	<ul style="list-style-type: none"> a. The recalculation indicated that ODPs were 25% of the contract value, minus the net total of all non-ODP change orders. b. The recalculated percentage in 16.a. above met the target savings goal stated in section 20.3 of the General Conditions to the Agreement.
<p>17. Compare the owner direct purchase log plus tax savings amount obtained in 16. above, to the total signed and executed change orders amounts obtained in 15. above relative to owner direct purchases.</p>	<ul style="list-style-type: none"> o The total reported for owner direct purchases plus the related sales tax savings was compared to the net deductive change orders to the guaranteed maximum price without exception.
<p>18. 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.</p>	<ul style="list-style-type: none"> o The Construction Manager did not exceed the not-to-exceed for general requirements and returned \$34,891 of general requirements savings in the final change order.

PROCEDURES	RESULTS
<p>19. Recalculate the adjusted guaranteed maximum price ("GMP") as follows:</p> <ul style="list-style-type: none"> a. Obtain the initial 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 initial GMP amount (from 1. above) plus additive change orders and minus deductive change orders from 15. above. 	<ul style="list-style-type: none"> a. The initial GMP amount was obtained without exception. b. The net amount of change orders was deducted from the initial GMP amount as reported in Exhibit A as "Adjusted guaranteed maximum price."
<p>20. Obtain the final contract value, per the final pay application (noted in 5. above) and compare it to the final GMP amount recalculated in 19.b. above.</p>	<ul style="list-style-type: none"> o No exceptions were found as a result of performing this procedure.
<p>21. 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 cost. b. Utilizing the final job cost detail, add any fixed fees or lump sum amounts to reach the construction costs plus fee. c. Compare the final GMP amount calculated in 19.b. above to the construction costs plus fee amount from 21.b. above. 	<ul style="list-style-type: none"> a. The results of performing this procedure are reported in Exhibit A as "Adjusted final job costs." b. The results of performing this procedure are reported in Exhibit A as "Construction costs plus fee." c. The results of performing this procedure are reported in Exhibit A.
<p>22. 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. 	<ul style="list-style-type: none"> a. CRI obtained a listing of the personnel that filled the positions listed on the General Conditions attachment. b. CRI selected a sample of 15 payroll entries and obtained documentation of the selected persons' actual pay rate for periods selected.

PROCEDURES	RESULTS
<p>c. Compare the actual pay rate obtained in b. above to the raw rate included in the General Conditions attachment.</p>	<p>c. The results of the testing indicate that the actual pay can vary by being less or more than the raw rate per the General Conditions attachment. Overall, the average actual pay was equivalent to the contract documents for the samples tested.</p>
<p>23. 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>	<p>o CRI obtained all of the Project’s contingency logs and usage documents and found no exceptions when inspecting usage documents for OCPS’s designated representative’s signature of approval.</p>
<p>24. Compare the ending balances in the contingency funds, per the contingency logs obtained in 23. above, to the change order amount of the funds returning to OCPS, as obtained in 15. above.</p>	<p>o The remaining balances in the contingency funds were returned to OCPS in the final change order.</p>
<p>25. Obtain a listing of assets acquired by the Construction Manager for the Project and verify the assets were turned over to OCPS.</p>	<p>o The Construction Manager provided a listing of purchased assets which indicated that all items were either transferred to OCPS or to another OCPS project except for folding chairs and folding tables. The reason for the assets not being transferred was due to the items being less than \$75.</p>
<p>26. 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>	<p>o CRI obtained the Certificates of Substantial Completion for Phase 1 – building 200, Phase 1 – except building 200, Phase 2 and Phase 3 (“Certificates”). The substantial completion dates, as reported on the Certificates, indicated that the Construction Manager achieved substantial completion in accordance with the contractual requirements.</p>
<p>27. 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.</p>	<p>o The final completion date, as reported on the Certificate of Final Inspection, indicated that the Construction Manager achieved final completion 68 days after the contractually required date. Final completion is to be achieved within 120 days after the latest substantial completion date, which for this Project was January 31, 2018. The Certificate of Final Inspection was signed by the Architect on April 9, 2018.</p>

PROCEDURES	RESULTS
28. Utilizing the Certificate of Final Inspection obtained in 27. 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.	○ CRI inspected the final job cost detail for job charges after the date of final completion as evidenced on the Certificate of Final Inspection. No such charges were identified.
29. 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.	○ CRI 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 on the specified elements, accounts, or items. Accordingly, we do not express such an opinion or conclusion, respectively, on the total costs of construction and final contract value. 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.

Carri Riggs & Ingram, L.L.C.

Orlando, Florida
June 24, 2019

**The School Board of Orange County, Florida
Ivey Lane Elementary School Replacement Project**

Exhibit A – Project Costs

Calculation of the construction costs plus fee:

Calculation of the adjusted final job costs:	
Construction Manager's final job cost detail	\$ 9,471,877
Adjustment to reduce subcontractor change orders due to improper mark-up	(159)
Adjustment to general liability to include only allowable insurances	(5,457)
Adjustment to eliminate IT support costs	(5,600)
Adjustment to eliminate non-Project specific software	(4,500)
Adjusted final job costs	9,456,161
Original lump sum general conditions	682,183
Calculation of the Construction Management fee:	
Original Construction Management fee from Amendment #1	605,883
Reduction in construction management fee from change orders	(3,792)
Reimbursement for materials testing	(455)
	601,636
Construction costs plus fee	\$ 10,739,980
 <u>Calculation of adjusted guaranteed maximum price:</u>	
Original guaranteed maximum price per Amendment #1	\$ 14,642,282
Adjustments from change orders per the Construction Manager	(3,886,812)
Adjusted guaranteed maximum price	\$ 10,755,470
Construction costs, lesser of construction costs plus fee and adjusted guaranteed maximum price	\$ 10,739,980
Owner direct purchases	3,603,714
	\$ 14,343,694