

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

**The School Board of Orange County, Florida
Site 205-K8-SW-6 School Replacement Project – Amendment 2 GMP
(Lake Como K-8)**



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INDEPENDENT ACCOUNTANTS’ REPORT ON APPLYING AGREED-UPON PROCEDURES

**Site 205-K8-SW-6 School Replacement Project– Amendment 2 GMP
 (Lake Como K-8)**

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 Williams Company Building Division (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 Site 205-K8-SW-6 School Replacement Project – Amendment 2 GMP (Lake Como K-8) (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 August 1, 2016, between OCPS and the Construction Manager, and Amendment #2, dated January 30, 2017 (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 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.
3. Inquire of the Construction Manager as to whether there are any disputes between the Construction Manager and its subcontractors.	○ The Construction Manager stated there are no disputes with any of its subcontractors.

PROCEDURES	RESULTS
<p>4. Obtain from the Construction Manager, a copy of the final job cost detail, dated January 13, 2020 (the “final job cost detail”).</p>	<p>o Obtained the final job cost detail without exceptions.</p>
<p>5. Obtain from the Construction Manager and OCPS, a copy of the final payment application request issued to OCPS, dated November 30, 2018 (“final pay application”).</p>	<p>o The final payment 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>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> <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 (“payment documentation”). Compare the final subcontract amount to the final job cost detail to the payment documentation. 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. 	<ul style="list-style-type: none"> a. The subcontract agreements and the related change orders were obtained and were compared with the amounts recorded in the final job cost detail for all selected subcontractors without exception. b. Obtained supporting documentation for the subcontractor change orders without exception. Additionally, we compared the change order amounts to the supporting documentation without exception. c. Obtained payment documentation and compared the documentation to the final subcontract amount without exception. 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.

PROCEDURES	RESULTS
<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>	<ul style="list-style-type: none"> ○ CRI did not identify any reimbursable labor charges in the final job cost detail.
<p>9. From the final job cost detail, select any non-subcontractor line items that exceed \$50,000 and perform the following:</p> <ul style="list-style-type: none"> a. Obtain a copy of or access to the original invoice 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. b. Compare the documents obtained in 9.a. to the amount recorded in the final job cost detail. 	<ul style="list-style-type: none"> a. CRI selected five line items for each of the two vendors that were in excess of \$50,000 and obtained the invoices and copies of cancelled checks for each of the selections. b. The invoices and the cancelled checks were compared to the amounts recorded in the final job cost detail without exception.
<p>10. From the final job cost detail, select amounts for payment and performance bond costs, general liability insurance, workers compensation, and builder's risk insurance (as applicable) and perform the following:</p> <ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> a. Obtained the invoices from the Construction Manager's insurance agent and cancelled checks for the payment and performance bond, general liability insurance, and workers compensation 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>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"> ○ 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 used a related entity for the rough carpentry scope of work.
<p>12. If there are expenditures to entities related by common ownership or management noted in 11. above, perform the following:</p> <ul style="list-style-type: none"> a. Report the entity and volume of the transactions to OCPs. 	<ul style="list-style-type: none"> a. The related entity is Falcon Construction ("Falcon") and \$130,000 is included in the final job cost detail to Falcon.

PROCEDURES	RESULTS
<p>b. Determine if such transactions are properly authorized by OCPS, in accordance with the contract documents.</p>	<p>b. Observed a letter from the Construction Manager to OCPS dated January 16, 2017, notifying OCPS of their intent to use Falcon on this Project.</p>
<p>13. 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 or other supporting documentation and, if applicable, Construction Manager calculations for internal charge rates.</p> <p>b. Compare the internal charge rates recorded in the job cost detail to the supporting documentation obtained in 13.a. above.</p>	<p>a. CRI selected 5 cell phone charges from the final job cost detail. We obtained payroll registers relative to each of the selections indicating that the employee was provided an allowance of \$125 per month for their cell phone, as part of their compensation.</p> <p>b. Compared the internal charges for the cell phones to the supporting documentation in 13.a. without exception.</p>
<p>14. 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>	<p>o Obtained the NTP and did not identify any charges in the final job cost detail prior to the NTP date.</p>
<p>15. 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> <p>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.</p> <p>b. Obtain an invoice and cancelled checks for the subguard charges found in the final job cost detail, if paid to a third party. Additionally, obtain documentation from the insurance carrier evidencing the subguard rate. Compare the invoices and the cancelled checks to the amounts included in the final job cost detail.</p>	<p>a. Inspected the final job cost detail as well as the subcontract agreements and change orders for all of the 25 selected subcontractors. Provisions in the subcontract agreements stated bonds will not be included in the subcontractor costs. Additionally, no subcontractor bond costs were identified in the change orders or the final job cost detail.</p> <p>b. Obtained invoices from the Construction Manager's insurance agent and cancelled checks for the subguard charges found in the final job cost. Additionally, we obtained the subguard Premium Installment Schedule Endorsement evidencing the subguard rate of 1.23%. CRI compared the invoices, cancelled checks and the recalculated amount (subguard rate times the final subcontract values plus ODPs) to the amount in the final job cost detail without exception.</p>

PROCEDURES	RESULTS
<p>c. Obtain written representation that the subcontractors on the Project, enrolled in subguard, have not included bond costs in their payment applications.</p>	<p>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>
<p>16. Obtain all signed and executed change orders between OCPS and the Construction Manager for the duration of the Project.</p>	<p>o Obtained signed and executed change orders between OCPS and the Construction Manager.</p>
<p>17. Obtain from OCPS, a log of the owner direct purchases plus sales tax savings for the Project and perform the following:</p> <p>a. Recalculate the total owner direct purchases percentage, using the ODP 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).</p> <p>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.</p>	<p>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 and change orders (not including ODP change orders).</p> <p>b. The recalculated percentage is in excess of 25%.</p>
<p>18. Compare the owner direct purchase log plus tax savings amount obtained in 17. above, to the total signed and executed change orders amounts obtained in 16. above relative to owner direct purchases.</p>	<p>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.</p>
<p>19. Utilizing the not-to-exceed general requirements detail from the contract documents, compare to the general requirements charges noted in the final job cost detail.</p>	<p>o Compared the not-to-exceed general requirements per the contract documents with the actual general requirements charged noted in the final job cost detail without exception.</p>
<p>20. Recalculate the adjusted guaranteed maximum price ("GMP") as follows:</p> <p>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.</p>	<p>a. The original GMP amount was obtained without exception.</p>

PROCEDURES	RESULTS
<p>b. Add the original GMP amount (from 1. above) plus additive change orders and minus deductive change orders from 16. 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 maxim price".</p>
<p>21. Obtain the final contract value, per the final pay application (noted in 5. above) and compare it to the final GMP amount recalculated in 20.b. above.</p>	<p>o The adjusted guaranteed maximum price was compared to the final contract value, per the final pay application, without exception.</p>
<p>22. 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 20.b. above to the construction costs plus fee amount from 22.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". The construction management fee was adjusted by the reimbursement for material testing in the amount of \$1,764, as reported in Exhibit A.</p> <p>c. The results of this procedure are reported in Exhibit A.</p>
<p>23. 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 23.b. above to the raw rate included in the General Conditions attachment.</p>	<p>a. Obtained a listing of the personnel that filled the positions listed in the General Conditions attachment from the Construction Manager.</p> <p>b. From the listing of Construction Manager personnel entries, we chose a sample of 17 payroll entries and obtained the PR Time Card Entry List (Payroll register) for each of the items selected.</p> <p>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 16 of the 17 samples tested. Overall, the average actual pay rate is 30% under the raw rate for the samples selected.</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.
24. 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.	o Obtained the Project's contingency log and usage documents and observed that all the contingency usage forms evidenced approval from an OCPS designated representative.
25. Compare the ending balances in the contingency funds, per the contingency log obtained in 24. above, to the change order amount of the funds returning to OCPS, as obtained in 16. above.	o The remaining balances in the contingency funds were returned to OCPS in the final change order without exception.
26. Obtain a listing of assets acquired by the Construction Manager for the Project and verify the assets were turned over to OCPS.	o Obtained a listing of assets which verified the assets were transferred to another OCPS project without exception.
27. 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.	o Obtained the Certificate of Substantial Completion without exception. The substantial completion date, as reported on the Certificate, was in compliance with the time requirements contained in the contract documents without exception.
28. 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.	o The final completion date, as reported on the Certificate of Final Inspection, indicated the Construction Manager achieved final completion 92 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 October 17, 2018. The Certificate of Final Inspection was signed by the Architect on January 17, 2019.
29. Utilizing the Certificate of Final Inspection obtained in 28. 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.	o 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.
30. 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.	o 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 final construction costs 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
May 22, 2020

The School Board of Orange County, Florida
Site 205-K8-SW-6 School Replacement Project – Amendment 2 GMP
(Lake Como K-8)

Exhibit A – Project Costs

Calculation of the construction costs plus fee

Calculation of adjusted final job costs:	
Construction Manager job costs	\$ 19,100,286
Adjusted final job costs	19,100,286
Calculation of lump sum general conditions:	
Original lump sum general conditions	1,069,103
Additional general conditions from change orders	14,731
	1,083,834
Calculation of the construction management fee:	
Original construction management fee	1,261,518
Reimbursement for material testing	(1,764)
	1,259,754
Construction costs plus fee	\$ 21,443,874

Calculation of adjusted guaranteed maximum price

Original guaranteed maximum price	\$ 29,836,148
Adjustments from change orders per the Construction Manager	(8,392,274)
	\$ 21,443,874
Adjusted guaranteed maximum price	\$ 21,443,874
Construction costs, lesser of construction costs plus fee and adjusted guaranteed maximum price	
Owner direct purchases	\$ 21,443,874
	6,943,949
	\$ 28,387,823