



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

The School Board of Orange County, Florida

Lake Gem Elementary School – Comprehensive Project



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INDEPENDENT ACCOUNTANTS’ REPORT ON APPLYING AGREED-UPON PROCEDURES

Lake Gem Elementary School – Comprehensive Project

The School Board of Orange County, Florida
 Orlando, Florida

We have performed the procedures enumerated below on the final construction costs and the adjusted guaranteed maximum price of the Lake Gem Elementary School – Comprehensive Project (the “Project”), as provided by Wharton-Smith, Inc. (the “Construction Manager”).

The School Board of Orange County, Florida (“OCPS” or the “District”) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose to assist in determining the final construction costs and the adjusted guaranteed maximum price of the Project, as provided by the Construction Manager. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures applied and the related findings are as follows:

PROCEDURES	RESULTS
1. Inspect a copy of the Standard Management Contract (the “Agreement”), dated November 8, 2017, between OCPS and the Construction Manager, and Amendment No. 1, dated June 8, 2018 (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 costs. There are no unresolved disputes on the Project.

PROCEDURES	RESULTS
3. Inquire of the Construction Manager as to whether there are any disputes between the Construction Manager and its subcontractors.	o Construction Manager stated there were no disputes with any of its subcontractors.
4. Obtain from the Construction Manager, a copy of the final job cost detail, dated February 27, 2021 (the "final job cost detail").	o Obtained the final job cost detail without exception.
5. Obtain from the Construction Manager and OCPS, a copy of the final payment application request issued to OCPS, dated May 31, 2020 ("final pay application").	o Obtained the final pay application without exception.
6. Obtain from the Construction Manager a reconciliation between the final job cost detail and the final pay application.	o Obtained the Construction Manager's reconciliation without exception. The Construction Manager identified \$92,537 of costs that were not billable to the District. As the Construction Manager identified these amounts, they were not included in the "Construction Manager job costs" in Exhibit A.
<p>7. From the final job cost detail, select all subcontractors with total costs 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>o Selected all 19 subcontractors from the final job cost detail with total costs in excess of \$50,000.</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. However, eight subcontractors included change orders in their subcontract value which were not billable to the District. These amounts are included in the \$92,537 noted in 6. above.</p> <p>b. Obtained supporting documentation for the subcontractor change orders without exception. Compared the change order amounts to the supporting documentation without exception.</p> <p>Additionally, an additive change order totaling \$5,401 had supporting documentation consisting only of a lump sum amount. This amount was approved through contingency.</p>

PROCEDURES	RESULTS
<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 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 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>c. Obtained payment documentation and compared to the final subcontract amount without exception.</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, 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 No reimbursable labor charges were identified in the final job cost detail.</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>o Selected 1 non-subcontractor vendor from the final job cost detail with total costs in excess of \$50,000.</p> <p>a. Selected five line items for the vendor that was in excess of \$50,000 and obtained the invoices and electronic payments for each of the selections.</p> <p>b. The supporting documentation obtained in 9.a. was compared to the amounts recorded in the final job cost detail without exception.</p>
<p>10. From the final job cost detail, select amounts for payment and performance bond costs and workers compensation costs and perform the following:</p>	<p>o Selected all the payment and performance bond and workers compensation insurance costs from the final job cost detail.</p>

PROCEDURES	RESULTS
<p>a. Relative to payment and performance bond charges, 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. Relative to the workers compensation charges, obtain the burden registers from the Construction Manager. Compare the documentation obtained to the amounts recorded in the final job cost detail.</p>	<p>a. Obtained a copy of the invoice from a third party and a cancelled check relative to the charges for the payment and performance bond. Compared the documentation to the amount recorded in the final job cost detail without exception. Obtained the burden registers from the Construction Manager for workers compensation charges and compared with the amounts in the final job cost detail without exception.</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>b. Inspect the internal allocation method and calculation. Compare the documentation obtained in 11.a. above to the amounts recorded to 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>e. If applicable, obtain supporting documentation for the allocation base, i.e. annual company-wide revenue for the Construction Manager.</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>o Selected all general liability charges from the final job cost detail.</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 and compared the documentation obtained to the amounts recorded in the final job cost detail. See results of the comparison in 11.f. below.</p> <p>c. Obtained the general liability insurance proposal from the Construction Manager's insurance agent, Bouchard Insurance, for fiscal years 2018, 2019 and 2020.</p> <p>d. Per inquiry of the Construction Manager, no portion of the general liability insurance premiums are self-insured.</p> <p>e. Obtained and traced the revenue base amounts used in the internal allocations to the insurance proposal from the Construction Manager's insurance agent, Bouchard Insurance, for fiscal years 2018, 2019 and 2020.</p> <p>f. Recalculated the Construction Manager's internal allocations and compared the recalculation to the amounts in the final job cost detail without exception.</p>

PROCEDURES	RESULTS
<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>○ 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 stated there were none.</p>
<p>13. 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 13.a. above.</p>	<p>○ Selected all computer, software and vehicle charges in the final job cost detail.</p> <p>a. Obtained supporting documentation for the internal charges as follows:</p> <ul style="list-style-type: none"> • Vendor invoices for the computer and software charges. • For the vehicle charges, the charges are set at \$850 per month for a contractually limited number of vehicles. CRI obtained the schedule of values for the general requirements, which includes the vehicles, for the allowable monthly charge. <p>b. Compared the internal charges for the vehicle, computer and software charges in the final job cost detail to the supporting documentation obtained 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>○ 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.</p>	<p>○ Per inquiry of the Construction Manager, a subguard program was not used on the Project.</p>
<p>16. Obtain all signed and executed change orders between OCPS and the Construction Manager for the duration of the Project.</p>	<p>○ Obtained signed and executed change orders between OCPS and the Construction Manager without exception.</p>
<p>17. Obtain from OCPS, a log of the ODPs plus sales tax savings for the Project and perform the following:</p> <p>a. Recalculate the total ODPs, 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).</p>	<p>○ Obtained the ODP log from OCPS without exception.</p> <p>a. Recalculated the percentage of the total ODPs plus sales tax savings, per the ODP log, as a percentage of the original contract value (including ODPs).</p>

PROCEDURES	RESULTS
<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>b. The results from the recalculation in 17.a. above indicated that the Construction Manager did not achieve the goal of 25%. The District does not intend to recover missed sales tax savings from the Construction Manager.</p>
<p>18. Compare the ODP log plus sales tax savings amount obtained in 17. above, to the total signed and executed change orders amounts obtained in 16. above relative to ODPs.</p>	<p>o Compared the ODPs plus sales tax savings per the ODP log to the total signed and executed change order amounts relative to ODPs without exception.</p>
<p>19. 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>	<p>o Compared the not-to-exceed general requirements, per the contract documents, with the actual general requirements charged in the final job cost detail. The Construction Manager overspent the not-to-exceed allowance by \$596. The adjustment is reported in Exhibit A.</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>b. Add the original GMP amount (from 1. above) plus additive change orders and minus deductive change orders from 16. above.</p>	<p>a. Obtained the original GMP amount without exception.</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>21. Obtain the final contract value, per the final pay application (noted in 5. above) and compare it to the adjusted GMP amount recalculated in 20.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>22. Recalculate the final construction costs 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>a. The results of this procedure are reported in Exhibit A.</p>

PROCEDURES	RESULTS
<ul style="list-style-type: none"> b. Utilizing the adjusted final job costs, add any fixed fees or lump sum amounts to reach the “final construction costs”. c. Compare the adjusted GMP amount calculated in 20.b. above to the final construction costs amount from 22.b. above. 	<ul style="list-style-type: none"> b. The results of this procedure are reported in Exhibit A. c. The results of this procedure are reported in Exhibit A.
<p>23. 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 25 payroll entries and obtain documentation of the selected persons' actual pay rate for the period selected. c. Compare the actual pay rate obtained in 23.b. above to the raw rate included in the General Conditions attachment. 	<ul style="list-style-type: none"> o Obtained the raw rates for the Construction Manager’s personnel included in the General Conditions attachment in the contract documents. 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’s personnel entries, selected a sample of 25 payroll entries and obtained the Proof 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 19 of the 25 samples tested. Overall, the average actual pay rate is 18% under the raw rate for the samples selected. 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.
<p>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.</p>	<ul style="list-style-type: none"> o Obtained the Project’s contingency log and usage documents and observed that all the contingency usage forms evidenced approval of an OCPS designated representative.
<p>25. Compare the ending balances in the contingency funds, per the contingency logs obtained in 24. above, to the change order amount of the funds returning to OCPS, as obtained in 16. above.</p>	<ul style="list-style-type: none"> o The remaining balances in the contingency funds were returned to OCPS in the final change order without exception.
<p>26. 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 which verified the assets were transferred to another OCPS project without exception.

PROCEDURES	RESULTS
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.	○ Obtained the Certificates of Substantial Completion without exception. The substantial completion dates, as reported on the Certificates, were compared to the time requirements contained in the contract documents and owner change orders 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.	○ The final completion date, as reported on the Certificate of Final Inspection, indicated the Construction Manager achieved final completion 74 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 March 14, 2020. The Certificate of Final Inspection was signed by the Architect on May 27, 2020.
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.	○ 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.	○ 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.

We were engaged by The School Board of Orange County, Florida, to perform this agreed-upon procedures engagement and conducted our engagement 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 engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the final construction costs and the adjusted guaranteed maximum price. 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.

We are required to be independent of Wharton-Smith, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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.

Cary Riggs & Ingram, L.L.C.

Orlando, Florida
September 20, 2021

**The School Board of Orange County, Florida
Lake Gem Elementary School – Comprehensive Project**

Exhibit A – Project Costs

Calculation of the final construction costs

Calculation of adjusted final job costs:	
Construction Manager job costs	\$ 8,326,048
Adjust general requirements to the not-to-exceed allowance	(596)
Adjusted final job costs	8,325,452
Calculation of the lump sum general conditions:	
Original lump sum general conditions	777,078
General conditions added through owner change orders	11,119
General conditions added through contingency	7,025
	795,222
Calculation of the construction management fee:	
Original construction management fee	463,932
Adjustment to fee in the final owner change order	2,490
	466,422
Final construction costs	\$ 9,587,096
<u>Calculation of adjusted guaranteed maximum price</u>	
Original guaranteed maximum price	\$ 11,125,623
Adjustments from change orders	(1,538,109)
	\$ 9,587,514
Construction costs, lesser of final construction costs and adjusted guaranteed maximum price	\$ 9,587,096
Owner direct purchases	1,810,851
	\$ 11,397,947