

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

The School Board of Orange County, Florida

Maxey Elementary School (Site 207-E-W-7) – Replacement Project



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Maxey Elementary School (Site 207-E-W-7) – 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 Clancy & Theys Construction Company (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 Maxey Elementary School (Site 207-E-W-7) – 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. Inspect a copy of the Agreement (the “Agreement”), dated January 20, 2017, between OCPS and the Construction Manager, and Amendment No. 1, dated May 2, 2017, and Amendment No. 2, dated July 11, 2017 (collectively referred to as the “contract documents”), relative to the construction of the Project.</p>	<p>○ The contract documents were inspected 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>○ 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.</p>
<p>3. Inquire of the Construction Manager as to whether there are any disputes between the Construction Manager and its subcontractors.</p>	<p>○ Per inquiry of the Construction Manager, there are no disputes between the Construction Manager and its subcontractors.</p>

PROCEDURES	RESULTS
4. Obtain from the Construction Manager, a copy of the final job cost detail, dated November 4, 2019 (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 November 30, 2018 (“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. However, the Construction Manager identified the following items that have been reflected as adjustments in Exhibit A: <ul style="list-style-type: none"> • Non-approved labor in the drywall phase in the amount of \$56,473. • Non-reimbursable change order settlement with a subcontractor in the amount of \$5,414.
7. From the final job cost detail, select all subcontractors with total costs in excess of \$50,000 (“selected subcontractors”) and perform the following: <ol style="list-style-type: none"> a. Obtain the subcontract and related change orders, executed between the selected subcontractors and the Construction Manager. Compare the total amount recorded in the final job cost detail to the original subcontract amount plus the related change orders. b. Obtain the labor and material pricing estimates, vendor invoices, subcontractor markups, or other appropriate documentation (“supporting documentation”) for the subcontractor change orders in 7.a. above. Compare the change order amounts to the supporting documentation. c. Obtain from the Construction Manager, the final lien releases or individual payment lien releases totaling the final subcontract value submitted by the selected subcontractor to the Construction Manager, or cancelled checks for payments that are not evidenced by lien releases, for payments made by the 	<ol style="list-style-type: none"> 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. b. Obtained the supporting documentation for the subcontractors change orders for the selected subcontractors without exception. Compared the change order amounts to the supporting documentation with the following exception: <ul style="list-style-type: none"> • Non-reimbursable subcontractor change orders in the amount of \$7,850. <p>The above item has been reported as an adjustment in Exhibit A.</p> c. Obtained payment documentation for the selected subcontractors and compared to the final selected subcontract amounts without exception.

PROCEDURES	RESULTS
<p>Construction Manager to the selected subcontractor (“payment documentation”). Compare the final subcontract amount to the final job cost detail to the payment documentation.</p> <p>d. Obtain a listing of owner direct purchases (“ODP”) from the District related to each subcontract selected. Compare the ODP amounts to the sum of the deductive ODP change orders, per the selected subcontractor.</p>	<p>d. Obtained and compared 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 Selected 15 samples from the 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 copies of the timesheets and the payroll registers for each selected transaction.</p> <p>b. Compared the amount listed in the final job cost detail for each sample to the timesheets and the payroll registers without exception.</p>
<p>10. If labor burden is included in reimbursable labor (if any), recalculate the labor burden percentage and compare it to the fixed rate per the contract documents, of 35%.</p>	<p>o Recalculated the labor burden percentage charged on the reimbursable labor included in the final job cost detail and found that the labor burden charged was in excess of the 35% specified in the contract documents, resulting in an adjustment of \$9,555 as reported in Exhibit A.</p>
<p>11. 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>a. Selected the clean up scope of work as a non-subcontractor item that exceeded \$50,000. As there were more than 10 entries, CRI selected 5 items and obtained copies of invoices and cancelled checks for each sample selected.</p>

PROCEDURES	RESULTS
<p>b. Compare the documents obtained in 11.a. to the amount recorded in the final job cost detail.</p>	<p>b. Compared the documents obtained in 11.a. with the amounts recorded in the final job cost detail for each sample selected without exception.</p>
<p>12. From the final job cost detail, select amounts for payment an performance bond costs and perform the following:</p> <p>a. Obtain a copy of or access to the original invoices and a copy of the cancelled check or other proof of payment paid directly to a third party. Compare the documentation obtained to the amounts recorded in the final job cost detail.</p>	<p>a. Obtained copies of the invoices and cancelled checks for the payment and performance bond charges and compared the documentation to the amounts in the final job cost detail without exception.</p>
<p>13. 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 13.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>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>a. Obtained the Construction Manager's internal allocation for general liability charges without exception.</p> <p>b. Inspected the internal allocation method and calculation. Compared the documentation to the amounts recorded in the final job cost detail and was able to determine that the internal allocation received supported the amounts in the final job cost detail.</p> <p>c. Obtained premium statements from the third party insurance broker for all premiums used in the calculation.</p> <p>d. Per inquiry of the Construction Manager, no portion of the general liability insurance charges are the result of a self-insurance program.</p> <p>e. Obtained the premium statement from the insurance broker indicating the revenue base used in the internal allocation.</p> <p>f. Recalculated the Construction Manager's internal allocations and compared the recalculation to the amounts in the final job cost detail, resulting in an adjustment of \$6,335 as reported in Exhibit A.</p>

PROCEDURES	RESULTS
	<p>The adjustment resulted from the Construction Manager including ODPs in the contract value for the Project, which was multiplied times the annual calculated rates for general liability insurance. CRI removed the ODPs, as they are not included in the allocation base used by the Construction Manager to allocate the insurance premium costs.</p>
<p>14. 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 Per inquiry of the Construction Manager, there are no expenditures, in the final job cost detail, to entities related to the Construction Manager.
<p>15. 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 Obtained the NTP and inspected the dates of the charges in the job cost detail for recorded dates prior to the date of the NTP. Costs in the amount of \$39,986 were noted with posting dates prior to the date of the NTP. However, all of the charges were either general conditions, which are a lump sum, general requirements, which were eliminated from the final job costs as being over the not-to-exceed amount, or a charge from a subcontractor to ensure timely delivery of equipment.
<p>16. Inquire of the Construction Manager to determine whether they are using a subcontractor default insurance program (“subguard”) for subcontractor bonding requirements.</p>	<ul style="list-style-type: none"> o Per our inquiry of the Construction Manager, a subcontractor default insurance program was not used on this Project.
<p>17. Obtain all signed and executed change orders between OCPS and the Construction Manager for the duration of the Project.</p>	<ul style="list-style-type: none"> o Obtained all signed and executed change orders between OCPS and the Construction Manager for the duration of the Project without exception.
<p>18. Obtain from OCPS, a log of the owner direct purchases plus sales tax savings for the Project and perform the following:</p> <ul style="list-style-type: none"> a. Recalculate the percentage of 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). 	<ul style="list-style-type: none"> a. Obtained the ODP log from OCPS 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 (including ODPs).

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 18.a. above indicate the Construction Manager did not achieve the goal of 25%. CRI inquired of OCPS and observed the Construction Manager was assessed a penalty of \$5,250, as reported in Exhibit A.</p>
<p>19. Compare the ODP log plus tax savings amount obtained in 18. above, to the total signed and executed change orders amounts obtained in 17. above relative to ODPs.</p>	<p>o Compared the ODP plus tax savings per the ODP log to the total signed and executed change order amounts relative to ODPs without exception.</p>
<p>20. Utilizing the not-to-exceed general requirements detail from the contract documents in 1. above, compare to the general requirements charges noted in the final job cost detail.</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 general requirements amount, per the contract documents, resulting in the actual general requirements being removed from the final job cost detail (the removal of the actual general requirements costs is reflected in the "Construction Manager job costs" in Exhibit A) and the not-to-exceed amount being added as reported in Exhibit A. Additionally, the not-to-exceed general requirements was reduced by the value of purchased assets that were retained by the Construction Manager in the amount of \$1,133.</p>
<p>21. 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 to the original GMP amount (from 1. above) additive change orders and subtract deductive change orders from 17. above to get to the "Adjusted guaranteed maximum price".</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>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 GMP to the final contract value, per the final pay application, without exception.</p>

PROCEDURES	RESULTS
<p>23. Recalculate the construction costs plus fee as follows:</p> <ul style="list-style-type: none"> a. Starting with the final job cost detail, adjust for any reductions identified in the application of the above procedures (i.e. subcontractor markup differences, non-reimbursable items, repair/rework items, etc., as applicable) to reach the "Adjusted final job costs". b. Utilizing the final job cost detail, add any fixed fees or lump sum amounts to reach the "Construction cost plus fee". c. Compare the final GMP amount calculated in 21.b. above to the construction costs plus fee amount from 23.b. above. 	<ul style="list-style-type: none"> a. The results of performing this procedure are reported in Exhibit A as "Adjusted final job costs". b. The results of performing this procedure are reported in Exhibit A as "Construction costs plus fee". CRI has reported fee earned on contingency of \$1,700, liquidated damages of \$40,000, and the above mentioned sales tax savings penalty of \$5,250 as adjustments to the construction management fee in Exhibit A. c. The results of this procedure are reported in Exhibit A.
<p>24. Using the General Conditions attachment in the contract documents, obtain the raw rates for the Construction Manager's personnel.</p> <ul style="list-style-type: none"> a. Obtain from the Construction Manager a listing of the personnel that filled the positions listed in the General Conditions attachment. b. From the listing of Construction Manager personnel that filled the positions in the General Conditions attachment, choose a sample of at least 15 payroll entries and obtain documentation of the selected persons actual pay rate for the period selected. c. Compare the actual pay rate obtained in 24.b. above to the raw rate included in the General Conditions attachment. 	<ul style="list-style-type: none"> a. Obtained a listing of the personnel that filled the positions listed in the General Conditions attachment from the Construction Manager. b. From the listing of Construction Manager personnel entries, CRI chose a sample of 15 payroll entries and obtained the Payroll Register Report for each of the items selected. c. The results of this procedure indicate the actual pay rate is less than the raw rate per the General Conditions attachment ("raw rate") in 11 of the 15 samples tested. Overall, the average actual pay rate is 20% 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>25. Obtain, from OCPS and/or the Construction Manager, all of the Project's contingency logs and usage documents and inspect all contingency usage forms for OCPS's designated representative's signature of approval.</p>	<ul style="list-style-type: none"> o Obtained the Project's contingency log and usage documents and observed that all the contingency usage forms evidenced approval of an OCPS designated representative.

PROCEDURES	RESULTS
<p>26. Compare the ending balances in the contingency funds, per the contingency logs obtained in 25. above, to the change order amount of the funds returning to OCPS, as obtained in 17. above.</p>	<ul style="list-style-type: none"> ○ The remaining balances in the contingency funds were returned to OCPS in the final change order without exception.
<p>27. Obtain a listing of assets acquired by the Construction Manager for the Project and verify the assets were turned over to OCPS.</p>	<ul style="list-style-type: none"> ○ Obtained the listing of assets acquired by the Construction Manager for the Project. As the assets were not turned over to the District at the completion of the Project, the Construction Manager reported to the District a value for the assets and reduced the general requirements for the value of the assets in the amount of \$1,133, as reported in Exhibit A.
<p>28. Obtain the Certificate of Substantial Completion, signed by the Architect, and compare the date of this document to the time requirements contained in the contract documents.</p>	<ul style="list-style-type: none"> ○ Obtained the Certificate of Substantial Completion ("Certificate") and compared the date of the Certificate to the time requirements contained in the contract documents. The Construction Manager achieved substantial completion 40 days after the contractually required date for substantial completion, resulting in \$40,000 of liquidated damages, which were included in the final change order and are reported in Exhibit A.
<p>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.</p>	<ul style="list-style-type: none"> ○ The final completion date, as reported on the Certificate of Final Inspection, indicated the Construction Manager achieved final completion 16 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 14, 2018. The Certificate of Final Inspection was signed by the Architect on November 30, 2018.
<p>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.</p>	<ul style="list-style-type: none"> ○ Inspected the dates of the charges in the final job cost detail for recorded costs with dates subsequent to the date of the Certificate of Final Inspection and identified \$19,467 of charges posted after the date of the Certificate of Final Inspection. However, the charges were either adjusted out of the final job cost detail by the Construction Manager, were final settlements for a subcontractor, or consisted of a small charge (\$250) for a sign requested by the Principal. Therefore, no adjustment was necessary.

PROCEDURES	RESULTS
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.	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 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.

Carri Riggs & Ingram, L.L.C.

Orlando, Florida
September 4, 2020

**The School Board of Orange County, Florida
Maxey Elementary School (Site 207-E-W-7) – Replacement Project**

Exhibit A – Project Costs

Calculation of the construction costs plus fee

Calculation of adjusted final job costs:	
Construction Manager job costs	\$ 9,428,210
Adjustment for non-approved labor in the drywall phase	(56,473)
Non-reimbursable change order settlement with subcontractor	(5,414)
Other non-reimbursable subcontractor costs	(7,850)
Labor burden on reimbursable labor in excess of 35%	(9,555)
Adjustment to general liability insurance costs allocation	(6,335)
Adjusted final job costs	<u>9,342,583</u>
Original lump sum general conditions	<u>560,624</u>
Calculation of not-to-exceed general requirements:	
Original not-to-exceed general requirements	333,469
Reimbursement to OCPs for assets retained by the Construction Manager	(1,133)
	<u>332,336</u>
Calculation of the construction management fee:	
Original construction management fee	606,953
Liquidated damages assessed	(40,000)
Sales tax savings penalty	(5,250)
Adjustment to construction management fee for contingency use	1,700
	<u>563,403</u>
Construction costs plus fee	\$ 10,798,946

Calculation of adjusted guaranteed maximum price

Original guaranteed maximum price	\$ 14,609,699
Adjustments from change orders per the Construction Manager	(3,780,459)
Adjusted guaranteed maximum price	\$ 10,829,240
Construction costs, lesser of construction costs plus fee and adjusted guaranteed maximum price	\$ 10,798,946
Owner direct purchases	3,309,809
	\$ 14,108,755