

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

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



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INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

Mollie Ray Elementary School Comprehensive Needs Project

The School Board of Orange County, Florida
Orlando, Florida

We have performed the procedures enumerated below, which were agreed to by The School Board of Orange County, Florida (the “District”, “OCPS” and the “specified party”), solely to assist you in certifying the final contract value to James B. Pirtle Construction Company (the “Construction Manager” and the “responsible party”), based upon the total costs of construction and final guaranteed maximum price, as presented by the Construction Manager, for the Mollie Ray Elementary School Comprehensive Needs Project (the “Project”). The sufficiency of these procedures is solely the responsibility of the specified party. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures applied and the related findings are as follows:

PROCEDURES	RESULTS
<p>1. Obtain and read a copy of the Standard Construction Management Contract (the “Agreement”), dated April 14, 2016, between The School Board of Orange County, Florida, and the Construction Manager, and Amendment No. 1, dated July 26, 2016 (collectively referred to as the “contract documents”), relative to the construction of the Project.</p>	<p>○ The documents were obtained and read 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 stated there were no disputed provisions between the two parties, relative to the contract documents or the Project’s cost. There were no unresolved disputes on the Project.</p>

PROCEDURES	RESULTS
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 was a dispute between them and one of the subcontractors, Concepts In Greenery, Inc. on a sister project. This dispute has been resolved.
4. Obtain from the Construction Manager, a copy of the final job cost detail, dated September 16, 2018 (the “final job cost detail”).	○ CRI 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 December 31, 2017 (“final pay application”).	○ CRI 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.	○ The Construction Manager’s reconciliation was obtained. On the reconciliation, CRI noted that certain non-reimbursable costs and general conditions costs were included in the final job cost detail. General conditions have been deducted from the final job cost detail in Exhibit A because they have been contracted for as a lump sum. Non-reimbursable costs identified were also deducted from the final job cost detail in Exhibit A.

PROCEDURES	RESULTS
<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 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. 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. CRI obtained the subcontract and related change orders without exception. b. CRI obtained the supporting documentation without exception. CRI identified a \$40 charge that related to subcontractor administrative costs. This has been adjusted in Exhibit A. c. CRI obtained payment documentation and agreed the payments to the amount included in the final job cost detail for each selected subcontractor without exception. d. CRI obtained a listing of ODPs from the District and compared the amount to the sum of the deductive ODP change orders, per the selected subcontractor 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, 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 in the final job cost detail.
<p>9. Inspect the final job cost detail for any non-subcontractor line items that exceed \$50,000.</p>	<ul style="list-style-type: none"> ○ There were no non-subcontractor line items in excess of \$50,000.
<p>10. From the final job cost detail, select all amounts for bond, insurance, and subguard charges and perform the following:</p> <ul style="list-style-type: none"> 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. 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. c. If applicable, obtain third party support for internal allocation amounts. d. If applicable, recalculate the Construction Manager's internal allocations. 	<ul style="list-style-type: none"> a. CRI obtained invoices, internal allocations and cancelled checks relative to the costs for bond, insurance, and subguard. b. The documentation obtained in 10.a. above was compared to the amounts in the final job cost detail without exception relative to the bond costs. See 10.d below for results regarding insurance allocations to the Project. c. CRI obtained third party documentation for general liability and subguard insurance rates, including premium rate sheets. d. CRI recalculated the Construction Manager's internal allocations and made a \$5,711 adjustment for subguard costs and a \$6,720 adjustment for general liability and workman's compensation insurance costs to properly reflect actual costs. These adjustments are included in Exhibit A.
<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"> ○ The Construction Manager stated that there were no related entities used on the project.

PROCEDURES	RESULTS
<p>12. 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> <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 Construction Manager’s calculation for internal charges without exception. There were internal charges for computers and software (“IT”) and vehicles. b. The Construction Manager produced documentation to OCPS at the commencement of the Project for the IT charges, which included details of their proposed rates. Per our discussion with the District, the District accepted the monthly rate for IT charged by the Construction Manager. CRI observed that the proposed monthly charge for IT was accurately included in the final job cost detail for the specified period (10 months). Additionally, the District’s policy regarding vehicles is that they will allow \$850 per month for one vehicle for 10 months on an elementary school project. The Construction Manager’s vehicles charged agreed to the rate and term allowed by OCPS.
<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. We did not identify job cost charges dated prior to the date of the Notice to Proceed.

PROCEDURES	RESULTS
<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 detail and perform the following:</p> <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 inspected the final job cost detail, subcontractor agreements, and subcontractor change orders for all selected subcontractors (21 subcontractors) and noted no evidence of subcontractor bond costs, except for Complete Electric, Inc. which was not included in the subguard program. 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 CRI obtained all the change orders and observed that the final change order provided by the District was not signed by OCPS.
<p>16. Obtain from OCPS, a log of the owner direct purchases plus sales tax savings for the Project.</p>	<ul style="list-style-type: none"> o The owner direct purchase log was obtained from OCPS without exception.
<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 \$60,223 of general requirements savings in the final change order.

PROCEDURES	RESULTS
<p>19. Recalculate the final 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 to get the "Adjusted guaranteed maximum price". 	<ul style="list-style-type: none"> a. The initial GMP amount was obtained without exception. b. The net amount of change orders were deducted from the initial GMP amount as reported on Exhibit A as the "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 "Adjusted guaranteed maximum price" recalculated in 19.b. above.</p>	<ul style="list-style-type: none"> o The final contract value per the final pay application and the "Adjusted guaranteed maximum price" from 19.b. above agree without exception.
<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 (e.g. subcontractor markup differences, non-reimbursable items, repair/rework items, etc., as applicable) to reach the "Adjusted final job costs". b. Utilizing the "Adjusted final job costs", add any fixed fees or lump sum amounts to reach the "Construction costs plus fee". c. Compare the "Adjusted guaranteed maximum price" 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 are reported as "Adjusted final job costs" on Exhibit A. b. The original lump sum general conditions and the calculation of the construction management fee are added to get the "Construction costs plus fee" as reported on Exhibit A. c. The "Construction costs plus fee" is \$13,837 less than the "Adjusted guaranteed maximum price".

PROCEDURES	RESULTS
<p>22. 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 22.b. above to the raw rate included in the General Conditions attachment.</p>	<p>a. The listing of Construction Manager personnel was obtained without exception.</p> <p>b. CRI chose a sample of 15 payroll entries for Construction Manager personnel that worked on the Project and obtained documentation for the actual pay rate for each employee for the period selected without exception.</p> <p>c. On the average, the actual pay rate was 2% higher than the contractual raw rate. There were 3 employees whose actual rate was less than the contractual raw rate.</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 the contingency log and all the contingency usage documents and inspected all usage documents for proper approval without exception.</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 assets were transferred to a subsequent OCPS project.</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 Building 100 and Building 200 (“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>

PROCEDURES	RESULTS
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.	<ul style="list-style-type: none"> ○ The final completion date, as reported on the Certificate of Final Inspection, indicated that the Construction Manager achieved final completion 118 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 June 5, 2017. The Certificate of Final Inspection was signed by the Architect on January 8, 2018.
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.	<ul style="list-style-type: none"> ○ CRI inspected the final job cost detail for job charges after the date of final completion as evidenced on the Certificate of Final Inspection and observed no charges dated after the date of final completion.
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.	<ul style="list-style-type: none"> ○ 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 total costs of construction and the final 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.

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.

Carr, Riggs & Ingram, L.L.C.

Orlando, Florida
January 9, 2019

The School Board of Orange County, Florida
Mollie Ray Elementary School Comprehensive Needs Project

Exhibit A – Project Costs

Calculation of the construction costs plus fee:	
Construction Manager job costs	\$ 9,834,792
Reductions:	
General conditions costs included in the job costs	(562,595)
Non-reimbursable costs not indicated by the Construction Manager	(1,366)
Difference in subguard amount from CRI recalculation	(5,711)
Difference in insurance amount from CRI recalculation	(6,720)
Administrative costs included in subcontractor change orders	(40)
Adjusted final job costs	<u>9,258,360</u>
Original lump sum general conditions	<u>473,713</u>
Calculation of the construction management fee:	
Original construction management fee from Amendment #1	599,067
Reduction in construction management fee from change orders	(287)
	<u>598,780</u>
Construction costs plus fee	<u><u>\$ 10,330,853</u></u>
Calculation of adjusted guaranteed maximum price ("GMP"):	
Original guaranteed maximum price per Amendment #1	\$ 14,237,226
Adjustments from change orders per the Construction Manager	(3,892,536)
Adjusted guaranteed maximum price	<u><u>\$ 10,344,690</u></u>
Construction costs, lesser of construction costs plus fee and adjusted guaranteed maximum price	\$ 10,330,853
Owner direct purchases	<u>3,401,082</u>
	<u><u>\$ 13,731,935</u></u>