



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

The School Board of Orange County, Florida

Southwest Middle School – Comprehensive Project



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INDEPENDENT ACCOUNTANTS’ REPORT ON APPLYING AGREED-UPON PROCEDURES

Southwest Middle 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 Southwest Middle School – Comprehensive Project (the “Project”), as provided by Walker & Company, 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 and associated findings are as follows:

PROCEDURES	RESULTS
1. Inspect a copy of the Standard Construction Management Contract (the “Agreement”), dated January 26, 2018, between OCPS and the Construction Manager, and Amendment #1, dated February 15, 2019 (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 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.	<ul style="list-style-type: none"> ○ The Construction Manager stated there were no disputes between the Construction Manager and its subcontractors.

PROCEDURES	RESULTS
<p>4. Obtain from the Construction Manager, a copy of the final job cost detail, dated September 9, 2021 (the “final job cost detail”).</p>	<p>○ Obtained 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 22, 2021 (“final pay application”).</p>	<p>○ Obtained the final pay application 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>○ Obtained the Construction Manager’s reconciliation without exception.</p>
<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 and subcontractor markups (“supporting documentation”) for the subcontractor change orders in 7.a. above. Compare the change order amounts to the supporting documentation.</p> <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 final job cost detail to the payment documentation.</p>	<p>○ Selected all 20 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 and the 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.</p> <p>b. Obtained the supporting documentation and compared the supporting documentation to the change order amounts. CRI made subcontractor change order adjustments totaling \$4,464 for overhead and profit in excess of the amount allowed in the contract documents, disallowed costs and mathematical errors, as reported in Exhibit A.</p> <p>Additionally, CRI noted that 14 subcontractor change orders, totaling \$65,702, were supported only by lump sum amounts, all of which were approved by the District through contingency, buyout, or owner change orders.</p> <p>c. Obtained final lien releases and compared the final lien releases to the final subcontract amount and the final job cost detail without exception.</p>

PROCEDURES	RESULTS
<p>(7. Continued)</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 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 Selected all 7 Construction Manager payroll transactions from 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 access to the original timesheets and PR - Employee Detail Earnings Reports for each selection in 8. above without exception.</p> <p>b. Compared the amount listed for each sample in the final job cost detail to the items obtained in 9.a. above.</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 included in the charges for reimbursable labor and compared it to the fixed rate per the contract documents (35%). The Construction Manager charged less than the maximum rate per the contract documents.</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>b. Compare the documents obtained in 11.a. to the amount recorded in the final job cost detail.</p>	<p>o Selected the 1 non-subcontractor vendor from the final job cost detail with costs in excess of \$50,000.</p> <p>a. Selected five line items for the vendor in excess of \$50,000 and obtained the invoices and cancelled check copies for each of the selections, without exception.</p> <p>b. Compared the invoices and cancelled check copies to the amounts recorded in the final job cost detail without exception.</p>

PROCEDURES	RESULTS
<p>12. From the final job cost detail, select amounts for payment and performance bond costs and builder's risk insurance (as applicable) 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>o Selected the payment and performance bond charges from the final job cost detail. No builder's risk insurance charges were noted in the final job cost detail.</p> <p>a. Obtained copies of the invoices from a third party and cancelled check copies 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.</p>
<p>13. From the final job cost detail, select amounts for general liability insurance, umbrella liability insurance and worker's compensation insurance and perform the following:</p> <p>a. Where applicable, obtain the Construction Manager's internal allocation for general liability insurance, umbrella liability insurance and worker's compensation 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.</p> <p>c. If applicable, obtain third party invoices for internal allocation amounts.</p> <p>d. If applicable, obtain supporting documentation for the allocation base, i.e. annual company-wide revenue for the Construction Manager.</p>	<p>o Selected all general liability insurance, umbrella liability insurance and worker's compensation insurance charges from the final job cost detail.</p> <p>a. Obtained the Construction Manager's internal allocation for general liability insurance, umbrella liability insurance, and worker's compensation insurance charges without exception.</p> <p>b. Inspected the internal allocation method and compared it to the amounts recorded in the final job cost detail without exception.</p> <p>c. Obtained third party documentation for the internal allocation amounts (premium costs) used in the internal allocations as follows:</p> <ul style="list-style-type: none"> • For worker's compensation, obtained the worker's compensation quote from Bridgefield Employers Insurance Company. • For general liability insurance, obtained the general liability declarations and premium rate invoices from Hub International Florida. • For excess liability (umbrella) insurance, obtained policy declaration and premium invoice documents from Hub International Florida, Liberty Insurance Underwriters Inc., and Peachtree Special Risk Brokers, LLC. <p>d. Obtained copies of audited financial statements as evidence of the revenue bases used in the internal allocation calculations for the excess liability insurance charges.</p>

PROCEDURES	RESULTS
<p>(13. Continued)</p> <p>e. If applicable, recalculate the Construction Manager’s internal allocations and compare the recalculation to the amounts in the final job cost detail.</p>	<p>e. Recalculated the Construction Manager's internal allocations for general liability, umbrella liability and worker's compensation insurance and compared the recalculations to the amounts in the final job cost detail. The recalculations for general liability insurance, umbrella liability insurance and worker's compensation resulted in an adjustment to reduce adjusted final job costs by \$17,673, as reported in Exhibit A.</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>	<p>o 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. However, CRI discovered charges from a related entity as reported in 15. below.</p>
<p>15. If there are expenditures to entities related by common ownership or management noted in 14. above, perform the following:</p> <p>a. Report the entity and volume of the transactions to OCPS.</p> <p>b. Determine if such transactions are properly authorized by OCPS, in accordance with the contract documents.</p>	<p>a. The related entity is Walker & Company Construction Services, Inc.. The volume of transactions charged to the Project from the related entity is \$45,042.</p> <p>b. CRI did not note any evidence that the relationship between the Construction Manager and the related party was documented and approved in writing.</p>
<p>16. 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 and Construction Manager calculations for internal charge rates.</p>	<p>o Selected 3 cellphone charges, 1 software charge and all vehicle charges from the final job cost detail.</p> <p>a. CRI obtained the following:</p> <ul style="list-style-type: none"> • Software charge - Obtained the vendor invoice and allocation calculation. • Cell phone charges – obtained monthly Verizon invoices. • 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, to obtain the allowable charge amount.

PROCEDURES	RESULTS
<p>(16. Continued)</p> <p>b. Compare the internal charge rates recorded in the final job cost detail to the supporting documentation obtained in 16.a. above.</p>	<p>b. Compared the internal charges for the software, cellphones, and vehicles in the final job cost detail to the supporting documentation obtained in 16.a., with no exceptions related to the charges for software and cellphones. However, the Construction Manager overspent the allowable amount for vehicles by \$1,530, as reported as an adjustment in Exhibit A.</p>
<p>17. 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>18. Inquire of the Construction Manager to determine whether they are using a subcontractor default insurance program (“subguard”) for subcontractor bonding requirements.</p>	<p>o Per inquiry of the Construction Manager, a subcontractor default insurance program was not utilized on the Project.</p>
<p>19. Obtain all signed and executed change orders and construction change directives between OCPS and the Construction Manager for the duration of the Project.</p>	<p>o Obtained all signed and executed change orders and construction change directives between OCPS and the Construction Manager without exception.</p>
<p>20. Obtain from OCPS, a log of the ODPs plus sales tax savings for the Project and perform the following:</p> <p>a. Recalculate the ODP percentage, 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) and construction change directives.</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>o Obtained the ODP log from OCPS without exception.</p> <p>a. Recalculated the ODP percentage, per the ODP log, by taking the actual ODPs spent on the Project and comparing them to the original contract value (including ODPs) plus or minus and change orders (not including ODP change orders) and construction change directives.</p> <p>b. The Construction Manager did not meet the 25% ODP sales tax goal, as the recalculated percentage was 16.09%. Per inquiry of the District, “OCPS does not intend to recover missed sales tax savings on this Project.”</p>
<p>21. Compare the ODP log plus tax savings amount obtained in 20. above, to the total signed and executed change order amounts obtained in 19. 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>

PROCEDURES	RESULTS
<p>22. 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"> ○ Compared the not-to-exceed general requirements per the contract documents with the actual general requirements charged in the final job cost detail. The actual general requirements charged in the final job cost detail were not in excess of the contractual not-to-exceed.
<p>23. Recalculate the adjusted guaranteed maximum price ("GMP") as follows:</p> <ul style="list-style-type: none"> 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. b. Add the original GMP amount (from 1. above) plus additive change orders or construction change directives and minus deductive change orders or construction change directives from 18. above to get the "adjusted guaranteed maximum price". 	<ul style="list-style-type: none"> a. Obtained the original GMP amount without exception. b. The net amount of change orders and construction change directives was deducted from the original GMP amount and is reported in Exhibit A as the adjusted guaranteed maximum price.
<p>24. Obtain the final contract value, per the final pay application (noted in 5. above) and compare it to the adjusted GMP amount recalculated in 23.b. above.</p>	<ul style="list-style-type: none"> ○ Obtained the final contract value, per the final pay application and compared the adjusted guaranteed maximum price to the final contract value, per the final pay application, without exception.
<p>25. Recalculate the final construction costs 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 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 23.b. above to the final construction costs amount from 25.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 final construction costs. c. The results of this procedure are reported in Exhibit A.

PROCEDURES	RESULTS
<p>26. 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 16 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 26.b. above to the raw rate included in the General Conditions attachment.</p>	<p>o Obtained the raw rates for the Construction Manager's personnel included in the General Conditions attachment in the contract documents without exception.</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, CRI chose a sample of 16 payroll entries and obtained the PR - Employee Detail Earnings Report (payroll register) from the Construction Manager for each of the items selected.</p> <p>c. The results of this procedure indicate the actual pay rate for the sampled employees was less than the raw rate per the General Conditions attachment ("raw rate") in 10 of the 16 samples tested. Overall, the average actual pay rate is 2% under the raw rate for the samples selected.</p> <p>CRI was not provided 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>
<p>27. Obtain, from OCPS and/or the Construction Manager, the Project's contingency log and usage documents and inspect all contingency usage forms for OCPS's designated representative's signature of approval.</p>	<p>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>
<p>28. Compare the ending balances in the contingency funds, per the contingency logs obtained in 27. above, to the change order amount of the funds returning to OCPS, as obtained in 19. above.</p>	<p>o Compared the ending balance in the contingency funds to the amounts returned to OCPS in the final change order without exception.</p>
<p>29. 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 Obtained a listing of assets which indicated the assets not consumed were transferred to OCPS at the conclusion of the project without exception.</p>
<p>30. Obtain the Certificates of Substantial Completion, signed by the Architect, and compare the dates of these documents to the time requirements contained in the contract documents.</p>	<p>o Obtained the Certificates of Substantial Completion for Phase 1A, Phase 1B, Phase 1C, Phase 2A, Phase 2B and Phase 3 without exception. The substantial completion dates for each phase, as reported on the Certificates, were compared to the time requirements contained in the contract documents without exception.</p>

PROCEDURES	RESULTS
31. 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"> ○ Obtained the Certificate of Final Completion ("CFI") without exception. The final completion date, as reported on the CFI, indicated the Construction Manager achieved final completion 146 days after the contractually required date. Final completion is to be achieved within 120 days after the date of substantial completion, which for the Project was January 6, 2021. The CFI was signed by the Project's architect on June 1, 2021.
32. Utilizing the Certificate of Final Inspection obtained in 31. 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"> ○ Inspected the dates of the charges in the final job cost detail for recorded costs with dates subsequent to the date of the CFI and noted no costs occurred after the final inspection date.
33. 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"> ○ Obtained the SAP/Purchase Order reconciliation from OCPS and compared the guaranteed maximum price on the reconciliation to the guaranteed maximum price on the final pay application. The amount of the guaranteed maximum price on the SAP/Purchase Order reconciliation did not agree with the guaranteed maximum price on the Construction Manager's final pay application. Per the Senior Manager, Facilities Fiscal, the difference was a \$28,227 refund check received from the Construction Manager, which was not reflected on the SAP/Purchase Order reconciliation.

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 Walker & Company, 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.

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

Orlando, Florida
May 17, 2022

**The School Board of Orange County, Florida
Southwest Middle School – Comprehensive Project**

Exhibit A – Project Costs

Calculation of the final construction costs

Calculation of adjusted final job costs:	
Construction Manager job costs	\$ 12,087,853
Subcontractor pricing adjustments	(4,464)
Adjustment to reduce insurance costs to actual	(17,673)
Adjustment to reduce vehicle costs to the contractual not-to-exceed amount	<u>(1,530)</u>
Adjusted final job costs	<u>12,064,186</u>

Calculation of lump sum general conditions:	
Original lump sum general conditions	902,133
General conditions added through owner change orders	<u>13,560</u>
	<u>915,693</u>

Calculation of the construction management fee:	
Original construction management fee	665,556
Construction management fee added through owner change orders	<u>6,629</u>
	<u>672,185</u>

Final construction costs **\$ 13,652,064**

Calculation of adjusted guaranteed maximum price

Original guaranteed maximum price	\$ 15,899,687
Adjustments from change orders	(2,450,471)
Adjustments from construction change directives	<u>222,000</u>

Adjusted guaranteed maximum price **\$ 13,671,216**

Construction costs, lesser of final construction costs and adjusted guaranteed maximum price	\$ 13,652,064
Owner direct purchases	<u>2,499,479</u>
	<u><u>\$ 16,151,543</u></u>