

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

**The School Board of Orange County, Florida  
Site 84-E-W-4 Metrowest On-Site Relief School Project**



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**INDEPENDENT ACCOUNTANTS’ REPORT ON APPLYING AGREED-UPON PROCEDURES**

**Site 84-E-W-4 Metrowest On-Site Relief School 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”, the “District”, and the “specified party”), solely to assist you in certifying the final contract value to Gilbane Building 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 Site 84-E-W-4 Metrowest On-Site Relief School 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 Construction Management Contract (the “Agreement”), dated November 11, 2015, between The School Board of Orange County, Florida and the Construction Manager, the Amendment No. 1, dated June 2, 2016 (collectively referred to as the “contract documents”), relative to the construction of the Project.</p>	<p>○ The documents were obtained and inspected by Carr Riggs &amp; 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>○ CRI inquired of the District and the Construction Manager regarding disputes on the Project. The Construction Manager stated there are two disputes between them and OCPS regarding sprinklers and the underdrain system. These disputes have not yet been resolved.</p>
<p>3. Inquire of the Construction Manager as to whether there are any disputes between the Construction Manager and its subcontractors.</p>	<p>○ The Construction Manager stated there were no disputes or disputed provisions between the Construction Manager and any of its subcontractors.</p>

PROCEDURES	RESULTS
<p>4. Obtain from the Construction Manager, a copy of the final job cost detail which was provided on January 24, 2019 (the “final job cost detail”).</p>	<p>○ The final job cost detail was obtained without exception.</p>
<p>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”).</p>	<p>○ The final pay application was obtained without exception.</p>
<p>6. Obtain from the Construction Manager a reconciliation between the final job cost detail and the final pay application.</p>	<p>○ The Construction Manager’s reconciliation was obtained. On the reconciliation, CRI observed that the reconciliation was \$380 less than the total completed and stored to date stated on the final pay application.</p>
<p>7. From the final job cost detail, select all subcontractors with total costs listed in excess of \$50,000 (“selected subcontractors”) and perform the following:</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>a. The subcontract agreements and related change orders were obtained and compared without exception.</li> <li>b. CRI was not able to obtain itemized breakdowns as supporting documentation for \$89,938 of subcontractor change orders. Of this amount, \$10,459 was approved through owner change orders or contingency.</li> <li>c. The payment documentation was obtained and agreed to the final subcontract amount and the final job cost detail without exception.</li> </ul>

PROCEDURES	RESULTS
<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. CRI observed that the ODP deductions for the selected subcontractors agreed to the owner direct purchases listing from the District 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, we will haphazardly select a sample of at least 15 Construction Manager payroll transactions. Each sampled payroll transaction will be for a specific, identified time period of the Project.</p>	<p>o CRI did not identify any reimbursable labor charged from the Construction Manager. All Construction Manager labor charges were included in general conditions. CRI did recalculate the fixed general conditions attachment to the contract documents without exception.</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>a. CRI obtained copies of invoices and the Disbursement and Payment Remittance report from Paymode without exception.</p> <p>b. CRI compared the documents obtained in 9.a. to the amount recorded in the final job cost detail without exception.</p>
<p>10. From the final job cost detail, select all amounts for bond, insurance, and subguard charges and perform the following:</p> <p>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.</p>	<p>a. CRI obtained the following:</p> <ul style="list-style-type: none"> <li>• For bond, CRI obtained invoices and payment remittance reports.</li> <li>• For general liability and subguard, CRI obtained letters from the Construction Manager’s insurance company.</li> <li>• For worker’s compensation, CRI obtained the rate sheet with modifiers and discounts originally provided from the Construction Manager’s insurance group.</li> </ul>

PROCEDURES	RESULTS
<p>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.</p>	<p>b. The documentation above was compared to the amounts recorded in the final job cost detail as follows:</p> <ul style="list-style-type: none"> <li>• For bond, the invoices and payment remittance reports compared to the amounts in the final job cost detail without exception.</li> <li>• The general liability rate agreed to the amount in the final job cost detail. However, CRI observed that a portion of the rate did not relate to OCPS projects. This portion was eliminated from the recalculation of general liability insurance and totals \$5,768, as reported in Exhibit A.</li> <li>• The allocation for subguard did not agree to the rate provided by the Construction Manager’s insurance company. The adjustment totals \$13,286 as reported in Exhibit A.</li> <li>• The internal allocation amount used for worker’s compensation included labor burden. This portion was eliminated from the recalculation of workers compensation insurance and totals \$1,380, as reported in Exhibit A.</li> </ul>
<p>c. If applicable, obtain third party invoices for internal allocation amounts.</p>	<p>c. CRI obtained third party documentation for general liability and subguard insurance rates as described in 10.a. above.</p>
<p>d. If applicable, recalculate the Construction Manager’s internal allocations.</p>	<p>d. CRI recalculated the following internal allocations:</p> <ul style="list-style-type: none"> <li>• CRI made a \$5,768 adjustment to general liability based on our recalculation, which eliminated contractors property/inland marine, directors/officers, crime, and pollution insurance</li> <li>• CRI recalculated the Construction Manager’s subguard cost for the Project based on the third-party rate provided, which resulted in a \$13,286 difference.</li> <li>• CRI recalculated worker’s compensation without labor burden, which resulted in a \$1,380 adjustment.</li> </ul> <p>All of these adjustments are shown in Exhibit A as an adjustment to “Construction costs plus fee”.</p>

PROCEDURES	RESULTS
<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"> <li>○ Per inquiry of the Construction Manager, there were no expenditures to entities related by common ownership or management included in the final job cost detail.</li> </ul>
<p>12. 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> <ul style="list-style-type: none"> <li>a. Obtain vendor invoices and Construction Manager calculations for internal charge rates.</li> <li>b. Compare the internal charge rates recorded in the job cost detail to the supporting documentation obtained in 12.a. above.</li> </ul>	<ul style="list-style-type: none"> <li>a. CRI obtained the allocation for technology charges included in the final job cost detail. Invoices were not obtained, as the allocations included costs for the entire company and could not be traced to invoices.</li> <li>b. CRI made an adjustment of \$5,600 for Information Technology support and \$4,500 for Construction Project Management software, based on our inquiry with OCPS. These amounts have been deducted from the final job cost detail as reported in Exhibit A.</li> </ul>
<p>13. Obtain the Project’s Notice to Proceed (“NTP”) from OCPS and inspect the dates of the charges in the job cost detail for recorded costs with dates prior to the date on the NTP.</p>	<ul style="list-style-type: none"> <li>○ CRI obtained the Notice to Proceed. There were charges identified prior to the NTP date. However, after CRI inspected the invoices for the charges, it was determined that the items were for costs after the NTP date. Therefore, no costs were incurred prior to the NTP date.</li> </ul>
<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"> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>a. No subcontractor bond costs were identified in the final job cost detail. CRI reviewed all selected subcontractors in step 7. above and did not observe any bond costs included in their subcontractor agreements or change orders.</li> <li>b. CRI obtained written representation from the Construction Manager that no subcontractors enrolled in the subguard program included bond costs in their pay applications.</li> </ul>

PROCEDURES	RESULTS
<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"> <li>o Obtained signed and executed change orders between OCPS and the Construction Manager without exception.</li> </ul>
<p>16. 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"> <li>a. Recalculate the 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) plus or minus any change orders (not including ODP change orders).</li> <li>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 sales tax savings from the Construction Manager.</li> </ul>	<ul style="list-style-type: none"> <li>a. The recalculation indicated the ODPs were 21% of the contract value, plus the net total of all non-ODP change orders.</li> <li>b. The recalculated percentage in 16.a. above did not meet the target savings goal stated in section 20.3 of the General Conditions to the Agreement. Per inquiry of the District, no missed sales tax savings were identified on the Project.</li> </ul>
<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"> <li>o The total reported for owner direct purchases plus the related sales tax savings was compared to the net deductible change orders to the guaranteed maximum price without exception.</li> </ul>
<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"> <li>o The Construction Manager did not exceed the not-to-exceed for general requirements, and returned \$37,964 of general requirements savings in the final change order.</li> </ul>
<p>19. Recalculate the adjusted guaranteed maximum price ("GMP") as follows:</p> <ul style="list-style-type: none"> <li>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.</li> <li>b. Add the initial GMP amount (from 1. above) plus additive change orders and minus deductible change orders from 15. above.</li> </ul>	<ul style="list-style-type: none"> <li>a. The initial GMP amount was obtained without exception.</li> <li>b. The net amount of change orders was deducted from the initial GMP amount as reported in Exhibit A as "Adjusted guaranteed maximum price".</li> </ul>

PROCEDURES	RESULTS
<p>20. Obtain the final contract value, per the final pay application (noted in 5. above) and compare it to the adjusted GMP amount recalculated in 19.b. above.</p>	<ul style="list-style-type: none"> <li>○ No exceptions were found as a result of performing this procedure.</li> </ul>
<p>21. Recalculate the construction costs plus fee as follows:</p> <ol style="list-style-type: none"> <li>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 cost.</li> <li>b. Utilizing the final job cost detail, add any fixed fees or lump sum amounts to reach the construction costs plus fee.</li> <li>c. Compare the adjusted GMP amount calculated in 19.b. above to the construction costs plus fee amount from 21.b. above.</li> </ol>	<ol style="list-style-type: none"> <li>a. The results of performing this procedure are reported in Exhibit A as “Adjusted final job costs.”</li> <li>b. The results of performing this procedure are reported in Exhibit A as “Construction costs plus fee”.</li> <li>c. The results of performing this procedure are reported in Exhibit A.</li> </ol>
<p>22. Using the General Conditions attachment in the contract documents, obtain the raw rates for the Construction Manager’s personnel.</p> <ol style="list-style-type: none"> <li>a. Obtain from the Construction Manager a listing of the personnel that filled the positions listed in the General Conditions attachment.</li> <li>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.</li> <li>c. Compare the actual pay rate obtained in 22.b. above to the raw rate included in the General Conditions attachment.</li> </ol>	<ol style="list-style-type: none"> <li>a. CRI obtained a listing of the personnel that filled the positions listed on the General Conditions attachment.</li> <li>b. CRI selected a sample of 15 payroll entries and obtained documentation of the selected persons actual pay rate for periods selected.</li> <li>c. The results of the testing indicate that the actual pay can vary by being less or more than the raw rate per the General Conditions attachment. Overall, the average actual pay averaged to be 9% higher than the contract documents for the samples tested.</li> </ol>
<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>	<ul style="list-style-type: none"> <li>○ CRI obtained all of the Project’s contingency logs and usage documents and found no exceptions when inspecting usage documents for OCPS designated representative’s signature of approval.</li> </ul>



PROCEDURES	RESULTS
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.	<ul style="list-style-type: none"> <li>○ The remaining balances in the contingency funds were returned to OCPS in the final change order.</li> </ul>
25. Obtain a listing of assets acquired by the Construction Manager for the Project and verify the assets were turned over to OCPS.	<ul style="list-style-type: none"> <li>○ The Construction Manager provided a listing of purchased assets which indicated all items were either transferred to OCPS or to another OCPS project.</li> </ul>
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.	<ul style="list-style-type: none"> <li>○ CRI obtained the Certificates of Substantial Completion for Phase 1, Phase 2A, Phase 2B, Phase 3, and Phase 4 ("Certificates"). The substantial completion dates, as reported on the Certificates, indicated that the Construction Manager achieved substantial completion in accordance with the contractual requirements except for Phase 2B which was signed one day after the substantial completion date of July 25, 2016. The Certificate of Substantial Completion for Phase 2B was signed on July 26, 2016.</li> </ul>
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"> <li>○ The final completion date, as reported on the Certificate of Final Inspection, indicated that the Construction Manager achieved final completion 159 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 December 9, 2017. The Certificate of Final Inspection was signed by the Architect on May 16, 2018.</li> </ul>
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"> <li>○ CRI inspected the final job cost detail for job charges after the date of final completion as evidenced on the Certificate of Final Inspection. No such charges were identified.</li> </ul>
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"> <li>○ 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.</li> </ul>

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 the 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.

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

Orlando, Florida  
August 16, 2019

**The School Board of Orange County, Florida  
Site 84-E-W-4 Metrowest On-Site Relief School Project**

**Exhibit A – Project Costs**

**Calculation of the construction costs plus fee**

Calculation of the adjusted final job costs:

Construction Manager's final job cost detail	\$ 10,674,167
Adjustment to general liability to include only allowable insurances	(5,768)
Adjustment to subguard to reflect actual cost	(13,286)
Adjustment to worker's compensation to eliminate burden from calculation	(1,380)
Adjustment to eliminate IT support charges	(5,600)
Adjustment to eliminate non-Project specific software	(4,500)
Adjusted final job costs	10,643,633

Original lump sum general conditions	648,585
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Calculation of the Construction Management fee:

Original Construction Management fee from Amendment #1	625,511
Additional Construction Management fee from change orders	649
Reimbursement for materials testing	(1,323)
	624,837

<b>Construction costs plus fee</b>	<b>\$ 11,917,055</b>
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**Calculation of adjusted guaranteed maximum price**

Original guaranteed maximum price	\$ 15,133,122
Adjustments from change orders per the Construction Manager	(3,185,535)

<b>Adjusted guaranteed maximum price</b>	<b>\$ 11,947,587</b>
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<b>Construction costs, lesser of construction costs plus fee and adjusted guaranteed maximum price</b>	<b>\$ 11,917,055</b>
<b>Owner direct purchases</b>	<b>3,048,716</b>

	<b>\$ 14,965,771</b>
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