

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

**The School Board of Orange County, Florida
Site 27-H-W-4 West Orange High School Relief Project
(Windermere High School New School Project) – GMP #2**



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INDEPENDENT ACCOUNTANTS’ REPORT ON APPLYING AGREED-UPON PROCEDURES

**Site 27-H-W-4 West Orange High School Relief Project
(Windermere High School New School Project) – GMP #2**

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 Wharton-Smith, Inc. (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 Site 27-H-W-4 West Orange High School Relief Project (Windermere High School New School Project) – GMP #2 (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 Standard Construction Management Contract (the “Agreement”), dated October 12, 2015, between OCPS and the Construction Manager, and the Guaranteed Maximum Price Amendment #2, dated March 17, 2016 (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>

PROCEDURES	RESULTS
3. Inquire of the Construction Manager as to whether there are any disputes between the Construction Manager and its subcontractors.	o Per inquiry of the Construction Manager, there are no disputes with the subcontractors.
4. Obtain from the Construction Manager, a copy of the final job cost detail, dated September 17, 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 June 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.
<p>7. From the final job cost detail, select all subcontractors with total costs in excess of \$50,000 and perform the following:</p> <p>a. Obtain the subcontract and related change orders, executed between the selected subcontractors and the Construction Manager. Compare the total amount recorded in the final job cost detail to the original subcontract amount plus the related change orders.</p> <p>b. Obtain the labor and material pricing estimates, vendor invoices, subcontractor markups, or other appropriate documentation (“supporting documentation”) for the subcontractor change orders in 7.a. above. Compare the change order amounts to the supporting documentation.</p>	<p>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.</p> <p>b. Obtained the supporting documentation and compared the supporting documentation to the change order amounts with the following exceptions:</p> <ul style="list-style-type: none"> • An adjustment was made for subcontractor change orders that were in excess of the amount allowed by the District in corresponding Contingency Use Requests or Owner change orders in the amount of \$12,035. • Subcontractor Change orders in the amount of \$11,946 have been adjusted out of the final job cost detail amount as they should have been backcharged to other subcontractors. • No documentation was presented for a subcontractor change order in the amount of \$372. • Markup in excess of contractual limits was taken by a subcontractor in the amount of \$182. <p>These adjustments are reported in Exhibit A.</p>

PROCEDURES	RESULTS
<p>c. Obtain from the Construction Manager, the final lien releases or individual payment lien releases totaling the final subcontract value submitted by the selected subcontractor to the Construction Manager, or if a lien release was not available, a cancelled check for payments made by the Construction Manager to the selected subcontractor (“payment documentation”). Compare the final subcontract amount to the final job cost detail and the payment documentation.</p> <p>d. Obtain a listing of owner direct purchases (“ODP”) from the District related to each subcontract selected. Compare the ODP amounts to the sum of the deductive ODP change orders, per the selected subcontractor.</p>	<p>c. Obtained payment documentation and compared the documentation to the final subcontract amount without exception.</p> <p>d. Obtained the listing of ODPs related to each subcontractor selected and compared the ODP amounts to the sum of the deductive change orders per the selected subcontractor 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 Selected a sample of 20 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 a 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 original time sheets and the Proof report (payroll register) for each sample selected.</p> <p>b. Compared the amount listed for each sample in the final job cost detail to the items obtained in 9.a. 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 included in the charges for reimbursable labor and compared it to the fixed rate per the contract documents (35%) without exception.</p>

PROCEDURES	RESULTS
<p>11. From the final job cost detail, select any non-subcontractor vendors that exceed \$50,000 and perform the following:</p> <ul style="list-style-type: none"> 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. b. Compare the documents obtained in 11.a. to the amount recorded in the final job cost detail. 	<ul style="list-style-type: none"> a. Selected 4 non-subcontractor vendors that exceeded \$50,000. For each vendor, CRI selected at least 5 individual charges (there were more than 10 entries for all 4 vendors selected), and obtained a copy of the invoice and the credit card payment confirmation as evidence of payment. b. Compared the documents obtained in 11.a. to the amount recorded in the final job cost detail without exception.
<p>12. From the final job cost detail, select amounts for payment and performance bond costs and workers compensation costs and perform the following:</p> <ul style="list-style-type: none"> a. Relative to payment and performance bond charges, obtain a copy of or access to the original invoices and a copy of the cancelled check or other proof of payment paid directly to a third party. Relative to the workers compensation charges, obtain the burden registers from the Construction Manager. Compare the documentation obtained to the amounts recorded in the final job cost detail. 	<ul style="list-style-type: none"> a. Obtained invoices and cancelled checks for all payment and performance bond charges and compared the documentation to the amounts recorded in the final job cost detail without exception. Obtained the burden registers from the Construction Manager for workers compensation charges and compared with the amounts in the final job cost detail, resulting in an adjustment of \$29,571, as reported in Exhibit A.
<p>13. From the final job cost detail, select amounts for general liability insurance and perform the following:</p> <ul style="list-style-type: none"> a. Where applicable, obtain the Construction Manager's internal allocation for general liability insurance charges. 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. c. If applicable, obtain third party invoices for internal allocation amounts. 	<ul style="list-style-type: none"> a. Obtained the Construction Manager's internal allocation for general liability insurance charges without exception. b. Inspected the internal allocation method and calculation and compared the documentation obtained to the amounts recorded in the final job cost detail. See results of the comparison in 13.f. below. c. Obtained premium invoices and policy declaration pages from third party insurance carriers to support the premium amounts used in the internal allocation.

PROCEDURES	RESULTS
<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>d. Per inquiry of the Construction Manager, no portion of the insurance premiums are self-insured.</p> <p>e. Obtained and traced the revenue base amounts used in the internal allocations to documentation from the third party insurance carrier.</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 \$18,123, 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 Per inquiry of the Construction Manager, there were no expenditures in the final job cost detail to entities related by common ownership or management to the Construction Manager.</p>
<p>15. From the final job cost detail, haphazardly select at least five transactions determined to be the Construction Manager’s internal charges to the Project, and perform the following:</p> <p>a. Obtain vendor invoices and Construction Manager calculations for internal charge rates.</p>	<p>a. Selected 2 equipment rental charges relative to equipment rented to the Project from the Construction Manager's equipment pool, one charge for Plangrid, and two vehicle charges. Obtained supporting documentation for the internal charges as follows:</p> <ul style="list-style-type: none"> • Vendor invoice for the Plangrid charge. • Quote from an equipment supplier for the internal equipment charges (Note: The contract documents, at Section 9.1.2 of Exhibit A to the Agreement, states “If leasing is found to be the least expensive approach, then [the Construction Manager] may lease such job-site facilities from its own equipment pool at a price not greater than the lowest of 3 lease proposals obtained.” The Construction Manager could only produce 1 quote from the time the equipment was used at the site.)

PROCEDURES	RESULTS
<p>b. Compare the internal charge rates recorded in the final job cost detail to the supporting documentation obtained in 15.a. above.</p>	<ul style="list-style-type: none"> • For the vehicle charges, the charges are set at \$850 per month for a contractually limited number of vehicles. CRI obtained the schedule of values for the general requirements, which includes the vehicles, for the allowable monthly charge. <p>b. Compared the internal charge rates for the vehicles and the Plangrid charges to the supporting documentation without exception. Relative to the equipment rental charges, because the quote received by the Construction Manager was less than the monthly rental rate being charged by the Construction Manager, CRI recalculated the charges using the quoted rate, resulting in an adjustment to the final job cost detail of \$2,104, as reported in Exhibit A.</p>
<p>16. 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 of the NTP.</p>	<p>o Obtained the NTP and inspected the dates of the charges in the final job cost detail. No costs incurred were prior to the date of the NTP.</p>
<p>17. 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 used on this Project.</p>
<p>18. Obtain all signed and executed change orders between OCPS and the Construction Manager for the duration of the Project.</p>	<p>o Obtained all signed and executed change orders between OCPS and the Construction Manager for the duration of the Project without exception.</p>
<p>19. Obtain from OCPS, a log of the ODPs plus sales tax savings for the Project and perform the following:</p> <p>a. Recalculate the percentage of total ODPs, from the log obtained above, by taking the actual ODPs spent on the Project and comparing them to the original contract value (including ODPs) plus or minus any change orders (not including ODP change orders).</p>	<p>a. Obtained the ODP log from OCPS without exception. CRI recalculated the percentage of the total ODP plus sales tax savings, per the ODP log, as a percentage of the original contract value (including ODPs) plus or minus any change orders (not including ODP change orders).</p>

PROCEDURES	RESULTS
<p>b. If the above recalculated percentage is below 25% (as per section 20.3 of the General Conditions to the Agreement), inquire of the District regarding whether it was determined the Construction Manager failed to obtain any tax savings that could have been achieved. If so, inquire if the District will seek to recover the amount of any such missed tax savings from the Construction Manager.</p>	<p>b. The percentage calculated above was in excess of 25%. Therefore, no inquiry was made of the District regarding recovery for missed sales tax savings.</p>
<p>20. Compare the ODP plus sales tax savings amount obtained in 19. above, to the total signed and executed change orders amounts obtained in 18. above relative to ODPs.</p>	<p>o Compared the ODPs plus sales tax savings per the ODP log to the total signed and executed change order amounts relative to ODPs without exception.</p>
<p>21. 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 general requirements charges in the final job cost detail with the not-to-exceed amount per the contract documents. The actual costs agreed with the contractual not-to-exceed and included a return of \$256,276 in unused general requirements in the final Owner change order.</p>
<p>22. Recalculate the final 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 18. above to get the "Adjusted guaranteed maximum price".</p>	<p>a. Obtained the original GMP amount without exception.</p> <p>b. Deducted the net amount of change orders from the original GMP amount, as reported in Exhibit A as "Adjusted guaranteed maximum price".</p>
<p>23. Obtain the final contract value, per the final pay application (noted in 5. above), and compare it to the adjusted GMP amount recalculated in 22.b. above.</p>	<p>o Compared the adjusted guaranteed maximum price to the final contract value, per the final pay application, without exception.</p>
<p>24. Recalculate the construction costs plus fee as follows:</p> <p>a. Starting with the final job cost detail, adjust for any reductions identified in the application of the above procedures (i.e. subcontractor markup differences, non-reimbursable items, repair/rework items, etc., as applicable) to reach the "Adjusted final job costs".</p>	<p>a. The results of performing this procedure are reported in Exhibit A as "Adjusted final job costs".</p>

PROCEDURES	RESULTS
<p>b. Utilizing the final job cost detail, add any fixed fees or lump sum amounts to reach the "Construction costs plus fee".</p> <p>c. Compare the final GMP amount calculated in 22.b. above to the construction costs plus fee amount from 24.b. above.</p>	<p>b. The results of performing this procedure are reported in Exhibit A as "Construction costs plus fee". CRI has reported the following adjustments to the construction management fee from the original GMP:</p> <ul style="list-style-type: none"> • Reimbursement for materials testing of \$1,730. • Additional fee earned on contingency use in the amount of \$1,342. <p>These amounts are reported as adjustments to the construction management fee in Exhibit A.</p> <p>c. The results of this procedure are reported in Exhibit A.</p>
<p>25. 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 25.b. above to the raw rate included in the General Conditions attachment.</p>	<p>a. Obtained the listing of the Construction Manager's general conditions personnel without exception.</p> <p>b. From the listing of Construction Manager's personnel entries, selected a sample of 20 payroll entries and obtained the Check Activity with Detail Report for each of the items selected.</p> <p>c. The results of the procedure indicate the actual pay rate is less than the raw rate per the General Conditions attachment ("raw rate") for 16 of the 20 selections. Overall, for the sample selected, the average actual pay rate is 16% under the raw rate per the contract documents.</p>
<p>26. 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>27. Compare the ending balances in the contingency funds, per the contingency logs obtained in 26. above, to the change order amount of the funds returning to OCPS, as obtained in 18. above.</p>	<p>o The remaining balances in the contingency funds were returned to OCPS in the final change order without exception.</p>

PROCEDURES	RESULTS
28. Obtain a listing of assets acquired by the Construction Manager for the Project and verify the assets were turned over to OCPS.	○ Obtained the listing of the assets acquired by the Construction Manager for the Project and verified the assets were turned over to OCPS, or were transferred to other OCPS projects, without exception.
29. Obtain the Certificate of Substantial Completion, signed by the Architect, and compare the date of this document to the time requirements contained in the contract documents.	○ Obtained the Certificate of Substantial Completion and compared the date to the time requirements contained in the contract documents without exception.
30. Obtain the Certificate of Final Inspection, signed by the Architect, and compare the date of this document to the time requirements contained in the contract documents.	○ The final completion date, as reported on the Certificate of Final Inspection, indicated the Construction Manager achieved final completion 243 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 16, 2017. The Certificate of Final Inspection was signed by the Architect on July 17, 2018.
31. Utilizing the Certificate of Final Inspection obtained in 30. above, inspect the dates of the charges in the final job cost detail for recorded costs with dates subsequent to the date of the Certificate of Final Inspection.	○ Inspected the dates of charges in the final job cost detail; none were subsequent to the date of the Certificate of Final Inspection.
32. Obtain the SAP/Purchase Order reconciliation from OCPS and compare the guaranteed maximum price on the reconciliation to the guaranteed maximum price on the Construction Manager's final pay application, as noted in 5. above.	○ Obtained the SAP/Purchase Order reconciliation from OCPS and agreed the guaranteed maximum price on the reconciliation to the guaranteed maximum price on the final pay application, without exception.

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 final construction costs 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.

Cary Riggs & Ingram, L.L.C.

Orlando, Florida
October 9, 2020

**The School Board of Orange County, Florida
Site 27-H-W-4 West Orange High School Relief Project
(Windermere High School New School Project) – GMP #2**

Exhibit A – Project Costs

Calculation of the construction costs plus fee

Calculation of adjusted final job costs:	
Construction Manager job costs	\$ 35,720,085
Subcontractor change orders in excess of amounts allowed by the District in Contingency Use Requests and Owner change orders	(12,035)
Subcontractor repair/rework costs not backcharged	(11,946)
Subcontractor change order with no documentation	(372)
Subcontractor mark up in excess of contractual limits	(182)
Adjustment to workers compensation charges	(29,571)
Adjustment to general liability insurance charges	(18,123)
Difference between internal equipment charge rates and charges calculated using quoted third party rates	(2,104)
Adjusted final job costs	<u>35,645,752</u>
Original lump sum general conditions	<u>2,468,377</u>
Calculation of the construction management fee:	
Original construction management fee	2,452,099
Reimbursement for material testing	(1,730)
Additional fee through contingency use	1,342
	<u>2,451,711</u>
Construction costs plus fee	<u><u>\$ 40,565,840</u></u>

Calculation of adjusted guaranteed maximum price

Original guaranteed maximum price	\$ 57,833,849
Adjustments from change orders per the Construction Manager	<u>(17,191,944)</u>
Adjusted guaranteed maximum price	<u><u>\$ 40,641,905</u></u>
Construction costs, lesser of construction costs plus fee and adjusted guaranteed maximum price	\$ 40,565,840
Owner direct purchases	<u>15,463,100</u>
	<u><u>\$ 56,028,940</u></u>