



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

**The School Board of Orange County, Florida
Blankner K-8 School – Capital Renewal Project**



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INDEPENDENT ACCOUNTANTS’ REPORT ON APPLYING AGREED-UPON PROCEDURES

Blankner K-8 School – Capital Renewal 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 Blankner K-8 School – Capital Renewal Project (the “Project”), as provided by Williams Company Building Division, 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 Management Contract (the “Agreement”), dated November 3, 2014, between OCPS and the Construction Manager, and Amendment No. 3, dated May 7, 2018 (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 are no disputes with any of its subcontractors.

PROCEDURES	RESULTS
4. Obtain from the Construction Manager, a copy of the final job cost detail, dated March 23, 2021 (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 February 28, 2020 ("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 between the final job cost detail and the final pay application without exception.
<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, 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>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>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>o Selected five subcontractor from the final job cost detail with total costs in excess of \$50,000.</p> <p>a. Obtained the subcontract agreement for the selected subcontractors and compared it to the amounts recorded in the final job cost detail, for the selected subcontractors, without exception.</p> <p>b. Obtained supporting documentation for the selected subcontractor change orders without exception. Compared the supporting documentation to the change order amounts and observed lump sum change orders totaling \$1,579, none of which were approved by the District.</p> <p>c. Obtained payment documentation and compared the payment documentation to the final subcontract amount without exception.</p> <p>d. Obtained the listing of ODPs from the District and compared the amount to the sum of the net deductive ODP change orders for each of the selected subcontractors without exception.</p>

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, 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>	<ul style="list-style-type: none"> ○ There were no reimbursable labor transactions included in the final job cost detail.
<p>9. From the final job cost detail, select any non-subcontractor line items that exceed \$50,000.</p>	<ul style="list-style-type: none"> ○ CRI did not identify any non-subcontractor line items that exceeded \$50,000 in the final job cost detail.
<p>10. From the final job cost detail, select amounts for payment and performance bond costs, worker's compensation insurance, and builder's risk insurance (as applicable) and perform the following:</p> <ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> ○ Selected payment and performance bond and the corresponding bond credit from the final job cost detail. Additionally, selected the charges for worker's compensation. There were no charges for builder's risk insurance included in the final job cost detail. a. Obtained the invoices from the Construction Manager's insurance agent and cancelled checks for the payment and performance bond, the payment and performance bond credit, and the worker's compensation insurance, and compared the amounts to the final job cost detail without exception.
<p>11. From the final job cost detail, select amounts for general liability insurance and perform the following:</p> <ul style="list-style-type: none"> a. Obtain 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. 	<ul style="list-style-type: none"> ○ Selected all general liability insurance charges from the final job cost detail. a. Obtained the invoices from the Construction Manager's insurance broker and cancelled checks for the general liability insurance and compared the amounts to the final job cost detail without exception.
<p>12. 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"> ○ 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 used a related entity for wall/door/floor protection and carpentry scopes of work. The related party was the only bidder on this scope of work. The related party was given the scope at the amount of its original bid.

PROCEDURES	RESULTS
<p>13. If there are expenditures to entities related by common ownership or management noted in 12. above, perform the following:</p> <ul style="list-style-type: none"> a. Report the entity and volume of the transactions to OCPS. b. Determine if such transactions are properly authorized by OCPS, in accordance with the contract documents. 	<ul style="list-style-type: none"> a. The related entity is Falcon Construction ("Falcon"), and \$44,689 is included in the final job cost detail to Falcon. b. Observed a letter from the Construction Manager to OCPS, dated December 8, 2017, notifying OCPS of their intent to use Falcon on this Project.
<p>14. 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"> 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 14.a. above. 	<ul style="list-style-type: none"> o Selected three cellphone and two computer charges from the final job cost detail. a. Obtained payroll registers relative to each of the cell phone selections indicating that the employee was provided an allowance of \$125 per month for their cell phone, as part of their compensation. Additionally, CRI obtained an invoice and the allocation calculation for the computer charges without exception. b. Compared the internal charges in the final job cost detail for the cell phones and computers to the supporting documentation in 14.a. without exception.
<p>15. Obtain the Project's Notice to Proceed ("NTP") from OCPS and inspect the dates of the charges in the final job cost detail for recorded costs with dates prior to the date on the NTP.</p>	<ul style="list-style-type: none"> o Obtained the NTP and inspected the dates of the charges in the final job cost detail for costs recorded prior to the date on the NTP without exception.
<p>16. Inquire of the Construction Manager to determine whether they are using a subcontractor default insurance program ("subguard") for subcontractor bonding requirements. If so, 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 for the selected subcontractors noted in 7. above, for line items described as subcontractor bond costs. b. Obtain an invoice and cancelled checks for the subguard charges found in the final job cost detail, if paid to a third party. 	<ul style="list-style-type: none"> o The Construction Manager used a subguard program on this Project. a. Inspected the final job cost detail, as well as the subcontract agreements and change orders for all of the selected subcontractors. Provisions in the subcontract agreements stated bonds will not be included in the subcontractors' costs. Additionally, no subcontractor bond costs were identified in the change orders or the final job cost detail. b. Obtained invoices from the Construction Manager's insurance agent and cancelled checks for the subguard charges found in the final job cost detail without exception.

PROCEDURES	RESULTS
<ul style="list-style-type: none"> c. If internal allocation are used, recalculate the internal allocations and compare the recalculation to the charges in the final job cost detail. d. Obtain written representation that the subcontractors on the Project, enrolled in subguard, have not included bond costs in their payment applications. 	<ul style="list-style-type: none"> c. Recalculated the subcontract values plus ODPs times the subguard rate and compared the result with the charges in the final job cost detail. The amounts agreed without exception. d. Obtained written representation from the Construction Manager that subcontractors enrolled in the subguard program did not include bond costs in their payment applications.
<p>17. Obtain all signed and executed change orders between OCPS and the Construction Manager for the duration of the Project.</p>	<ul style="list-style-type: none"> o Obtained all signed and executed change orders between OCPS and the Construction Manager without exception.
<p>18. Obtain from OCPS, a log of the ODPs plus sales tax savings for the Project and perform the following:</p> <ul style="list-style-type: none"> a. Recalculate the 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). 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. 	<ul style="list-style-type: none"> o Obtained the ODP log from the District without exception. a. Recalculated the percentage of the total ODPs plus sales tax savings, per the ODP log, as a percentage of the original contract value (including ODPs) plus or minus and change orders (not including ODP change orders). b. Per inquiry of the District, the capital renewal scope is labor intensive and the GMP does not contain sufficient qualifying material purchases to meet the 25% ODP sales tax goal. OCPS does not intend to penalize the Construction Manager for unrealized sales tax savings. The recalculated percentage was 9.65%.
<p>19. Compare the ODP log plus tax savings amount obtained in 18. above, to the total signed and executed change order amounts obtained in 17. above relative to ODPs.</p>	<ul style="list-style-type: none"> o Compared the ODPs plus sales tax savings per the ODP log to the total signed and executed owner change order amounts relative to ODPs without exception.
<p>20. Utilizing the not-to-exceed general requirements detail from the contract documents in 1. above, compare to the general requirements charges noted in the final job cost detail.</p>	<ul style="list-style-type: none"> o Compared the not-to-exceed general requirements per the contract documents with the actual general requirements charges noted in the final job cost detail without exception.
<p>21. 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. 	<ul style="list-style-type: none"> a. Obtained the original GMP amount without exception.

PROCEDURES	RESULTS
<p>b. Add the original GMP amount (from 1. above) plus additive change orders and minus deductive change orders from 17. above.</p>	<p>b. The net amount of change orders was deducted from the original GMP amount and is reported in Exhibit A as the adjusted guaranteed maximum price.</p>
<p>22. Obtain the final contract value, per the final pay application (noted in 5. above) and compare it to the adjusted GMP amount recalculated in 21.b. above.</p>	<p>o Obtained the final contract value, per the final pay application, and compared it to the adjusted guaranteed maximum price without exception.</p>
<p>23. Recalculate the final construction costs 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>b. Utilizing the adjusted final job costs, add any fixed fees or lump sum amounts to reach the “final construction costs”.</p> <p>c. Compare the adjusted GMP amount calculated in 21.b. above to the final construction costs amount from 23.b. above.</p>	<p>a. The results of performing this procedure are reported in Exhibit A as adjusted final job costs.</p> <p>b. The results of performing this procedure are reported in Exhibit A as final construction costs.</p> <p>c. The results of this procedure are reported in Exhibit A.</p>
<p>24. 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 24.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.</p> <p>a. Obtained a listing of the personnel that filled the positions listed in the General Conditions attachment from the Construction Manger.</p> <p>b. From the listing of Construction Manager personnel entries, CRI chose a sample of 15 payroll entries and obtained the PR Time Card Entry List for each of the items selected to document the actual pay rates.</p> <p>c. The results of this procedure indicate the actual pay rate is less than the raw rate per the General Conditions attachment ("raw rate") in 10 of the 15 samples tested. Overall, the average actual pay rate is 44% under the raw rate for the samples selected.</p>

PROCEDURES	RESULTS
25. Obtain, from OCPS and/or the Construction Manager, all of the Project's contingency logs and usage documents and inspect all contingency usage forms for OCPS's designated representative's signature of approval.	○ Obtained the Project's contingency log and usage document and observed that the contingency usage form evidenced approval of an OCPS designated representative without exception.
26. Compare the ending balances in the contingency funds, per the contingency logs obtained in 25. above, to the change order amount of the funds returning to OCPS, as obtained in 17. above.	○ The remaining balances in the contingency funds were returned to OCPS in the final change order without exception.
27. Obtain a listing of assets acquired by the Construction Manager for the Project and verify the assets were turned over to OCPS.	○ Obtained a listing of assets which verified the assets were transferred to another OCPS project without exception.
28. Obtain the Certificate of Substantial Completion, signed by the Architect, and compare the date of this document to the time requirements contained in the contract documents.	○ Obtained the Certificates of Substantial Completion without exception. The substantial completion dates, as reported on the Certificates, were compared to the time requirements contained in the contract documents without exception.
29. Obtain the Certificate of Final Inspection, signed by the Architect, and compare the date of this document to the time requirements contained in the contract documents.	○ Obtained the Certificate of Final Inspection without exception. The final completion date, as reported on the Certificate of Final Inspection, indicated the Construction Manager achieved final completion 136 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 30, 2019. The Certificate of Final Inspection was signed by the Architect on April 14, 2020.
30. Utilizing the Certificate of Final Inspection obtained in 29. above, inspect the dates of the charges in the final job cost detail for recorded costs with dates subsequent to the date of the Certificate of Final Inspection.	○ Inspected the dates of the charges in the final job cost detail for recorded costs with dates subsequent to the date of the Certificate of Final Inspection. None were noted.
31. Obtain the SAP/Purchase Order reconciliation from OCPS and compare the guaranteed maximum price on the reconciliation to the guaranteed maximum price on the Construction Manager's final pay application, as noted in 5. above.	○ 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.

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 Williams Company Building Division, 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.

Caru, Riggs & Ingram, L.L.C.

Orlando, Florida
August 25, 2021

**The School Board of Orange County, Florida
Blankner K-8 School – Capital Renewal Project**

Exhibit A – Project Costs

Calculation of the final construction costs

Calculation of adjusted final job costs:	
Construction Manager job costs	\$ 3,033,534
Adjusted final job costs	3,033,534
Original lump sum general conditions	293,112
Original construction management fee	195,612
Final construction costs	\$ 3,522,258

Calculation of adjusted guaranteed maximum price

Original guaranteed maximum price	\$ 4,831,803
Adjustments from change orders	(1,309,546)
Adjusted guaranteed maximum price	\$ 3,522,257

Construction costs, lesser of final construction costs and adjusted guaranteed maximum price	\$ 3,522,257
Owner direct purchases	354,900
	\$ 3,877,157