

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

**The School Board of Orange County, Florida
Carver Middle School Replacement Project**



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INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

Carver Middle School Replacement 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” or the “District” and the “specified party”), solely to assist you in certifying the final contract value to Walker & Company Incorporated (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 Carver Middle School Replacement Project (the “Project”). The sufficiency of these procedures is solely the responsibility of the specified party. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures applied and the related findings are as follows:

PROCEDURES	RESULTS
<p>1. Obtain a copy of the Standard Construction Management Contract (the “Agreement”), dated June 29, 2015, between The School Board of Orange County, Florida and the Construction Manager, and Amendment No. 1, dated January 14, 2015 (collectively referred to as the “contract documents”), relative to the construction of the Project.</p>	<p>○ The documents were obtained by Carr, Riggs & Ingram, LLC (“CRI”) without exception.</p>
<p>2. Inquire of OCPS and the Construction Manager as to whether there are any disputed provisions between the two parties, relative to the contract documents or the Project’s costs as provided in 4. below, or if there are any other unresolved disputes.</p>	<p>○ The Construction Manager stated there were no disputed provisions between the two parties, relative to the contract documents and the Project’s cost. There are no unresolved disputes on the Project.</p>

PROCEDURES	RESULTS
<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 however, CRI did identify that a subcontractor defaulted and failed to perform on the project. This resulted in a \$10,715 increase in subcontractor costs on the Project. CRI made an adjustment to eliminate the added costs in Exhibit A.</p>
<p>4. Obtain from the Construction Manager, a copy of the final job cost detail, dated October 17, 2018 (the “final job cost detail”).</p>	<p>○ CRI 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 25, 2018 (“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 between the final job cost detail total and the completed and stored to date total from the final pay application was obtained without exception.</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> <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. The subcontract agreements and related change orders were obtained without exception.</p> <p>b. CRI obtained supporting documentation for the subcontractor change orders. CRI made \$702 in subcontractor change order adjustments for non-approved subcontractor costs. This adjustment is included in Exhibit A.</p>

PROCEDURES	RESULTS
<ul style="list-style-type: none"> 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 subcontractors (“payment documentation”). Compare the final subcontract amount to the final job cost detail to the payment documentation. d. Obtain a listing of owner direct purchases (“ODP”) from the District related to each subcontract selected. Compare the ODP amounts to the sum of the deductive ODP change orders, per the selected subcontractors. 	<ul style="list-style-type: none"> c. CRI obtained executed partial and final lien releases as payment documentation without exception. CRI compared the total payment documentation to the subcontract amount in the final job cost detail without exception. d. CRI was able to trace all selected subcontractor’s owner direct purchases to the owner direct purchases log without exception.
<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"> o CRI selected 15 payroll transactions representing reimbursable payroll from the final job cost detail.
<p>9. From the items selected in 8. above, perform the following:</p> <ul style="list-style-type: none"> 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. b. Compare the amount listed for each sample in the final job cost detail to the items obtained in 9.a. above. 	<ul style="list-style-type: none"> a. CRI obtained the original timesheet and labor distribution report for each of the samples selected in 8. above. b. The actual amount paid to the employee was compared to the amount in the final job cost detail without exception.
<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>	<ul style="list-style-type: none"> o CRI recalculated labor burden charged on the 15 payroll transactions selected in step 8. above. CRI observed that labor burden was charged in accordance to the contract documents.

PROCEDURES	RESULTS
<p>11. From the final job cost detail, select any non-subcontractor line items 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. There was one line item that exceeded \$50,000. CRI obtained access to the original purchase orders and lien releases without exception. b. The amount recorded in the final job cost agreed to the documents obtained in 11.a. without exception.
<p>12. From the final job cost detail, select all amounts for bond, insurance, and subguard charges and perform the following:</p> <ul style="list-style-type: none"> a. Obtain a copy of or access to, the original invoices, internal allocation calculation from the Construction Manager (if applicable), and a copy of the cancelled check for items paid directly to a third party. b. Compare the documentation obtained in 12.a. above to the amounts recorded to the final job cost detail. For amounts charged via an internal allocation, inspect the internal allocation method. c. If applicable, obtain third party invoices for internal allocation amounts. d. If applicable, recalculate the Construction Manager's internal allocations. 	<ul style="list-style-type: none"> a. CRI obtained copies of the bond invoice and cancelled check without exception. CRI obtained a document on Hub International letterhead stating the general liability cost for the Project. CRI was not able to obtain a cancelled check for the general liability insurance amount due to the insurance not being paid by individual project. CRI also received a breakdown of worker's compensation insurance. b. The documentation obtained in 12.a. above was compared to the amounts in the final job cost detail without exception. c. CRI obtained third party documentation for general liability and worker's compensation. d. CRI recalculated the Construction Manager's allocations for general liability insurance and worker's compensation. CRI made a \$43,449 adjustment for worker's compensation charged to the project. This is shown in Exhibit A.
<p>13. 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"> o 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.

PROCEDURES	RESULTS
<p>14. From the final job cost detail, haphazardly select at least five transactions determined to be the Construction Manager's internal charges to the Project, and perform the following:</p> <ul style="list-style-type: none"> a. Obtain vendor invoices and Construction Manager calculations for internal charge rates. b. Compare the internal charge rates recorded in the job cost detail to the supporting documentation obtained in 14.a. above. 	<ul style="list-style-type: none"> a. CRI obtained vendor invoices for cellular internal charges included in the final job cost detail. b. The internal charge rates recorded in the job cost detail agreed to the supporting documentation without exception.
<p>15. 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"> o CRI obtained the Notice to Proceed and observed that a date was not specified. CRI inquired with the District. The District advised us to use the commencement date stated on the contract documents (January 22, 2016). No items were identified in the final job cost detail prior to this date.
<p>16. Inquire of the Construction Manager to determine whether they are using a subguard program for subcontractor bonding requirements.</p>	<ul style="list-style-type: none"> o The Construction Manager is not utilizing a subguard program on the Project.
<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 Signed and executed change orders between OCPS and the Construction Manager were obtained without exception.
<p>18. Obtain from OCPS, a log of the owner direct purchases plus sales tax savings for the Project.</p>	<ul style="list-style-type: none"> o The owner direct purchase log was obtained from OCPS without exception.
<p>19. Compare the owner direct purchase log plus tax savings amount obtained in 18. above, to the total signed and executed change orders amounts obtained in 17. above relative to owner direct purchases.</p>	<ul style="list-style-type: none"> o The total reported for owner direct purchases plus the related sales tax savings was compared to the net deductive change orders to the guaranteed maximum price without exception.
<p>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 The Construction Manager did not exceed the not-to-exceed total for general requirements, and returned \$236,751 of general requirements savings in the final change order.

PROCEDURES	RESULTS
<p>21. Recalculate the final guaranteed maximum price (“GMP”) as follows:</p> <ul style="list-style-type: none"> a. Obtain the initial GMP amount, including any fixed or percentage-based Construction Manager fees or lump sums from the contract documents noted in 1. above. b. Add the initial GMP amount (from 1. above) plus additive change orders and minus deductive change orders from 17. above. 	<ul style="list-style-type: none"> a. The initial GMP amount was obtained and is reported in Exhibit A. b. The net amount of change orders were deducted from the initial GMP amount as reported in Exhibit A as “Adjusted guaranteed maximum price”.
<p>22. Obtain the final contract value, per the final pay application (noted in 5. above) and compare it to the final GMP amount recalculated in 21.b. above.</p>	<ul style="list-style-type: none"> o The “Adjusted guaranteed maximum price” was compared to the final contract value, per the final pay application, without exception.
<p>23. Recalculate the construction costs plus fee as follows:</p> <ul style="list-style-type: none"> a. Starting with the final job cost detail, adjust for any reductions identified in the application of the above procedures (e.g. subcontractor markup differences, non-reimbursable items, repair/rework items, etc., as applicable) to reach the adjusted final job cost. b. Utilizing the final job cost detail, add any fixed fees or lump sum amounts to reach the construction cost plus fee. c. Compare the final GMP amount calculated in 21.b. above to the construction cost plus fee amount from 23.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 “construction costs plus fee”. c. The results of performing this procedure are reported in Exhibit A.
<p>24. Using the General Conditions attachment in the contract documents, obtain the raw rates for the Construction Manager’s personnel.</p> <ul style="list-style-type: none"> a. Obtain from the Construction Manager a listing of the personnel that filled the positions listed in the General Conditions attachment. 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. 	<ul style="list-style-type: none"> a. CRI obtained a listing of the personnel that filled the positions listed on the General Conditions attachment. b. CRI selected a sample of 15 payroll entries and obtained documentation of the selected persons actual pay rate for periods selected.

PROCEDURES	RESULTS
<p>c. Compare the actual pay rate obtained in b. above to the raw rate included in the General Conditions attachment.</p>	<p>c. The results of the testing indicate that the actual pay rate is less than the raw rate per the General Conditions attachment (“raw rate”) in 12 out of 15 samples tested. Overall, the average actual pay is 16% under the raw rate per the contract documents for the samples tested.</p> <p>CRI did not see evidence that OCPS was notified that the labor rates were paid lower than the raw rates, in accordance with Section 5.A.1.d of the Agreement.</p>
<p>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.</p>	<p>o CRI obtained all of the Project’s contingency logs and usage documents and observed that all of the contingency usage forms showed approval from an OCPS designated representative.</p>
<p>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.</p>	<p>o The remaining balances in the contingency funds were returned to OCPS in the final change order (#11).</p>
<p>27. 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 CRI obtained a listing of assets which verified that the assets were turned over to another OCPS project without exception.</p>
<p>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.</p>	<p>o CRI obtained the Certificates of Substantial Completion for Phase 1A, Phase 1B and Phase 2 (“Certificates”). The substantial completion dates, as reported on the Certificates, indicated that the Construction Manager achieved substantial completion in accordance with the contractual requirements.</p>
<p>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.</p>	<p>o The final completion date, as reported on the Certificate of Final Inspection, indicated that the Construction Manager achieved final completion on May 11, 2018 which is 55 days after the observed contractually required date of March 17, 2018. Final completion is to be achieved within 120 days after the latest substantial completion date, which for this Project was November 17, 2017.</p>

PROCEDURES	RESULTS
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.	○ CRI inspected the final job cost detail for items charged after the date of final completion as evidenced on the Certificate of Final Inspection. CRI observed no items in the final job cost detail for charges after the date of final completion as evidenced on the Certificate of Final Inspection.
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.	○ CRI obtained the SAP/Purchase Order reconciliation from OCPS and agreed the guaranteed maximum price on the reconciliation to the guaranteed maximum price on the final pay application without exception.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion on the total costs of construction and 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
May 8, 2019

**The School Board of Orange County, Florida
Carver Middle School Replacement Project**

Exhibit A – Project Costs

Calculation of the construction costs plus fee

Calculation of the adjusted final job costs:	
Construction Manager final job costs	\$ 20,611,000
CRI adjustment to worker's compensation	(43,449)
Reduction of general liability to actual costs	(3,697)
Elimination of additional costs due to a subcontractor default	(10,715)
Elimination of non-approved subcontractor costs	(702)
Adjusted final job costs	<u>20,552,437</u>

Original lump sum general conditions	<u>1,193,389</u>
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Calculation of the construction management fee:	
Original construction management fee from Amendment #1	1,307,721
Additional construction management fee from contingency use	1,376
	<u>1,309,097</u>

Construction costs plus fee	<u><u>\$ 23,054,923</u></u>
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Calculation of adjusted guaranteed maximum price

Original guaranteed maximum price per Amendment #1	\$ 31,122,179
Adjustments from change orders per the Construction Manager	<u>(8,008,693)</u>

Adjusted guaranteed maximum price	<u><u>\$ 23,113,486</u></u>
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Construction costs, lesser of construction costs plus fee and adjusted guaranteed maximum price	\$ 23,054,923
Owner direct purchases	<u>6,850,316</u>

	<u><u>\$ 29,905,239</u></u>
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