

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

**The School Board of Orange County, Florida  
Engelwood Elementary School Replacement Project**



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**INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES**

**Engelwood Elementary 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” and the “specified party”), solely to assist you in certifying the final contract value to Charles Perry Partners, 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 Engelwood Elementary 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 and read a copy of the Standard Construction Management Contract (the “Agreement”), dated April 8, 2016, between The School Board of Orange County, Florida, and the Construction Manager, and Amendment #1, dated June 20, 2016 (collectively referred to as the “contract documents”), relative to the construction of the Project.</p>	<p>○ The documents were obtained and read 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>○ The Construction Manager stated there were no disputed provisions between the two parties, relative to the contract documents or the Project’s cost. There were 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 disputed provisions between the Construction Manager and any of its subcontractors.</p>
<p>4. Obtain from the Construction Manager, a copy of the final job cost detail, dated May 31, 2018 (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 November 10, 2017 (“final pay application”).</p>	<p>○ The draft 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 noted general conditions costs that were deducted from the final job cost detail because they have been contracted for as a lump sum. Additionally, other non-reimbursable costs and the minority partner’s portion of the construction management fee were identified and deducted from the final job cost detail. These items have been reported as adjustments on Exhibit A.</p>

PROCEDURES	RESULTS
<p>7. From the final job cost detail obtained in 4. above, select all subcontractors with total costs listed per the job cost detail in excess of \$50,000 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> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>a. The subcontract agreements and related change orders were obtained without exception. No exceptions were found as a result of performing this procedure.</li> <li>b. CRI obtained supporting documentation for the subcontractor change orders without exception. No exceptions were found as a result of performing this procedure.</li> <li>c. CRI obtained individual lien releases submitted by the selected subcontractors to the Construction Manager. No exceptions were found as a result of performing this procedure.</li> <li>d. CRI obtained a listing of owner direct purchases. No exceptions were found as a result of performing this procedure.</li> </ul>
<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 in 4. above, 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"> <li>o There were no reimbursable labor charges from the Construction Manager. All Construction Manager labor charges were included in the lump sum general conditions.</li> </ul>

PROCEDURES	RESULTS
<p>9. 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"> <li>○ As noted in 8. above there were no reimbursable labor charges. However, CRI recalculated labor burden on the General Conditions Attachment 3 with no exception noted.</li> </ul>
<p>10. From the final job cost detail obtained in 4. above, select any non-subcontractor line items that exceed \$50,000.</p>	<ul style="list-style-type: none"> <li>○ There were no non-subcontractor line items in excess of \$50,000.</li> </ul>
<p>11. From the final job cost detail obtained in 4. above, select all amounts for bond, insurance, and subguard charges and perform the following:</p> <ul style="list-style-type: none"> <li>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.</li> <li>b. Compare the documentation obtained in 11.a. above to the amounts recorded to the final job cost detail. For amounts charged via an internal allocation, inspect the internal allocation method.</li> <li>c. If applicable, obtain third party invoices for internal allocation amounts.</li> <li>d. If applicable, recalculate the Construction Manager's internal allocations.</li> </ul>	<ul style="list-style-type: none"> <li>a. CRI obtained invoices and rate verifications from third parties relative to the costs for bond, insurance, and subguard. CRI obtained the cancelled check for the bond costs. Cancelled checks were not obtained for general liability insurance or workman's compensation insurance as these amounts are not paid by Project, but based on Company-wide coverage and premiums.</li> <li>b. The documentation obtained in 11.a. above was compared to the amounts in the final job cost detail without exception.</li> <li>c. CRI obtained third party documentation for general liability, workman's compensation, and subguard insurance rates, including premium rate sheets.</li> <li>d. CRI calculated the general liability and subguard insurance rates based on the third party documentation provided and compared our calculated amount against the amount stated in the job cost detail without exception. CRI compared the amount from the third party invoice for worker's compensation and observed that the value used to calculate worker's compensation on the invoice was based on raw labor rates related to the Project without exception.</li> </ul>

PROCEDURES	RESULTS
<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"> <li>○ Per our inquiry of the Construction Manager, they did not use any related parties to perform any scope. However, they rent IT equipment and vehicles from a related entity.</li> </ul>
<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"> <li>a. Report the entity and volume of the transactions to OCPS.</li> <li>b. Determine if such transactions are properly authorized by OCPS, in accordance with the contract documents.</li> </ul>	<ul style="list-style-type: none"> <li>a. The related entity is Contractor Computer and Equipment Leasing (“CCEL”) and the amount paid to CCEL was \$30,069.</li> <li>b. As these expenditures are not for self-performed work, these expenditures did not require approval from OCPS. However, see results below for step 14.</li> </ul>
<p>14. From the final job cost detail obtained in 4. above, 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 noted in 4. above to the supporting documentation obtained in 14.a. above.</li> </ul>	<ul style="list-style-type: none"> <li>a. CRI obtained CCEL’s calculation for internal computer charges and site furnishings. Vehicle charges, which were also internal charges from CCEL, are set by OCPS at a specific amount in the initial general requirements schedule of values.</li> <li>b. The internal charges for computer hardware, software, and site furnishings were compared to the final job cost detail without exception.</li> </ul>
<p>15. Obtain the Project’s Notice to Proceed (“NTP”) from OCPS and inspect the dates of the charges in the job cost detail noted in 4. above 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. We did not identify job cost charges dated prior to the date of the Notice to Proceed.</li> </ul>

PROCEDURES	RESULTS
<p>16. 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 in 4. above and perform the following:</p> <p>a. Inspect the final job cost detail noted in 4. above, 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.</p> <p>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.</p>	<p>a. The Construction Manager did use a subguard program for this Project. CRI inspected the final job cost detail, as well as subcontract and subcontractor change orders and identified no line items described as subcontractor bond costs for those subcontractors included in the subguard program.</p> <p>b. CRI received written representation from the Construction Manager that no subcontractors enrolled in the subguard program included bond costs in their pay applications.</p>
<p>17. Obtain all signed and executed change orders between OCPS and the Construction Manager for the duration of the Project.</p>	<p>o Signed and executed change orders between OCPS and the Construction Manager were obtained without exception.</p>
<p>18. Obtain from OCPS, a log of the owner direct purchases plus sales tax savings for the Project.</p>	<p>o The owner direct purchase log was obtained from OCPS without exception.</p>
<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>	<p>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>
<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 obtained in 4. above.</p>	<p>o The Construction Manager did not exceed the not-to-exceed amount for general requirements, and returned \$22,856 of general requirements savings in the final change order.</p>

PROCEDURES	RESULTS
<p>21. Recalculate the final 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 deductive change orders from 18. above to get the "Adjusted GMP per the Construction Manager".</li> </ul>	<ul style="list-style-type: none"> <li>a. The initial GMP amount was obtained without exception.</li> <li>b. CRI added the initial GMP amount plus additive change orders minus deductive change orders as reported on Exhibit A.</li> </ul>
<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"> <li>o CRI obtained the final contract value, per the draft final pay application and compared it to the "Adjusted GMP per the Construction Manager without exception.</li> </ul>
<p>23. Recalculate the construction costs plus fee as follows:</p> <ul style="list-style-type: none"> <li>a. Starting with the final job cost detail from 4. above, 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."</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 per the Construction Manager" calculated in 21.b. above to the "Construction costs plus fee" amount from 23.b. above.</li> </ul>	<ul style="list-style-type: none"> <li>a. The results of performing this procedure are reported on Exhibit A.</li> <li>b. The results of performing this procedure are reported on Exhibit A.</li> <li>c. The results of performing this procedure are reported on Exhibit A.</li> </ul>



PROCEDURES	RESULTS
<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"> <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 24.b. above to the raw rate included in the General Conditions attachment.</li> </ul>	<ul 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 is less than the raw rate per the contract for 13 out of 15 samples tested. Overall, the average actual pay is 19% under the raw rate per the contract documents for the samples tested. CRI inquired of the Construction Manager regarding notification provided to OCPS relative to the actual rates being lower than the contractual raw rates, in accordance with Section 5.1 of the Agreement, but were told there was no such notification provided to OCPS.</li> </ul>
<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>	<ul style="list-style-type: none"> <li>o CRI obtained the Project’s contingency log and usage documents. No exceptions were found as a result of performing this procedure.</li> </ul>
<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>	<ul style="list-style-type: none"> <li>o The remaining balances in the contingency funds were returned to OCPS in the final change order.</li> </ul>
<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>	<ul style="list-style-type: none"> <li>o The Construction Manager provided a listing of purchased assets which indicated that all assets were transferred to OCPS or a subsequent OCPS project.</li> </ul>

PROCEDURES	RESULTS
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.	○ The substantial completion date, as reported on the Certificate of Substantial Completion, indicated that the Construction Manager achieved substantial completion in accordance with the contractual requirement.
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.	○ The final completion date, as reported on the Certificate of Final Inspection, indicated that the Construction Manager achieved final completion in accordance with the contractual requirement.
30. Utilizing the Certificate of Final Inspection obtained in 29. above, inspect the dates of the charges in the final job cost detail noted in 4. above for recorded costs with dates subsequent to the date of the Certificate of Final Inspection.	○ CRI inspected the final detail job cost for job charges after the final completion as evidenced on the Certificate of Final Inspection. No exceptions were found as a result of performing this procedure.
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 specified elements, accounts, or items. Accordingly, we do not express such an opinion or conclusion, respectively, on the construction costs. 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  
December 3, 2018

**The School Board of Orange County, Florida  
Engelwood Elementary School Replacement Project**

Exhibit A – Project Costs

Calculation of the construction costs plus fee:	
Construction Manager job costs	\$ 10,210,809
Reductions:	
General conditions costs included in the job costs	(576,606)
Other non-reimbursable costs as indicated by the Construction Manager	(37,853)
Minority partner portion of the construction management fee	<u>(90,821)</u>
Adjusted final job costs	<u>9,505,529</u>
 Original lump sum general conditions	 <u>612,420</u>
 Calculation of the construction management fee:	
Original construction management fee from Amendment #1	606,675
Additional construction management fee from contingency use	75
Reimbursement for materials testing	<u>(1,276)</u>
	<u>605,474</u>
 Construction costs plus fee	 <u><u>\$ 10,723,423</u></u>
 Calculation of adjusted guaranteed maximum price ("GMP"):	
Original guaranteed maximum price per Amendment #1	\$14,598,872
Adjustments from change orders per the Construction Manager	<u>(3,875,425)</u>
 Adjusted GMP per the Construction Manager	 <u><u>\$10,723,447</u></u>
 Construction costs, lesser of construction costs plus fee and adjusted GMP per the Construction Manager	
	<u>\$10,723,423</u>
Owner direct purchases	<u>3,477,185</u>
	<u><u>\$14,200,608</u></u>