

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

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



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INDEPENDENT ACCOUNTANTS’ REPORT ON APPLYING AGREED-UPON PROCEDURES

Oak Hill 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 (the “District”, “OCPS” and the “specified party”), solely to assist you in certifying the final contract value to Clancy & Theys Construction Company (the “Construction Manager” and the “responsible party”), based upon the total costs of construction and final contract value, as presented by the Construction Manager, for the Oak Hill 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. Inspect a copy of the Standard Construction Management Contract (the “Agreement”), dated May 11, 2016, between The School Board of Orange County, Florida, and the Construction Manager, and Amendment No. 1, dated July 20, 2016 (collectively referred to as the “contract documents”), relative to the construction of the Project.</p>	<p>○ The contract documents were obtained and 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 both stated there were no disputed provisions between the two parties, relative to the contract documents or the Project’s costs. There were no unresolved disputes on the Project.</p>
<p>3. Inquire of the Construction Manager as to whether there are any disputes between the Construction Manager and its subcontractors.</p>	<p>○ The Construction Manager stated there were no unresolved disputes with its subcontractors.</p>

PROCEDURES	RESULTS
<p>4. Obtain from the Construction Manager, a copy of the final job cost detail, dated January 2, 2019 (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 March 21, 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 and 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 (“final subcontract amount”).</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. CRI obtained the subcontract and related change orders without exception. The amount of the original subcontract plus the related change orders for each selected subcontractor agreed with the amount in the final job cost detail with one exception. For one of the subcontractors, we noted that the final subcontract value was higher than the amount in the final job cost detail by \$28,668. A final payment was made to a selected subcontractor after CRI received the final job cost detail that was not included in the final job cost detail. An adjustment has been reported for this in Exhibit A.</p> <p>b. CRI obtained supporting documentation for the subcontractor change orders. CRI identified \$33,938 in subcontractor change order adjustments in Exhibit A. These adjustments are summarized as follows:</p> <ul style="list-style-type: none"> ● Rework was not backcharged in the amount of \$10,781. ● An unused allowance of \$76 was not returned to OCPS. ● Clean up labor of \$23,081 was used to supplement the electrical subcontractor, but was not backcharged to the subcontractor. <p>Additionally, \$94,381 of contingency included in the selected subcontractors’ contract values was not returned to OCPS. This adjustment is also reflected 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. For those payments that a lien release is not obtained, obtain a cancelled check for payments made by the Construction Manager to the selected subcontractor (lien releases and cancelled checks collectively referred to as the “payment documentation”). Compare the final subcontract amount 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>c. CRI obtained payment documentation and agreed the payments to the amount in the final job cost detail for each selected subcontractor. However, one subcontractor was paid \$763 less than the amount in the final job cost representing a damages change order rejected by OCPS. This adjustment has been reflected in Exhibit A.</p> <p>d. CRI obtained the ODP listing and was able to trace the total for each selected subcontractor’s ODPs to the ODP log without exception.</p>
<p>8. If there are reimbursable labor charges included in the final job cost detail, from the total number of Construction Manager employee payroll transactions listed in the final job cost detail, we will haphazardly select a sample of at least 15 Construction Manager payroll transactions. Each sampled payroll transaction will be for a specific, identified time period of the Project.</p>	<p>o CRI selected 15 payroll transactions representing reimbursable payroll from the final job cost detail.</p>
<p>9. From the items selected in 8. above, perform the following:</p> <p>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.</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. CRI obtained copies of the original timesheet and payroll register for each of the samples selected in 8. above.</p> <p>b. The actual amount paid to the employee was compared to the amount in the final job cost detail 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 The labor burden charged on reimbursable labor was above 35%. A \$2,381 adjustment is reflected on Exhibit A to reduce the labor burden to 35%.</p>
<p>11. Inspect the final job cost detail and select any non-subcontractor line items that exceed \$50,000.</p>	<p>o CRI inspected the final job cost detail and there were no non-subcontractor line items in excess of \$50,000.</p>

PROCEDURES	RESULTS
<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 in 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 bond invoices and cancelled checks or credit card receipts for proof of payment. CRI observed the internal allocation calculation and an insurance premium letter provided by the Contractor’s insurance carrier for excess liability insurance. A subguard program was not used on this Project. b. The documentation obtained in 12.a. above was compared to the amounts in the final job cost detail without exception. c. CRI obtained a letter that included the insurance premiums for excess liability. d. CRI recalculated the Construction Manager’s internal allocations without exception.
<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 The Construction Manager stated that there were no related entities used on the 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 job cost detail to the supporting documentation obtained in 14.a. above. 	<ul style="list-style-type: none"> a. CRI obtained the Construction Manager’s calculation for internal data allocations and vendor invoices. Vehicle charges, which were also internal charges from the Construction Manager, are set by OCPS at a specific amount in the initial general requirements schedule of values. b. The internal charges for data allocations were compared to the final job cost detail 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 \$44 of field office costs in the final job cost detail that were prior to the NTP date. Section 7.A. of the Agreement states, “No portion of the Work, with respect to the Construction Phase Services to be provided hereunder, shall be performed prior to the

PROCEDURES	RESULTS
	<p>Construction Phase Commencement Date (<i>stated in NTP letter</i>), unless expressly approved in advance by Owner in writing.” These charges do not apply to performing work prior to the commencement date; therefore no adjustment will be made.</p>
<p>16. Inquire of the Construction Manager to determine whether they are using a subguard program for subcontractor bonding requirements.</p>	<p>o A subguard program was not used on the Project.</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 a log of the owner direct purchases plus sales tax savings for the Project from OCPS and perform the following:</p> <ol style="list-style-type: none"> a. Recalculate the total owner direct purchases percentage, 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. 	<ol style="list-style-type: none"> a. The owner direct purchase log was obtained from OCPS without exception. CRI recalculated the total owner direct purchases percentage as 20%. b. Per CRI inquiry of the District, the District did not plan to seek to recover any missed sales tax savings on this Project.
<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 deductible 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.</p>	<p>o The Construction Manager exceeded the adjusted not-to-exceed amount for general requirements by \$171,746. This is adjusted out of the final job costs in Exhibit A.</p>

PROCEDURES	RESULTS
<p>21. Recalculate the adjusted 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 without exception. b. The net amount of change orders was 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 adjusted 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 (i.e. subcontractor markup differences, non-reimbursable items, repair/rework items, etc., as applicable) to reach the "adjusted final job cost". b. Utilizing the adjusted final job cost, add any fixed fees or lump sum amounts to reach the "construction cost plus fee". c. Compare the adjusted 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 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. The listing of Construction Manager personnel was obtained without exception. b. CRI chose a sample of 15 payroll entries for Construction Manager personnel that worked on the Project and obtained documentation for the actual pay rate for each employee for the period selected without exception.

PROCEDURES	RESULTS
<p>c. Compare the actual pay rate obtained in 24.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 8 out of 15 samples tested. Overall, the average actual pay is 7% under the raw rate per the contract documents for the samples tested. CRI did not see evidence that OCPS was notified that the labor rates paid were lower than the raw rates, in accordance with Section 5.A. 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 the contingency log and all the contingency usage documents from OCPS and inspected all usage documents for proper approval without exception.</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 without exception.</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 or transferred to another OCPS project.</p>	<p>o The Construction Manager provided a listing of purchased assets which indicated that all assets were transferred to a subsequent OCPS project.</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 all phases of the Project (“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 48 days after the contractually required date. Final completion is to be achieved within 120 days after the latest substantial completion date, which for this Project was October 11, 2017. The Certificate of Final Inspection was signed by the Architect on March 28, 2018.</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.	<ul style="list-style-type: none"> ○ CRI inspected the final job cost detail for charges after the date of final completion as evidenced on the Certificate of Final Inspection. CRI identified \$875 of non-reimbursable reproduction costs and \$128 of warranty costs included in the final job cost detail. The total of these amounts has been adjusted out of the final job costs in Exhibit A.
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.	<ul style="list-style-type: none"> ○ 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 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
December 12, 2019

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

Exhibit A – Project Costs

Calculation of the construction costs plus fee

Calculation of the adjusted final job costs:

Construction Manager's final job cost detail - reimbursables	\$ 10,417,284
Job costs to WD Site Development paid and entered after original job cost detail was obtained by CRI	28,668
Reduction to general requirements to reflect the not to exceed amount	(171,746)
Balance remaining in subcontractor contingencies to be returned	(94,381)
Cleanup labor to supplement electrical subcontractor not backcharged	(23,081)
Adjustment to reimbursable labor burden to reflect agreed upon rate	(2,381)
Adjustments to subcontractor change orders	(10,857)
Adjustment for damages change order rejected by OCPS	(763)
Adjustment for non-reimbursable expenses after final completion	(1,003)
Adjusted final job costs	<u>10,141,740</u>

Original lump sum general conditions	<u>723,918</u>
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Calculation of the construction management fee:

Original construction management fee	628,616
Additional construction management fee from contingency use	809
Adjustment to fee for material testing reimbursement	(1,243)
	<u>628,182</u>

Construction costs plus fee	<u>\$ 11,493,840</u>
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Calculation of adjusted guaranteed maximum price

Original guaranteed maximum price	\$ 15,071,803
Adjustments from owner change orders	<u>(3,321,685)</u>

Adjusted guaranteed maximum price	<u>\$ 11,750,118</u>
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Construction costs, lesser of construction costs plus fee and adjusted guaranteed maximum price	\$ 11,493,840
Owner direct purchases	<u>2,914,239</u>

	<u><u>\$ 14,408,079</u></u>
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