

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

**The School Board of Orange County, Florida**

**Pine Hills Elementary School – Comprehensive Needs Project**



**CRI** CARR  
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**INDEPENDENT ACCOUNTANTS’ REPORT ON APPLYING AGREED-UPON PROCEDURES**

**Pine Hills Elementary School – Comprehensive Needs 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 James B. Pirtle Construction Company, 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 Pine Hills Elementary School – Comprehensive Needs 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
1. Inspect a copy of the Standard Construction Management Contract (the “Agreement”), dated January 20, 2017, between OCPS and the Construction Manager, and the Amendment No. 1, dated July 18, 2017 (collectively referred to as the “contract documents”), relative to the construction of the Project.	○ 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.	○ 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.	○ The Construction Manager stated there are no disputes with any of its subcontractors.

PROCEDURES	RESULTS
<p>4. Obtain from the Construction Manager, a copy of the final job cost detail, dated December 13, 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 February 15, 2019 (“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 per the job cost detail in excess of \$50,000 (“selected subcontractors”) 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> </ul>	<ul style="list-style-type: none"> <li>a. The subcontract agreements and related change orders were obtained and compared with the amounts recorded in the final job cost detail for the selected subcontractors without exception.</li> <li>b. CRI obtained supporting documentation for the subcontractor change orders without exception. Additionally, we compared the change order amounts to the supporting documentation without exception.</li> <li>c. CRI obtained payment documentation and compared the documentation to the final subcontract amount without exception. However, there are two subcontractors that have not picked up their final check and have not provided executed final lien releases.  The subcontractors and the amounts of the final checks are reported in Exhibit B to this report. The Construction Manager has agreed to provide OCPS with the executed final lien releases, once the checks are picked up, as evidence of final payment. Additionally, the Construction Manager has agreed to reimburse OCPS for any checks that are not picked up, or any reductions in the amount of the final payments to these subcontractors.</li> </ul>

PROCEDURES	RESULTS
<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>d. CRI obtained a listing of ODPs from the District and compared the amount to the sum of the deductive ODP change orders for the selected subcontractors, 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 did not identify any reimbursable labor charges in the final job cost detail.</p>
<p>9. From the final job cost detail, select any non-subcontractor line items that exceed \$50,000 and perform the following.</p> <p>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.</p> <p>b. Compare the documents obtained in 9.a. to the amount recorded in the final job cost detail.</p>	<p>a. CRI selected five line items from the final job cost detail for Southeast Protection (security services) and obtained copies of an invoice and a cancelled check for each selection.</p> <p>b. The invoices and the cancelled checks were compared to the amounts recorded in the final job cost detail without exception.</p>
<p>10. From the final job cost detail, select all amounts for bond, insurance, and subguard charges and perform the following:</p> <p>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.</p>	<p>a. Obtained a copy of, or access to:</p> <ul style="list-style-type: none"> <li>o Invoices and cancelled checks for the bond costs included in the Project.</li> <li>o The internal allocation calculations for general liability insurance and workers’ compensation from the Construction Manager. Additionally, we obtained third party rate sheets as support for the allocation calculations for both general liability and workers’ compensation insurance.</li> <li>o The third party rate sheet for the subguard insurance costs.</li> </ul>

PROCEDURES	RESULTS
<p>b. Compare the documentation obtained in 10.a. above to the amounts recorded to the final job cost detail. For amounts charged via an internal allocation, inspect the internal allocation method.</p> <p>c. If applicable, obtain third party invoices for internal allocation amounts.</p> <p>d. If applicable, recalculate the Construction Manager's internal allocations.</p>	<p>b. The results from comparing the documentation listed above are as follows:</p> <ul style="list-style-type: none"> <li>o The invoice for the bond was compared to the amounts in the final job cost detail without exception.</li> <li>o CRI inspected the internal allocation calculations for general liability insurance and workers' compensation without exception.</li> <li>o The subguard rate was obtained from a third-party rate sheet. This rate was then multiplied by the final contract values for all subcontractors enrolled in the subguard program. This calculated total was then compared against the subguard amount included in the final job cost detail without exception.</li> </ul> <p>c. CRI obtained third party documentation for general liability premium amounts and workers' compensation rates, including declarations/policies and rate sheets.</p> <p>d. CRI recalculated the general liability insurance and workers' compensation allocations, which were compared to the Construction Manager's internal allocation calculation and to the final job cost detail. The result of this comparison was a reduction of the job costs in the amount of \$467, which is reported in Exhibit A.</p>
<p>11. 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>o The Construction Manager stated there were no related entities used on this Project.</li> </ul>
<p>12. 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> <p>a. Obtain vendor invoices and Construction Manager calculations for internal charge rates.</p> <p>b. Compare the internal charge rates recorded in the job cost detail to the supporting documentation obtained in 12.a. above.</p>	<p>a. CRI obtained the Construction Manager's calculation for internal computer/software charges without exception. Vehicle charges are set by OCPS at a specific amount in the initial general requirements schedule of values.</p> <p>b. The Construction Manager produced documentation to OCPS at the commencement of the Project for the IT charges, which included details of their</p>

PROCEDURES	RESULTS
	<p>proposed rates. Per our discussion with the District, the District accepted the monthly rate for IT charged by the Construction Manager. CRI observed that the proposed monthly charge for IT was accurately included in the final job cost detail for the Project duration. The District’s policy regarding vehicles is an allowance of \$850 per month for one vehicle for 10 months on an elementary school project. The Construction Manager’s vehicles charges agreed to the rate and term allowed by OCPS.</p>
<p>13. 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"> <li>o CRI obtained the Notice to Proceed and did not identify job cost charges dated prior to the Notice to Proceed date.</li> </ul>
<p>14. 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 and perform the following:</p> <ul style="list-style-type: none"> <li>a. Inspect the final job cost detail, 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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>a. CRI inspected the final job cost detail, subcontractor agreements, and subcontractor change orders for all selected subcontractors, (23 subcontractors) and noted no evidence of subcontractor bond costs.</li> <li>b. CRI obtained written representation from the Construction Manager that subcontractors enrolled in the subguard program did not include bond costs in their payment applications.</li> </ul>
<p>15. 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"> <li>o Obtained signed and executed change orders between OCPS and the Construction Manager without exception.</li> </ul>
<p>16. Obtain from OCPS, a log of the owner direct purchases plus sales tax savings for the Project and perform the following:</p> <ul style="list-style-type: none"> <li>a. Recalculate the total owner direct purchases, 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).</li> </ul>	<ul style="list-style-type: none"> <li>a. CRI obtained the ODP log from the District without exception. We recalculated the percentage of the total owner direct purchases plus sales tax savings, per the ODP log, as a percentage of the original contract value (including ODPs).</li> </ul>

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 results from the recalculation in a. above indicated that the Construction Manager did not achieve the goal of 25%. CRI inquired of the District and observed that the Construction Manager was assessed a penalty of \$16,102. The Construction Manager in turn assessed its subcontractors \$16,086 relative to the penalty.</p>
<p>17. Compare the owner direct purchase log plus tax savings amount obtained in 16. above, to the total signed and executed change orders amounts obtained in 15. 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>18. 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's actual charges for general requirements did not exceed the not-to-exceed amount.</p>
<p>19. Recalculate the final guaranteed maximum price ("GMP") as follows:</p> <p>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.</p> <p>b. Add the initial GMP amount (from 1. above) plus additive change orders and minus deductive change orders from 15. above to get to the "Adjusted guaranteed maximum price"</p>	<p>a. The initial GMP amount was obtained without exception.</p> <p>b. The net amount of change orders was deducted from the initial GMP amount and is reported in Exhibit A as the "Adjusted guaranteed maximum price".</p>
<p>20. Obtain the final contract value, per the final pay application (noted in 5. above) and compare it to the adjusted GMP amount recalculated in 19.b. above.</p>	<p>o The adjusted guaranteed maximum price was compared to the final contract value, per the final pay application, without exception.</p>
<p>21. 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 cost".</p>	<p>a. The results of performing this procedure are reported in Exhibit A as "Adjusted final job costs".</p>

PROCEDURES	RESULTS
<ul style="list-style-type: none"> <li>b. Utilizing the adjusted final job cost, add any fixed fees or lump sum amounts to reach the “construction cost plus fee”.</li> <li>c. Compare the adjusted GMP amount calculated in 19.b. above to the construction cost plus fee amount from 21.b. above.</li> </ul>	<ul style="list-style-type: none"> <li>b. The results of performing this procedure are reported in Exhibit A as “Construction costs plus fee”. CRI has reported fee earned on contingency of \$139 and reimbursement for materials testing of \$168 as adjustments to the construction management fee in Exhibit A.</li> <li>c. The results of this procedure are reported in Exhibit A.</li> </ul>
<p>22. 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 b. above to the raw rate included in the General Conditions attachment.</li> </ul>	<ul style="list-style-type: none"> <li>a. The listing of the Construction Manager general conditions personnel was obtained without exception.</li> <li>b. CRI selected 16 payroll entries and obtained the Payroll Register report for each selected payroll entry without exception.</li> <li>c. The results of the procedure indicate the actual pay rate is less than the raw rate per the General Conditions attachment (“raw rate”) in 7 out of 15 samples tested. Overall, the average actual pay rate is 8% under the raw rate per the contract documents for the samples selected.</li> </ul> <p>CRI did not see evidence OCPS was notified the labor rates paid were lower than the raw rates, in accordance with Section 5.A.1.d. of the Agreement.</p>
<p>23. 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 and observed that all the contingency usage forms showed approval from an OCPS designated representative.</li> </ul>
<p>24. Compare the ending balances in the contingency funds, per the contingency logs obtained in 23. above, to the change order amount of the funds returning to OCPS, as obtained in 15. 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>



PROCEDURES	RESULTS
25. 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 turned over to OCPS without exception.
26. 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 without exception. The substantial completion date, as reported on the Certificate, was compared to the time requirements contained in the contract documents without exception.
27. 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 91 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 July 26, 2018. The Certificate of Final Inspection was signed by the Architect on February 22, 2019.
28. Utilizing the Certificate of Final Inspection obtained in 27. 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 job charges after the date of final completion as evidenced on the Certificate of Final Inspection. The only charges dated after the date of final completion were a \$231 charge to the plumbing subcontractor and a fee sharing payment to the Construction Manager's partner of \$6,486. These charges do not result in an adjustment to the final job costs as the plumbing subcontractor charges are reconciled to its final contract value, and the fee sharing payment to the Construction Manager's partner is removed from the final job costs by the Construction Manager.
29. 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 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.

*Carr, Riggs & Ingram, L.L.C.*

Orlando, Florida  
February 5, 2020

**The School Board of Orange County, Florida  
Pine Hills Elementary School – Comprehensive Needs Project**

**Exhibit A – Project Costs**

**Calculation of the construction costs plus fee**

Calculation of adjusted final job costs:	
Construction Manager job costs	\$ 11,738,485
Adjustment to insurance costs allocation	(467)
Adjusted final job costs	11,738,018
Original lump sum general conditions	676,225
Calculation of the construction management fee:	
Original construction management fee	738,523
Reimbursement for missed sales tax savings	(16,102)
Backcharges to subcontractors for missed sales tax savings	16,086
Construction management fee earned on contingency	139
Reimbursement for material testing	(168)
	738,478
<b>Construction costs plus fee</b>	<b>\$ 13,152,721</b>

**Calculation of adjusted guaranteed maximum price**

Original guaranteed maximum price	\$ 17,489,098
Adjustments from change orders per the Construction Manager	(4,335,894)
	\$ 13,153,204
Construction costs, lesser of construction costs plus fee and adjusted guaranteed maximum price	\$ 13,152,721
Owner direct purchases	3,800,219
	\$ 16,952,940

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Exhibit B – Amounts Payable

<u>Subcontractor</u>	<u>Amount</u>
Dynamic Fire Protection	\$ 13,396
Playmore Recreation	<u>10,846</u>
	<u>\$ 24,242</u>