

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

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



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

**ROCK LAKE 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 Williams Company Building Division (the “Construction Manager” or “Williams” and the “responsible party”), based upon the total costs of construction and final guaranteed maximum price, as presented by the Construction Manager, for the Rock Lake 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 Construction Management Agreement (the “Agreement”), dated May 11, 2016, between The School Board of Orange County, Florida and the Construction Manager, and Amendment No. 1 (“GMP Amendment 1”), dated July 18, 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>
<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 between the Construction Manager and any of its subcontractors.</p>

PROCEDURES	RESULTS
<p>4. Obtain from the Construction Manager, a copy of the draft final job cost detail, dated September 6, 2018 (the “final job cost detail”).</p>	<p>○ The final job cost detail was obtained without exception. However, while inspecting the final job cost detail, CRI noted that there were two plumbing subcontractors with costs charged to the Project. Upon inquiry, it was discovered that the original plumbing subcontractor, the low bidder, was removed from the Project and was replaced by another plumbing contractor that was able to demonstrate they could complete the scope. The replacement plumbing contractor was the original high bidder. The net cost of the replacement was calculated to be \$110,634, which was funded through the District’s buyout savings. Upon inquiry, we were informed that the dismissal of the low bidder for the plumbing scope was mutually agreed upon between the Construction Manager and the District as the best course of action to achieve completion of the Project, and therefore, not eligible for reimbursement from the subguard program.</p>
<p>5. Obtain from the Construction Manager and OCPS, a copy of the final payment application request issued to OCPS, dated March 31, 2018 (“final pay application”).</p>	<p>○ CRI obtained the final pay application without exception.</p>
<p>6. Obtain from the Construction Manager a reconciliation between the final job cost detail and the draft final pay application.</p>	<p>○ A reconciliation between the final job cost detail and the draft final pay application was obtained by CRI without exception. However, through inspection of the reconciliation, CRI was able to identify certain costs that were either not billed to the Project, or were considered non-reimbursable. These amounts are reflected as adjustments in 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. CRI obtained each subcontract agreement and the related change orders for subcontractors listed in the final job cost detail in excess of \$50,000.</li> <li>b. CRI obtained the labor and material pricing estimates and compared the amounts to the change orders without exception, except that CRI noted a change order that included subcontractor premium overtime charges of \$3,482. These charges have been reflected as an adjustment in Exhibit A.</li> <li>c. CRI obtained each selected subcontractor’s partial and final lien releases. All selected subcontractors’ lien releases totaled to the final subcontract value submitted in the final job cost detail without exception.</li> <li>d. The listing of owner direct purchases was obtained from the District without exception. The owner direct purchases, as indicated for each selected subcontractor, agreed with the deductive change orders relative to the ODPs for each selected subcontractor without exception.</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 Construction Manager reimbursable labor amounts included in the final job cost detail.</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>	<p>○ There was no reimbursable labor; however, CRI recalculated the general conditions labor rates in the Attachment to the Amendment to ensure 35% burden was calculated on the raw rates. No exceptions were noted.</p>
<p>10. From the final job cost detail obtained in 4. above, select any non-subcontractor line items that exceed \$50,000.</p>	<p>○ There were no non-subcontractor line items in excess of \$50,000.</p>
<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> <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>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.</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>a. CRI obtained invoices, internal allocations and cancelled checks relative to the costs for bond, insurance, and subguard.</p> <p>b. The documentation obtained in 11.a. above was compared to the amounts in the final job cost detail without exception.</p> <p>c. CRI obtained third party documentation for general liability and subguard insurance rates, including invoices and a schedule detailing the subguard allocation. However, while inspecting the schedule, it was discovered that one of the subcontractors was not included in the subguard program at the discretion of the Construction Manager and had a bond rate that was higher than the subguard rate. CRI calculated the difference in the subcontractor bond costs and have reflected an adjustment in Exhibit A for \$11,364.</p> <p>d. CRI recalculated the Construction Manager's internal allocations without exception.</p>

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>○ Falcon Construction is a company owned by the Construction Manager. The company is a related company that was established to perform concrete, masonry and carpentry work for Williams and outside general contractors.</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 amount paid to the entity described in 12. above was \$1,285,019.</li> <li>b. The Construction Manager requested permission from OCPS in a letter dated June 30, 2016, to self-perform concrete and general services.</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 the Construction Manager’s calculation for internal computer charges. 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.</li> <li>b. The internal charges for phones and computer hardware and software 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 final 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, 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. However, there were several subcontractors that were not included in the subguard program. Also, see 11.c. above.</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 for general requirements, and returned \$53,796 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 17. 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. The net amount of change orders were deducted from the initial GMP amount as reported on Exhibit A as "Adjusted GMP per the Construction Manager".</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 The final contract value per the final pay application was obtained and agrees to the "Adjusted GMP per the Construction Manager" calculated in 21.b above.</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 (e.g. 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 are reported as "Adjusted final job costs" on Exhibit A.</li> <li>b. The original lump sum general conditions and the calculation of the construction management fee are added to the "Adjusted final job costs" to arrive at the "Construction costs plus fee" as reported on Exhibit A.</li> <li>c. The "Construction costs plus fee" is \$14,846 less than the "Adjusted GMP per the Construction Manager".</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> <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>a. The listing of Construction Manager personnel was obtained without exception.</p> <p>b. CRI chose a sample of 15 payroll entries for Construction Manager personnel that worked on the Project and obtained documentation (Payroll Register) for the actual pay rate for each employee for the period selected.</p> <p>c. On an average, the actual pay rate was 17% higher than the contractual raw rate. Also, out of the 15 samples selected, we found 13 instances where the employee’s actual rate was higher than the contractual raw rate.</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 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.</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 moved to the next project.</p>	<p>o The Construction Manager provided a listing of purchased assets which indicated that all assets were transferred to The Construction Manager’s next project at Frangus Elementary School.</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, Phase 2a and Phase 2b (“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>

PROCEDURES	RESULTS
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.	<ul style="list-style-type: none"> <li>○ The final completion date, as reported on the Certificate of Final Inspection, indicated that the Construction Manager achieved final completion 7 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 March 21, 2018. The Certificate of Final Inspection was signed by the Architect on March 28, 2018.</li> </ul>
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.	<ul style="list-style-type: none"> <li>○ No exceptions were found as a result of applying this procedure.</li> </ul>
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"> <li>○ 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.</li> </ul>

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 costs of construction and the final 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.

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  
January 30, 2019

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

Exhibit A – Project Costs

Calculation of the construction costs plus fee:	
Construction Manager final job costs	\$ 11,545,628
Reductions:	
General liability insurance not billed to OCPS	(1,081)
Non-reimbursable expenses	(7,145)
Adjustments:	
Adjustment for additional bond costs from excluding JCB from subguard program	(11,364)
Overtime included in subcontractor change orders	(3,482)
Adjusted final job costs	<u>11,522,556</u>
Original lump sum general conditions	<u>693,570</u>
Calculation of the construction management fee:	
Original construction management fee	713,377
Reimbursement for construction materials testing	(84)
Decrease in fee through owner change orders	(2,044)
	<u>711,249</u>
Construction costs plus fee	<u><u>\$ 12,927,375</u></u>
Calculation of adjusted guaranteed maximum price ("GMP"):	
Original guaranteed maximum price per Amendment #1	\$ 16,904,237
Adjustments from change orders per the Construction Manager	<u>(3,962,016)</u>
Adjusted GMP per the Construction Manager	<u><u>\$ 12,942,221</u></u>
Construction costs, lesser of construction costs plus fee and adjusted GMP per the Construction Manager	\$ 12,927,375
Owner direct purchases	<u>3,224,629</u>
	<u><u>\$ 16,152,004</u></u>