



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

The School Board of Orange County, Florida

Timber Creek High School – Capital Renewal Project



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INDEPENDENT ACCOUNTANTS’ REPORT ON APPLYING AGREED-UPON PROCEDURES

Timber Creek High School – Capital Renewal Project

The School Board of Orange County, Florida
Orlando, Florida

We have performed the procedures enumerated below on the final construction costs and the adjusted guaranteed maximum price of the Timber Creek High School – Capital Renewal Project (the “Project”), as provided by Gilbane Building Company (the “Construction Manager”). The Construction Manager is responsible for the final construction costs that support the adjusted guaranteed maximum price.

The School Board of Orange County, Florida (“OCPS” or the “District”) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose to assist in determining the final construction costs and the adjusted guaranteed maximum price of the Project, as provided by the Construction Manager. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

PROCEDURES	RESULTS
1. Inspect a copy of the Standard Management Contract (the “Agreement”), dated December 18, 2017, between OCPS and the Construction Manager, and the Amendment 1, dated July 3, 2018 (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.	○ Per inquiry of the Construction Manager, there are no disputes between the Construction Manager and its subcontractors.

PROCEDURES	RESULTS
<p>4. Obtain from the Construction Manager, a copy of the final job cost detail, dated June 19, 2022 (the “final job cost detail”).</p>	<p>○ Obtained the final job cost detail from the Construction Manager without exception.</p>
<p>5. Obtain from the Construction Manager and OCPS, a copy of the final payment application request issued to OCPS, dated December 18, 2020 (“final pay application”).</p>	<p>○ 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 final pay application.</p>	<p>○ Obtained the Construction Manager’s reconciliation between the final job cost detail and the final pay application without exception.</p>
<p>7. From the final job cost detail, select all subcontractors with total costs in excess of \$50,000 (“selected subcontractors”) and perform the following:</p> <ul style="list-style-type: none"> 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. b. Obtain the labor and material pricing estimates, vendor invoices, and subcontractor markups (“supporting documentation”) for the subcontractor change orders in 7.a. above. Compare the change order amounts to the supporting documentation. 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 payment documentation. 	<p>○ Selected all 6 subcontractors from the final job cost detail with total costs in excess of \$50,000.</p> <ul style="list-style-type: none"> a. Obtained the subcontract agreements and the related change orders, and totaled the original subcontract amount, plus change orders, for each of the selected subcontractors. Compared these amounts to the amounts recorded in the final job cost detail for all selected subcontractors without exception. However, one subcontractor included a change order in their subcontract value which was not billable to the District. However, the Construction Manager did not include this change order value in its final job cost detail, therefore, no adjustment was necessary. b. Obtained supporting documentation for the subcontractor change orders without exception. Additionally, compared the change order amounts to the supporting documentation. CRI adjusted a subcontractor change order to the amount approved through contingency, resulting in a reduction of \$149 as reported in Exhibit A. c. Obtained final lien releases for all selected subcontractors. Compared the payment documentation to the final subcontract amount without exception.

PROCEDURES	RESULTS
<p>(7. Continued)</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>d. Obtained the listing of ODPs from the District and compared the amount to the sum of the deductive ODP change orders for each of 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, 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 No reimbursable labor charges were identified 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.</p>	<p>o No non-subcontractor vendors in the final job cost detail were in excess of \$50,000.</p>
<p>10. From the final job cost detail, select amounts for payment and performance bond costs and builder’s risk insurance (as applicable) and perform the following:</p> <p>a. Obtain a copy of or access to the original invoices and a copy of the cancelled check or other proof of payment paid directly to a third party. Compare the documentation obtained to the amounts recorded in the final job cost detail.</p>	<p>o Selected the payment and performance bond costs from the final job cost detail. No builder’s risk insurance charges were noted in the final job cost detail.</p> <p>a. Obtained a copy of the invoice from a third party and an electronic payment relative to the charges for the payment and performance bond. Compared the documentation to the amount recorded in the final job cost detail without exception. CRI also obtained an invoice from the Construction Manager’s bonding company stating a credit to the payment and performance bond for the Project of \$2,507, as reported in Exhibit A.</p>
<p>11. From the final job cost detail, select amounts for general liability and worker’s compensation insurance and perform the following:</p> <p>a. Where applicable, obtain the Construction Manager’s internal allocation for general liability and worker’s compensation insurance charges.</p>	<p>o Selected all general liability insurance and worker’s compensation insurance charges from the final job cost detail.</p> <p>a. CRI obtained the following:</p> <ul style="list-style-type: none"> • For general liability, CRI obtained a letter from the Construction Manager’s insurance company. • For worker’s compensation, CRI obtained the rate sheets with modifiers and discounts originally provided from the Construction Manager’s insurance group.

PROCEDURES	RESULTS
<p>(11. Continued)</p> <p>b. Inspect the internal allocation method and calculation. Compare the documentation obtained in 11.a. above to the amounts recorded to the final job cost detail.</p> <p>c. If applicable, obtain third party invoices for internal allocation amounts.</p> <p>d. If applicable, obtain supporting documentation for the allocation base, i.e. annual company-wide revenue for the Construction Manager.</p> <p>e. If applicable, recalculate the Construction Manager's internal allocations and compare the recalculation to the amounts in the final job cost detail.</p>	<p>b. Inspected the internal allocation method and compared it to the amounts recorded in the final job cost detail. CRI recalculated the following internal allocations, and noted the following:</p> <ul style="list-style-type: none"> • A \$148 reduction to general liability insurance charges. • A \$6,511 reduction to worker's compensation insurance charges. <p>c. CRI obtained third party documentation for general liability and worker's compensation insurance rates as described in 11.a. above.</p> <p>d. Obtained supporting documentation for the allocation base from the premium statement and confirmed that base includes owner direct purchases.</p> <p>e. Recalculated the Construction Manager's internal allocation calculation and compared the recalculation to the amounts in the final job cost detail. CRI made adjustments for general liability insurance and workers compensation in step 11.b. above. The adjustments are reported in Exhibit A.</p>
<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>	<p>o Inquired of the Construction Manager regarding expenditures in the final job cost detail to entities related by common ownership or management to the Construction Manager and noted there were none.</p>
<p>13. From the final job cost detail, 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>o Selected all vehicles, 1 cellphone, all computers, 1 copy/fax, 1 iPad, 1 office furniture and 1 supply charges in the final job cost detail.</p> <p>a. Obtained supporting documentation for the internal charges as follows:</p> <ul style="list-style-type: none"> • Obtained vendor invoices for the copy/fax, office furniture, cellphone and supply charges. • Obtained an internal allocation and a third party invoice supporting the computers with software charges. • For the vehicle charges, the charges are set at \$850 per month for a contractually limited number of vehicles. Obtained the schedule of values for the general requirements, which includes the vehicles, for the allowable monthly charge and number of vehicles allowed.

PROCEDURES	RESULTS
<p>(13. Continued)</p> <p>b. Compare the internal charge rates recorded in the final job cost detail to the supporting documentation obtained in 13.a. above.</p>	<p>b. Compared the internal charge rates for the copy/fax machine, iPad, office furniture, cellphone and supply charge, in the final job cost detail to the supporting documentation noted in 13.a. above without exception. CRI made an adjustment to computers of \$7,406. The vehicle charges in the final job cost detail agreed to the amount included in general requirements schedule of values in Amendment #1 to the Agreement.</p>
<p>14. Obtain the Project’s Notice to Proceed (“NTP”) from OCPS and inspect the dates of the charges in the final job cost detail for recorded costs with dates prior to the date on the NTP.</p>	<p>o Obtained the NTP and did not identify any charges in the final job cost detail prior to the NTP date.</p>
<p>15. Inquire of the Construction Manager to determine whether they are using a subcontractor default insurance program (“subguard”) for subcontractor bonding requirements. If so, perform the following:</p> <p>a. Inspect the final job cost detail, as well as, subcontracts and change order line items for the selected subcontractors noted in 7. above, for line items described as subcontractor bond costs.</p> <p>b. Obtain an invoice and cancelled checks for the subguard charges found in the final job cost detail, if paid to a third party.</p> <p>c. If the charges for subguard are the result of an internal allocation, obtain the internal allocation calculations that support the amounts in the final job cost detail and compare the calculations to the amounts in the final job cost detail.</p> <p>d. If internal allocation are used, recalculate the internal allocations and compare the recalculation to the charges in the final job cost detail.</p>	<p>o The Construction Manager did use a subguard program on the Project.</p> <p>a. Inspected the final job cost detail and subcontractor change orders for all selected subcontractors for the inclusion of bond costs and found none. Additionally, CRI observed the subcontract agreements for all selected subcontractors and noted the subcontract agreements stated this was a subguarded project and, therefore, no bond costs were to be included in the subcontractor’s costs.</p> <p>b. The subguard premiums were not paid to a third party vendor. Subguard premiums are charged to the Project based on a third party rate sheet, such rate (1.30%) being multiplied by the final subcontract value for each subcontractor, excluding the owner direct purchases.</p> <p>c. The subguard charges are calculated as mentioned above in 15.b. The subguard rate is a company-wide rate that is applied to each project based on that particular project’s subcontract values. CRI obtained the calculation of the subguard premium without exception.</p> <p>d. Recalculated the internal allocations and compared them to the charges in the final job cost detail without exception.</p>

PROCEDURES	RESULTS
<p>(15. Continued)</p> <p>e. Obtain written representation that the subcontractors on the Project, enrolled in subguard, have not included bond costs in their payment applications.</p>	<p>e. Obtained written representation from the Construction Manager that the subcontractors on the Project, that were enrolled in the subguard program, have not included bond costs in their payment applications.</p>
<p>16. Obtain all signed and executed change orders between OCPS and the Construction Manager for the duration of the Project.</p>	<p>o Obtained signed and executed change orders and construction change directives between OCPS and the Construction Manager without exception.</p>
<p>17. Obtain from OCPS, a log of the ODPs plus sales tax savings for the Project and perform the following:</p> <p>a. Recalculate the total ODPs, 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).</p> <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>o Obtained the ODP log from OCPS without exception.</p> <p>a. Recalculated the percentage of the total ODPs plus sales tax savings, per the ODP log, as a percentage of the original contract value (including ODPs).</p> <p>b. The results from the recalculation in 17.a. above indicated that the Construction Manager did not achieve the goal of 25%, only achieving 20.37%. CRI noted Amendment 1 stated "The 25% goal is not achievable due to the limited scope and the laborious nature of this Capital Renewal work".</p>
<p>18. Compare the ODP log plus sales tax savings amount obtained in 17. above, to the total signed and executed change order amounts obtained in 16. above relative to ODPs.</p>	<p>o Compared the ODPs plus sales tax savings per the ODP log to the total signed and executed change order amounts relative to ODPs without exception.</p>
<p>19. 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 Compared the not-to-exceed general requirements per the contract documents with the actual general requirements charged in the final job cost detail without exception.</p>
<p>20. Recalculate the adjusted guaranteed maximum price ("GMP") as follows:</p> <p>a. Obtain the original GMP amount, including any fixed or percentage-based Construction Manager fees or lump sums from the contract documents noted in 1. above.</p>	<p>a. Obtained the original GMP amount without exception.</p>

PROCEDURES	RESULTS
<p>(20. Continued)</p> <p>b. Add the original GMP amount (from 1. above) plus additive change orders and minus deductive change orders from 16. above to get the “adjusted guaranteed maximum price”.</p>	<p>b. The net amount of change orders and construction change directives were deducted from the original GMP amount and is reported in Exhibit A as the adjusted guaranteed maximum price.</p>
<p>21. Obtain the final contract value, per the final pay application (noted in 5. above) and compare it to the adjusted GMP amount recalculated in 20.b. above.</p>	<p>o Compared the adjusted guaranteed maximum price to the final contract value, per the final pay application, without exception.</p>
<p>22. Recalculate the final construction costs 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 costs”.</p> <p>b. Utilizing the adjusted final job costs, add any fixed fees or lump sum amounts to reach the “final construction costs”.</p> <p>c. Compare the adjusted GMP amount calculated in 20.b. above to the final construction costs amount from 22.b. above.</p>	<p>a. The results of performing this procedure are reported in Exhibit A as the adjusted final job costs.</p> <p>b. The results of performing this procedure are reported in Exhibit A as the final construction costs.</p> <p>c. The results of this procedure are reported in Exhibit A.</p>
<p>23. 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>o Obtained the raw rates for the Construction Manager’s personnel included in the General Conditions attachment in the contract documents.</p> <p>a. Obtained a listing of the personnel that filled the positions listed in the General Conditions attachment from the Construction Manager.</p> <p>b. From the listing of Construction Manager personnel entries, CRI chose a sample of 16 payroll entries and obtained the Payroll - Register Report for each of the items selected.</p>

PROCEDURES	RESULTS
<p>(23. Continued)</p> <p>c. Compare the actual pay rate obtained in 23.b. above to the raw rate included in the General Conditions attachment.</p>	<p>c. The results of this procedure indicate the actual pay rate is less than the raw rate per the General Conditions attachment (“raw rate”) in 10 of the 16 samples tested. Overall, the average actual pay rate is 10% under the raw rate for the samples selected.</p> <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>24. 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 Obtained the Project’s contingency log and usage documents and observed that all the contingency usage forms evidenced approval of an OCPS designated representative.</p>
<p>25. Compare the ending balances in the contingency funds, per the contingency logs obtained in 24. above, to the change order amount of the funds returning to OCPS, as obtained in 16. above.</p>	<p>o The remaining balances in the contingency funds were returned to OCPS in the final change order without exception.</p>
<p>26. Obtain a listing of assets acquired by the Construction Manager for the Project and verify the assets were turned over to OCPS.</p>	<p>o Obtained a listing of assets which verified the assets transferred to another project.</p>
<p>27. 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 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, (adjusted through owner change orders). The substantial completion date was achieved 7 days after the contractually required date of April 21, 2020. Substantial completion was achieved on April 28, 2020. CRI noted liquidated damages of \$7,000 were given back to OCPS in the final owner change order.</p>
<p>28. 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 the Construction Manager achieved final completion 399 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 August 19, 2020. The Certificate of Final Inspection was signed by the Architect on September 22, 2021.</p>

PROCEDURES	RESULTS
29. Utilizing the Certificate of Final Inspection obtained in 28. 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.	○ Inspected 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 without exception. There were none noted.
30. 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.	○ 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.

We were engaged by The School Board of Orange County, Florida, to perform this agreed-upon procedures engagement and conducted our engagement 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 engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the final construction costs and the adjusted 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.

We are required to be independent of Gilbane Building Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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
November 30, 2022

**The School Board of Orange County, Florida
Timber Creek High School – Capital Renewal Project**

Exhibit A – Project Costs

Calculation of the final construction costs

Calculation of adjusted final job costs:	
Construction Manager job costs	\$ 9,327,548
Adjust a subcontractor change order to the approved amount	(149)
Payment and performance bond credit	(2,507)
Adjustment to general liability insurance charges	(148)
Adjust worker's compensation insurance charges to actual costs	(6,511)
Adjust field computers to actual costs	(7,406)
Adjusted final job costs	9,310,827
Calculation of general conditions:	
Original lump sum general conditions	906,130
General conditions added through owner change order #8	20,041
	926,171
Calculation of the construction management fee:	
Original construction management fee	576,755
Adjustment to construction management fee from contingency usages	654
	577,409
Final construction costs	\$ 10,814,407

Calculation of adjusted guaranteed maximum price

Original guaranteed maximum price	\$ 13,982,080
Adjustments from change orders per the Construction Manager	(3,194,712)
Adjustments from construction change directive #4	44,200
	2,575,604
Adjusted guaranteed maximum price	\$ 10,831,568
Construction costs, lesser of final construction costs and adjusted guaranteed maximum price	\$ 10,814,407
Owner direct purchases	2,575,604
	\$ 13,390,011