

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

The School Board of Orange County, Florida

**Union Park Elementary School
Comprehensive Needs Project**



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Union Park 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 Union Park 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 Agreement (the “Agreement”), dated November 2, 2016, between OCPS and the Construction Manager, and the Amendment No. 1, dated July 27, 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.	○ Per inquiry of the Construction Manager, all disputes with subcontractors have been resolved.

PROCEDURES	RESULTS
<p>4. Obtain from the Construction Manager, a copy of the final job cost detail, dated March 21, 2020 (the “final job cost detail”).</p>	<p>o 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 31, 2020 (“final pay application”).</p>	<p>o 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>o Obtained the Construction Manager's reconciliation without exception. However, the Construction Manager identified \$12,430 of general requirements costs that were non-billable, as reported as an adjustment in Exhibit A.</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> <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.</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>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 (“payment documentation”). Compare the final subcontract amount to the final job cost detail to the payment documentation.</p>	<p>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, two subcontractors included change orders in their subcontract value which were not billable to the District, but were not included in the final job cost detail. Therefore, no adjustment was necessary.</p> <p>b. Obtained supporting documentation for the subcontractor change orders without exception. Additionally, compared the change order amounts to the supporting documentation without exception.</p> <p>c. Obtained payment documentation and compared to the final subcontract amount without exception.</p>

PROCEDURES	RESULTS
<p>d. Obtain a listing of owner direct purchases (“ODP”) from OCPS 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, 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 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 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. Selected five line items for the vendor that was in excess of \$50,000 and obtained the invoices and copies of cancelled checks for each of the selections.</p> <p>b. The supporting documentation obtained in 9.a. was compared to the amounts recorded in the final job cost detail without exception.</p>
<p>10. From the final job cost detail, select amounts for payment and performance bond costs 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>a. Obtained a copy of the invoice from a third party and a cancelled check 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.</p>
<p>11. From the final job cost detail, select amounts for general liability insurance (the general liability charges included workers compensation costs) and perform the following:</p> <p>a. Where applicable, obtain the Construction Manager’s internal allocation for general liability insurance charges.</p>	<p>a. Obtained the Construction Manager's internal allocation for general liability insurance charges without exception.</p>

PROCEDURES	RESULTS
<ul style="list-style-type: none"> 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 to identify that the internal allocation received was used to support the amounts in the final job cost detail. c. If applicable, obtain third party invoices for internal allocation amounts. d. If applicable, obtain supporting documentation for the allocation base, i.e. annual Company revenue. e. If applicable, recalculate the Construction Manager's internal allocations and compare the recalculation to the amounts in the final job cost detail. 	<ul style="list-style-type: none"> b. Inspected the internal allocation method and compared it to the amounts recorded in the final job cost detail. The internal method was used to support the amounts in the final job cost detail. c. Obtained third party invoices and premium statements for internally allocated amounts. d. Obtained supporting documentation for the allocation base from the premium statement and confirmed that base does not include owner direct purchases. e. Recalculated the Construction Manager's internal allocations and compared the recalculation to the amounts in the final job cost detail, resulting in an adjustment of \$3,802 as reported in Exhibit A.
<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"> 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. The Construction Manager stated there were none.
<p>13. From the final job cost detail, 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. 	<ul style="list-style-type: none"> a. Selected 2 computer charges and 3 cell phone charges. Relative to the computer charges, obtained a "Computers and Software Costs per Project Staff Member/Workstation" report from the Construction Manager, which identified the calculation for computer charges. CRI inspected the job cost detail and observed that all employees listed in report were also included in the final job cost detail. CRI obtained invoices for hardware and software charges for third party costs included in the calculation. <p>Relative to the cell phone charges, each of the 3 charges selected indicated charges of \$60 per month for 4 employees. The \$60 per month represents a monthly stipend, including \$40 per month for the employee's monthly</p>

PROCEDURES	RESULTS
<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>service plan and \$20 per month for the hardware and accessories. The employees are paid the stipend through the payroll system.</p> <p>b. Compared the internal charges for the computer charges and cell phones in the final job cost detail to the supporting documentation obtained in 13.a. without exception.</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 there is a self-insured portion of the premium, inquire regarding the calculation methodology for the self-insured portion of the premium. Obtain third party invoices or documentation for the calculation of the self-insured portion of</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 (1.25%) being multiplied by the final subcontract value for each subcontractor, including 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. Inquired of the Construction Manager regarding the portion of the subguard premium that is self-insured, the Retention Aggregate Rate. CRI received the following response from the Construction Manager: "The Retention Aggregate Rate is not</p>

PROCEDURES	RESULTS
<p>the premium. Specifically inquire if that portion of the premium is based on actuarial calculations. If so, obtain the actuarial report supporting the calculation.</p> <p>e. If internal allocation are used, recalculate the internal allocations and compare the recalculation to the charges in the final job cost detail.</p> <p>f. Obtain written representation that the subcontractors on the Project, enrolled in subguard, have not included bond costs in their payment applications.</p>	<p>computed by an actuary although the methodology is similar. The rate is computed by the underwriter based on specific client statistical data and the amount of probable risk for the client. The information is privileged. The SDI Program is a benefit and a cost savings that Pirtle provides to OCPS as an option. OCPS instructed Pirtle to utilize the SDI Program at 1.25% of the subcontracted values, as approved in the GMP Amendment, in order to obtain the benefits of the program and the cost savings."</p> <p>e. Recalculated the internal allocations and compared them to the charges in the final job cost detail without exception.</p> <p>f. 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 pay 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 between OCPS and the Construction Manager without exception.</p>
<p>17. Obtain from OCPS, a log of the owner direct purchases plus sales tax savings for the Project and perform the following:</p> <p>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).</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 OCPS regarding whether it was determined the Construction Manager failed to obtain any tax savings that could have been achieved. If so, inquire if OCPS will seek to recover the amount of any such missed tax savings from the Construction Manager.</p>	<p>a. Obtained the ODP log from OCPS without exception. CRI 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%. CRI inquired of OCPS and observed that the Construction Manager was assessed a penalty of \$49,871. The Construction Manager in turn assessed its subcontractors \$49,323 relative to the penalty, resulting in an adjustment to the construction management fee of \$548, as reported in Exhibit A.</p>

PROCEDURES	RESULTS
<p>18. Compare the ODP log plus tax savings amount obtained in 17. above, to the total signed and executed change orders amounts obtained in 16. above relative to ODPs.</p>	<ul style="list-style-type: none"> ○ Compared the ODPs plus tax savings per the ODP log to the total signed and executed change order amounts relative to ODPs without exception.
<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>	<ul style="list-style-type: none"> ○ 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>20. Recalculate the adjusted guaranteed maximum price ("GMP") as follows:</p> <ul style="list-style-type: none"> 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. b. Add to the original GMP amount (from 1. above) additive change orders and subtract deductive change orders from 16. above to get to the "Adjusted guaranteed maximum price". 	<ul style="list-style-type: none"> a. Obtained the original GMP amount without exception. b. The net amount of change orders was deducted from the original GMP amount and is reported in Exhibit A as the "Adjusted guaranteed maximum price".
<p>21. Obtain the final contract value, per the final pay application (noted in 5. above) and compare it to the final GMP amount recalculated in 20.b. above.</p>	<ul style="list-style-type: none"> ○ Compared the adjusted guaranteed maximum price to the final contract value, per the final pay application, without exception.
<p>22. 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 costs". b. Utilizing the final job cost detail, add any fixed fees or lump sum amounts to reach the "construction cost plus fee". c. Compare the final GMP amount calculated in 20.b. above to the construction costs plus fee amount from 22.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". CRI has reported fee earned on contingency of \$975 and reimbursement for materials testing of \$482 as adjustments to the construction management fee in Exhibit A. c. The results of this procedure are reported in Exhibit A.

PROCEDURES	RESULTS
<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>c. Compare the actual pay rate obtained in 23.b. above to the raw rate included in the General Conditions attachment.</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 15 payroll entries and obtained the PR Time Card Entry List (Payroll register) for each of the items selected.</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 15 samples tested. Overall, the average actual pay rate is 6% 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 were transferred to another OCPS project without exception.</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 Certificates of Substantial Completion without exception. The substantial completion dates, as reported on the Certificates, were compared to the time requirements contained in the contract documents without exception.</p>

PROCEDURES	RESULTS
<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>	<ul style="list-style-type: none"> ○ The final completion date, as reported on the Certificate of Final Inspection, indicated the Construction Manager achieved final completion 171 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 February 23, 2019. The Certificate of Final Inspection was signed by the Architect on August 13, 2019.
<p>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.</p>	<ul style="list-style-type: none"> ○ 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 and noted costs occurred after the final inspection date. CRI inquired with the Construction Manager and determined the costs are payments to subcontractors or other costs that were originally the subject of disputes. The disputes were settled after the date of the final inspection; therefore, the charges were not posted until that time, although they were incurred prior to the date of final inspection.
<p>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.</p>	<ul style="list-style-type: none"> ○ 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 total costs of construction 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
August 13, 2020

The School Board of Orange County, Florida
 Union Park 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	\$ 11,377,416
Adjustment for non-billable general requirements	(12,430)
Adjustment to general liability insurance costs	(3,802)
Adjusted final job costs	11,361,184
Original lump sum general conditions	806,162
Calculation of the construction management fee:	
Original construction management fee	688,136
Additional construction management fee earned through contingency use	975
Reimbursement for material testing	(482)
Reimbursement for missed sales tax savings not backcharged to subcontractors	(548)
	688,081
Construction costs plus fee	\$ 12,855,427

Calculation of adjusted guaranteed maximum price

Original guaranteed maximum price	\$ 16,317,570
Adjustments from change orders per the Construction Manager	(3,456,295)
	12,861,275
Adjusted guaranteed maximum price	\$ 12,861,275
Construction costs, lesser of construction costs plus fee and adjusted guaranteed maximum price	\$ 12,855,427
Owner direct purchases	3,014,341
	\$ 15,869,768