

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

The School Board of Orange County, Florida

Washington Shores PLC – Renovation Project



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INDEPENDENT ACCOUNTANTS’ REPORT ON APPLYING AGREED-UPON PROCEDURES

Washington Shores PLC – Renovation 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 CORE Construction Services (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 Washington Shores PLC – Renovation 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 April 18, 2017, between OCPS and the Construction Manager, and the Amendment No. 1, dated June 2, 2017 (collectively referred to as the “contract documents”), relative to the construction of the Project.	<ul style="list-style-type: none"> ○ 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.	<ul style="list-style-type: none"> ○ 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.	<ul style="list-style-type: none"> ○ 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 January 7, 2020 (the “final job cost detail”).</p>	<p>o Obtained a copy of 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 July 17, 2018 (“final pay application”).</p>	<p>o Obtained a copy of the final payment 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 The Construction Manager’s reconciliation between the final job cost detail and the final pay application was obtained without exception. However, CRI noted that \$2,824 of costs were duplicated in the final job cost detail and the reconciliation, resulting in an adjustment as reported 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, 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.</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.</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 for the selected subcontractors and compared to the final selected subcontract amounts without exception.</p>

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. There were no owner direct purchases on this Project.</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 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 CRI did not identify any non-subcontractor line items that exceeded \$50,000 in the final job cost detail.</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. Compare the documentation obtained to the amounts recorded in the final job cost detail.</p>	<p>a. Obtained an invoice from CCG Services, Inc., a related party, as well as the cancelled check, for the payment and performance bond and compared the documentation obtained to the amounts recorded in the final job cost detail. An adjustment of \$738 is reported in Exhibit A to reflect the actual payment and performance bond costs.</p>
<p>11. From the final job cost detail, select amounts for general liability insurance and perform the following:</p> <p>a. Where applicable, obtain the Construction Manager’s internal allocation for general liability insurance charges.</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 to identify that the internal allocation received was used to support the amounts in the final job cost detail.</p>	<p>a. Obtained the Construction Manager's internal allocation for general liability insurance charges without exception.</p> <p>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.</p>

PROCEDURES	RESULTS
<ul style="list-style-type: none"> c. If applicable, obtain third party invoices for internal allocation amounts. 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 the premium. Specifically inquire if that portion of the premium is based on actuarial calculations. If so, obtain the actuarial report supporting the calculation. e. If applicable, obtain supporting documentation for the allocation base, i.e. annual Company revenue. f. 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"> c. Obtained third party invoices and premium statements for insurance premium amounts. However, 32% of the premium amounts were incurred with CCG Services, Inc., a related party. d. The details for the amounts incurred with CCG Services, Inc. were not provided to us; therefore, we do not know if any of the amounts are self-insured. e. Obtained the basis for the premium allocation from the invoices and premium statements provided by the Construction Manager. f. Recalculated the internal allocations and compared the recalculation to the amounts in the final job cost detail, resulting in an adjustment of \$12,486 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 Per inquiry of the Construction Manager, there are expenditures to CCG Services, Inc., a related party.
<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"> a. Report the entity and volume of the transactions to OCPS. b. Determine if such transactions are properly authorized by OCPS, in accordance with the contract documents. 	<ul style="list-style-type: none"> a. The following amounts were noted in the final job cost detail as expenditures to CCG Services, Inc.: <ul style="list-style-type: none"> ▪ \$1,000 for Project Management System, ▪ \$5,000 for Blue Beam Subscription, ▪ \$22,082 for payment and performance bond, ▪ 32% of the \$33,355 amount for general liability insurance. b. CRI did not observe any communication between the Construction Manager and OCPS regarding the transactions with the related party, CCG Services, Inc.

PROCEDURES	RESULTS
<p>14. From the final job cost detail, we will haphazardly select at least two 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>a. Selected charges for a project management system and a Bluebeam subscription. CRI requested the vendor invoices and calculations supporting the selected internal charges. The Construction Manger's response was as follows: "There is no definitive basis of a percentage charged to the specific project. It is based on the active projects at the time and with the age of the invoice(s), no basis is available."</p>
<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 for recorded costs with dates prior to the date on the NTP.</p>	<p>o Obtained the NTP and inspected the dates of charges in the final job cost detail for recorded costs with dates prior to the date on the NTP without exception.</p>
<p>16. 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 6. 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 internal allocation are used, recalculate the internal allocations and compare the recalculation to the charges in the final job cost detail.</p> <p>d. Obtain written representation that the subcontractors on the Project, enrolled in subguard, have not included bond costs in their payment applications.</p>	<p>a. There were no indications of subcontractor bond costs in the final job cost detail. Additionally, each of the subcontracts inspected stated that this is a subguard project and, therefore, no subcontractor bond was to be included in the subcontract value.</p> <p>b. Obtained invoices to a third party for the subguard charges found in the job cost detail. However, the charges were paid through a related party, CCG Services, Inc. Also, per the Construction Manager, they are not able to obtain cancelled checks that are more than 365 days old.</p> <p>c. Compared the schedule of subguard charges, reflecting the final subcontractor values times the calculated subguard rate, to amounts included in the final job cost detail. The comparison resulted in an adjustment reducing the subguard charges by \$7,576.</p> <p>d. Obtained written representation that the subcontractors on the Project, enrolled in subguard, have not included bond costs in their payment applications.</p>

PROCEDURES	RESULTS
17. Obtain all signed and executed change orders between OCPS and the Construction Manager for the duration of the Project.	o Obtained all signed and executed change orders between OCPS and the Construction Manager for the duration of the Project without exception.
18. Obtain from OCPS, a log of the owner direct purchases plus sales tax savings for the Project.	o There were no owner direct purchases on this Project.
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.	o Compared the not-to-exceed general requirements amount from the contract documents, including adjustments to the not-to-exceed amount from contingency, to the general requirements charges noted in the final job cost detail. The Construction Manager spent \$11,701 more than the not-to-exceed amount, which was identified by the Construction Manager.
20. Recalculate the adjusted guaranteed maximum price ("GMP") as follows: 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 17. above to get the "Adjusted guaranteed maximum price".	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".
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.	o Obtained the final contract value per the final pay application and compared it to the adjusted GMP amount without exception.
22. Recalculate the construction costs plus fee as follows: a. Starting with the final job cost detail, adjust for any reductions identified in the application of the above procedures (i.e. subcontractor markup differences, non-reimbursable items, repair/rework items, etc., as applicable) to reach the "adjusted final job cost". b. Utilizing the final job cost detail, add any fixed fees or lump sum amounts to reach the "construction costs plus fee".	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 reimbursement for materials testing of \$1,270 as an adjustment to the construction management fee in Exhibit A.

PROCEDURES	RESULTS
<p>c. Compare the adjusted GMP amount calculated in 20.b. above to the construction cost plus fee amount from 22.b. above.</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>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 the listing of the personnel that filled the positions listed in the General Conditions attachment without exception.</p> <p>b. From the listing of Construction Manager personnel entries, CRI selected a sample of 16 payroll entries and obtained the payroll register for each of the items selected.</p> <p>c. The results of the procedure indicate the actual pay rate is less than the raw rate per the General Conditions attachment (“raw rate”) for 12 of the 16 samples selected. Overall, for the samples selected, the average actual pay rate is 22% under the raw rate per the contract documents.</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 17. above.</p>	<p>o The remaining balances in the contingency funds were returned to OCPS in the final change order without exception.</p>
<p>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 OCPS (Washington Shores Elementary School) without exception.</p>

PROCEDURES	RESULTS
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.	o Obtained the Certificate of Substantial Completion without exception. The substantial completion dates, as reported on the Certificate, were compared to the time requirements contained in the contract documents without exception.
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.	o The final completion date, as reported on the Certificate of Final Inspection, indicated the Construction Manager achieved final completion 355 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 March 14, 2018. The Certificate of Final Inspection was signed by the Architect on March 4, 2019. Additionally, the Certificate of Final Inspection was not signed as accepted by the OCPS Board.
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.	o Inspected the dates of reimbursable charges in the final job cost detail for costs with recorded dates subsequent to the date of the Certificate of Final Inspection without exception.
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.	o 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 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
July 29, 2020

**The School Board of Orange County, Florida
Washington Shores PLC – Renovation Project**

Exhibit A – Project Costs

Calculation of the construction costs plus fee

Calculation of adjusted final job costs:	
Construction Manager job costs	\$ 2,528,721
Remove duplicate costs	(2,824)
Adjustment to bond costs	(738)
Adjustment to general liability insurance	(12,486)
Adjustment to subguard costs	(7,576)
Reduce general requirement costs to reflect not-to-exceed amount	(11,701)
Adjusted final job costs	<u>2,493,396</u>
Original lump sum general conditions	<u>204,895</u>
Calculation of the construction management fee:	
Original construction management fee	118,434
Reimbursement for material testing	(1,270)
Additional construction management fee from change orders	598
	<u>117,762</u>
Construction costs plus fee	\$ 2,816,053

Calculation of adjusted guaranteed maximum price

Original guaranteed maximum price	\$ 2,900,359
Adjustments from change orders per the Construction Manager	(60,683)
Adjusted guaranteed maximum price	\$ 2,839,676