

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

**The School Board of Orange County, Florida
Site 27-H-W-4 West Orange High School Relief Project
(Windermere High School New School Project) – GMP #1**



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INDEPENDENT ACCOUNTANTS’ REPORT ON APPLYING AGREED-UPON PROCEDURES

**Site 27-H-W-4 West Orange High School Relief Project
(Windermere High School New School Project) – GMP #1**

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 Wharton-Smith, 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 Site 27-H-W-4 West Orange High School Relief Project – GMP #1 (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. Obtain a copy of the Standard Construction Management Contract (the “Agreement”), dated October 12, 2015, between OCPS and the Construction Manager, and Amendment No. 1, dated December 11, 2015 (collectively referred to as the “contract documents”), relative to the construction of the Project. a. Provide recommendations to the contract documents.	<ul style="list-style-type: none"> o The documents were obtained by Carr, Riggs & Ingram, LLC (“CRI”) without exception. a. There are no recommendations relative to the contract documents.
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"> o The Construction Manager and OCPS both 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"> o The Construction Manager stated there are no unresolved disputes with its subcontractors.

PROCEDURES	RESULTS
<p>4. Obtain from the Construction Manager, a copy of the final job cost detail, dated September 16, 2019 (the “final job cost detail”).</p>	<ul style="list-style-type: none"> ○ CRI obtained the final job cost detail without exception.
<p>5. Obtain from the Construction Manager and OCPS, a copy of the final payment application request issued to OCPS, dated April 30, 2018 (“final pay application”).</p>	<ul style="list-style-type: none"> ○ The final pay application was obtained without exception.
<p>6. Obtain from the Construction Manager a reconciliation between the final job cost detail and the final pay application.</p>	<ul style="list-style-type: none"> ○ The Construction Manager’s reconciliation between the final job cost detail and the final pay application was obtained without exception.
<p>7. From the final job cost detail, select all subcontractors with total costs listed per the job cost detail in excess of \$50,000 (“selected subcontractors”) and perform the following:</p> <ul style="list-style-type: none"> 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, 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. 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 	<ul style="list-style-type: none"> a. The subcontract agreements and related change orders were obtained without exception. The amount of the original subcontract plus the related change orders for each selected subcontractor agreed with the amount in the final job cost detail without exception. b. CRI obtained supporting documentation for the subcontractor change orders. CRI identified \$10,099 in subcontractor change order adjustments in Exhibit A. These adjustments are summarized as follows: <ul style="list-style-type: none"> ○ The not to exceed amount with a subcontractor relative to Owner change order #11 was not reconciled with the final amount of the change to the Owner, resulting in an adjustment of \$9,513, as reflected in Exhibit A. ○ A subcontractor took labor burden on already burdened rates in the amount of \$586. This adjustment is reflected in Exhibit A. c. CRI obtained the payment documentation and compared the payment documentation to the final job cost detail without exception.

PROCEDURES	RESULTS
<p>subcontract amount to the final job cost detail to the payment documentation.</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. CRI obtained the ODP listing and was able to trace the total for each selected subcontractor’s ODPs to the ODP log without exception.</p>
<p>8. If there are reimbursable labor charges included in the final job cost detail, from the total number of Construction Manager employee payroll transactions listed in the final job cost detail, we will haphazardly select a sample of at least 3 Construction Manager payroll transactions. Each sampled payroll transaction will be for a specific, identified time period of the Project.</p>	<p>o CRI selected all 3 payroll transactions representing reimbursable payroll (Field office build out) from the final job cost detail.</p>
<p>9. From the items selected in 8. above, perform the following:</p> <p>a. Obtain copy of or access to, the original timesheet and a payroll register, for the time period of the selected transaction, showing gross pay to the employee for each employee selected.</p> <p>b. Compare the amount listed for each sample in the final job cost detail to the items obtained in 9.a. above.</p>	<p>a. CRI obtained the original timesheet and payroll register for each of the samples selected in 8. above without exception.</p> <p>b. The actual amount paid to the employee was compared to the amount in the final job cost detail without exception.</p>
<p>10. 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>o CRI recalculated labor burden charged on the 3 payroll transactions selected in step 8. above. CRI observed the labor burden was charged in accordance to the contract documents.</p>
<p>11. From the final job cost detail, select any non-subcontractor line items that exceed \$50,000.</p>	<p>o There were no non-subcontractor line items in excess of \$50,000.</p>
<p>12. From the final job cost detail, select all amounts for bond, insurance, and subguard charges and perform the following:</p> <p>a. Obtain a copy of or access to, the original invoices, or internal allocation calculations from the Construction Manager (if applicable), and a copy of the cancelled check for items paid directly to a third party.</p>	<p>a. Obtained a copy of or access to:</p> <ul style="list-style-type: none"> o Invoices and cancelled checks for the bond costs included in the Project. o The internal allocation calculations for general liability insurance. o The Burden Register for workers’ compensation. o The Construction Manager did not use a subguard program.

PROCEDURES	RESULTS
<p>b. Compare the documentation obtained in 12.a. above to the amounts recorded to the final job cost detail. For amounts charged via an internal allocation, inspect the internal allocation method.</p> <p>c. If applicable, obtain third party invoices for internal allocation amounts.</p> <p>d. If applicable, recalculate the Construction Manager’s internal allocations.</p>	<p>b. The results from comparing the documentation listed above to the final job cost detail are as follows:</p> <ul style="list-style-type: none"> o The invoices and cancelled checks for the bond were compared to the amounts in the final job cost detail without exception. o General liability insurance charges were compared to the Construction Manager’s internal allocation calculation. See 12.d. below for the results of our comparison. o The Burden Register for workers’ compensation was compared to the final job cost detail, resulting in an adjustment to reduce workers’ compensation by \$6,871 to reflect actual cost. <p>c. CRI obtained third party documentation for liability insurance, including declarations/policies and rate sheets.</p> <p>d. CRI recalculated the general liability insurance allocation, resulting in an adjustment to reduce the costs to actual. The amount of the adjustment is \$13,329 and is reflected in Exhibit A.</p>
<p>13. 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 were no expenditures to entities related by common ownership or management included in the final job cost detail.
<p>14. From the final job cost detail, we will haphazardly select at least five transactions determined to be the Construction Manager’s internal charges to the Project, and perform the following:</p> <p>a. Obtain vendor invoices and Construction Manager calculations for internal charge rates.</p> <p>b. Compare the internal charge rates recorded in the final job cost detail to the supporting documentation obtained in 14.a. above.</p>	<p>a. CRI obtained vendor invoices for internal cell phone charges. Vehicle charges are set by OCPS at a specific amount in the initial general requirements schedule of values.</p> <p>b. The internal charge rates recorded in the final job cost detail for cell phones and vehicles were compared to the supporting documentation without exception.</p>
<p>15. Obtain the Project’s Notice to Proceed (“NTP”) from OCPS and inspect the dates of the charges in the job cost detail for recorded costs with dates prior to the date on the NTP.</p>	<ul style="list-style-type: none"> o CRI obtained the Notice to Proceed and did not identify job cost charges dated prior to the Notice to Proceed date.

PROCEDURES	RESULTS
16. Inquire of the Construction Manager to determine whether they are using a subguard program for subcontractor bonding requirements.	○ The Construction Manager did not use a subguard program for this Project.
17. Obtain all signed and executed change orders between OCPS and the Construction Manager for the duration of the Project.	○ CRI obtained signed and executed change orders between OCPS and the Construction Manager without exception.
18. Obtain from OCPS, a log of the owner direct purchases plus sales tax savings for the Project and perform the following: 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). 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.	a. CRI recalculated without exception. b. The recalculated percentage of owner direct purchases as a percentage of the original contract value was in excess of 25%.
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.	○ 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.
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.	○ The Construction Manager did not exceed the not to exceed amount for general requirements and returned \$105,182 of general requirements savings in the final change order.
21. Recalculate the final guaranteed maximum price ("GMP") as follows: 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. b. Add the initial GMP amount (from 1. above) plus additive change orders and minus deductive change orders from 17. above.	a. The initial GMP amount was obtained without exception. b. The net amount of change orders was deducted from the initial GMP amount and is reported in Exhibit A as "Adjusted guaranteed maximum price".

PROCEDURES	RESULTS
<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"> ○ The “Adjusted guaranteed maximum price” was compared to the final contract value, per the final pay application, without exception.
<p>23. Recalculate the construction costs plus fee as follows:</p> <ol 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 cost. b. Utilizing the adjusted final job cost, add any fixed fees or lump sum amounts to reach the construction cost plus fee. c. Compare the final GMP amount calculated in 21.b. above to the construction cost plus fee amount from 23.b. above. 	<ol 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”. c. The results of this procedure are reported in Exhibit A.
<p>24. Using the General Conditions attachment in the contract documents, obtain the raw rates for the Construction Manager’s personnel.</p> <ol style="list-style-type: none"> a. Obtain from the Construction Manager a listing of the personnel that filled the positions listed in the General Conditions attachment. 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. c. Compare the actual pay rate obtained in b. above to the raw rate included in the General Conditions attachment. 	<ol style="list-style-type: none"> a. Obtained a listing of the personnel that filled the positions listed on the General Conditions attachment. b. CRI selected 15 payroll entries and obtained the Check Activity with Detail report for each selected payroll entry without exception. c. The results of the procedure indicate that the actual pay rate is less than the raw rate per the General Conditions attachment (“raw rate”) in all samples tested. Overall, the average actual pay rate is 20% under the raw rate per the contract documents for the samples selected. CRI did not see evidence OCPS was notified that the labor rates paid were lower than the raw rates, in accordance with Section 5.A.1.d. of the Agreement.
<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>	<ul style="list-style-type: none"> ○ Obtained all of the Project’s contingency logs and usage documents and observed that all the contingency usage forms showed approval from an OCPS designated representative.

PROCEDURES	RESULTS
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.	○ The remaining balances in the contingency funds were returned to OCPS in the final change order (#13).
27. Obtain a listing of assets acquired by the Construction Manager for the Project and verify the assets were turned over to OCPS.	○ CRI obtained a listing of assets which noted the assets were turned over to OCPS or transferred to another OCPS project without exception.
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.	○ CRI obtained the Certificate of Substantial Completion. The substantial completion date, as reported on the Certificate, indicated that the Construction Manager achieved substantial completion in accordance with the contractual requirements.
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.	○ The final completion date, as reported on the Certificate of Final Inspection, indicated that the Construction Manager achieved final completion within 120 days after the date of substantial completion, in accordance with contractual requirements.
30. Utilizing the Certificate of Final Inspection obtained in 29. above, inspect the dates of the charges in the final job cost detail for recorded costs with dates subsequent to the date of the Certificate of Final Inspection.	○ CRI inspected the final job cost detail for job charges after the date of final completion as evidenced on the Certificate of Final Inspection. CRI observed no items in the final job cost detail for charges after the date of final completion as evidenced on the Certificate of Final Inspection.
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.	○ Obtained the SAP/Purchase Order reconciliation from OCPS and agreed the guaranteed maximum price on the reconciliation to the guaranteed maximum price on the final pay application without exception.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion on the final construction costs and final contract value. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of The School Board of Orange County, Florida, and is not intended to be and should not be used by anyone other than the specified party.

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

Orlando, Florida
November 19, 2019

**The School Board of Orange County, Florida
Site 27-H-W-4 West Orange High School Relief Project
(Windermere High School New School Project) – GMP #1**

Exhibit A – Project Costs

Calculation of the construction costs plus fee

Calculation of adjusted final job costs:	
Construction Manager job costs	\$ 9,073,698
Adjustment to workers' compensation insurance	(6,871)
Adjustment to general liability insurance	(13,329)
Adjustment to reconcile Allstate change order #8 to Owner change order #11	(9,513)
Adjustment for labor burden double billed by subcontractor	(586)
Adjusted final job costs	9,043,399
Original lump sum general conditions	446,747
Calculation of the construction management fee:	
Original construction management fee	520,208
Additional fee through contingency usage	3,612
	523,820
Construction costs plus fee	\$ 10,013,966

Calculation of adjusted guaranteed maximum price

Original guaranteed maximum price	\$ 12,406,938
Adjustments from change orders per the Construction Manager	(2,362,673)
Adjusted guaranteed maximum price	\$ 10,044,265

Construction costs, lesser of construction costs plus fee and adjusted guaranteed maximum price	\$ 10,013,966
Owner direct purchases	2,051,583
	\$ 12,065,549