



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

The School Board of Orange County, Florida

**Boone High School – Capital Renewal Project
(Building 800 Cafeteria)**



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INDEPENDENT ACCOUNTANTS’ REPORT ON APPLYING AGREED-UPON PROCEDURES

Boone High School – Capital Renewal Project (Building 800 Cafeteria)

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 Boone High School – Capital Renewal Project (Building 800 Cafeteria) (the Project), as provided by Williams Company Building Division, Inc. (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 May 14, 2019, between OCPS and the Construction Manager, and the Amendment 1, which was dated March 25, 2020 (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.	○ The Construction Manager stated there were 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 December 16, 2022 (the “final job cost detail”).</p>	<p>○ 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 31, 2021 (“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. d. Obtain a listing of owner direct purchases (ODP) from the District related to each subcontractor selected. Compare the ODP amounts to the sum of the deductive ODP change orders, per the selected subcontractor. 	<p>○ Selected all 11 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 supporting documentation for the subcontractor change orders and compared the change order amounts to the supporting documentation without exception. b. Obtained the supporting documentation for the subcontractor change orders and compared the change order amounts to the supporting documentation without exception. c. Obtained payment documentation and compared to the final subcontract amount and the final job cost detail without exception. d. Obtained a listing of ODPs from the District related to each subcontractor selected and compared the ODP amounts to the sum of the deductive ODP change orders, per the selected subcontractor, without exception.

PROCEDURES	RESULTS
<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>	<ul style="list-style-type: none"> ○ There were no reimbursable labor transactions identified in the final job cost detail.
<p>9. From the final job cost detail, select any non-subcontractor line items that exceed \$50,000.</p>	<ul style="list-style-type: none"> ○ There were no non-subcontractor vendors identified that exceeded \$50,000 in the final job cost detail.
<p>10. From the final job cost detail, select amounts for payment and performance bond costs, worker’s compensation costs, and builder’s risk insurance costs (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>	<ul style="list-style-type: none"> ○ Selected payment and performance bond, and the corresponding bond credit, from the final job cost detail. Additionally, selected the charges for workers’ compensation. There were no charges for builder’s risk insurance included in the final job cost detail. a. Obtained the invoices from the Construction Manager’s insurance agent and cancelled checks for the payment and performance bond and the bond credit, and the workers’ compensation insurance, and compared the amounts to the final job cost detail with the following exception: <ul style="list-style-type: none"> • The Construction Manager erroneously reversed a credit of \$3,932 to the payment and performance bond cost. <p>An adjustment has been reported in Exhibit A to correct the payment and performance bond cost and reduce the adjusted final job 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>	<ul style="list-style-type: none"> ○ Selected all general liability insurance charges from the final job cost detail. a. Obtained the invoices from the Construction Manager’s insurance broker and cancelled checks for the general liability insurance charges and compared the amounts to the final job cost detail without exception.
<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"> ○ 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. Per the Construction Manager, Falcon Construction Services Inc. (“Falcon”) is a related party and was utilized on the project.

PROCEDURES	RESULTS
<p>13. If there are expenditures to entities related by common ownership or management noted in 12. above, perform the following:</p> <p>a. Report the entity and volume of the transactions to OCPS.</p> <p>b. Determine if such transactions are properly authorized by OCPS, in accordance with the contract documents.</p>	<p>a. The related entity is Falcon, and the volume of transactions charged to the Project from Falcon is \$13,808 of rough carpentry.</p> <p>b. CRI did not observe any communication between the Construction Manager and OCPS regarding the transactions with the related party, Falcon Construction Services Inc.</p>
<p>14. 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>b. Compare the internal charge rates recorded in the final job cost detail to the supporting documentation obtained in 14.a. above.</p>	<p>o Selected charges for cellphones, Procore, rental equipment insurance, advertising, and vehicles from the final job cost detail.</p> <p>a. Obtained the following documents for internal charges:</p> <ul style="list-style-type: none"> • For cellphone charges, obtained the PR Time Entry List document indicating the cellphone allowances paid to employees. • For advertising charges, obtained the invoice from the Orlando Sentinel. • For Procore charges, obtained the annual invoice from Procore and the allocation calculation. • For rental equipment insurance, obtained the internal allocation calculation at 5% of the rented equipment costs. • For the vehicle charges, the charges are set at \$850 per month for a contractually limited number of vehicles. CRI obtained the schedule of values for the general requirements, which includes the vehicles, for the allowable monthly charge. <p>b. Compared the internal charges, as detailed above in 14., in the final job cost detail to the supporting documentation obtained in 14.a. without exception.</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 the charges in the final job cost detail for costs recorded prior to the date on the NTP. None were identified.</p>

PROCEDURES	RESULTS
<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> <ul style="list-style-type: none"> 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. b. Obtain an invoice and cancelled checks for the subguard charges found in the final job cost detail, if paid to a third party. c. 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. 	<ul style="list-style-type: none"> o The Construction Manager used a subcontractor default insurance program on this Project. a. Inspected the final job cost detail, as well as the subcontract agreements and change orders for all of the selected subcontractors. Provisions in the subcontract agreements stated bonds would not be included in the subcontractors’ costs. Additionally, no subcontractor bond costs were identified in the change orders or the final job cost detail. b. Obtained invoices from the Construction Manager’s insurance agent and cancelled checks for the subguard charges found in the final job cost detail without exception. The subguard rate was confirmed by the Construction Manager’s insurance agent as follows, “The Cove (the insurance provider) SDI rate is billed at a rate of 1.23% of the total cost of the project minus selected subcontracted work and self-perform work.” Additionally, obtained the “Subcontractor Default Policy” with Cove Programs Insurance, including the Subguard Program Summary, evidencing the subguard rate, with approximately 60% of the rate being for “Program Retention Aggregate Rate” and 40% being for the fixed premium. CRI compared the invoices and cancelled checks to the amount in the final job cost detail without exception. c. Obtained the Subcontractor Default Policy from the Construction Manager, which included a “Self Insured Retention” (SIR) of \$500,000 and a co-pay of 10% of each loss in excess of the SIR. The Construction Manager stated that none of the premiums paid for this coverage represent self-insurance. Per further inquiry of the Construction Manager, the Construction Manager stated the premium paid for subcontractor default insurance does not provide funding for a reserve for the SIR and the co-pay, which are fully the financial responsibility of the Construction Manager and, therefore, are not reimbursable to the Construction Manager through a loss reserve or from an insurer.

PROCEDURES	RESULTS
<p>(16. Continued)</p> <p>d. Recalculate the subguard charges by using the rate obtained in 16.b. and applying that rate to the final subcontract values plus ODPs for subcontractors included under the subcontractor default program, and compare the recalculation to the charges in the final job cost detail.</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>d. Recalculated the subcontract values plus ODPs times the subguard rate and compared the result with the charges in the final job cost detail. The amounts agreed without exception.</p> <p>e. Obtained written representation from the Construction Manager that subcontractors enrolled in the subguard program did not include bond costs in their payment applications.</p>
<p>17. Obtain all signed and executed change orders between OCPS and the Construction Manager for the duration of the Project.</p>	<p>o Obtained all signed and executed change orders between OCPS and the Construction Manager without exception.</p>
<p>18. Obtain from OCPS, a log of the ODPs plus sales tax savings for the Project and perform the following:</p> <p>a. Recalculate the ODP percentage, 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 the District without exception.</p> <p>a. Recalculated the ODP percentage, per the ODP log, by taking the actual ODPs spent on the Project and comparing them to the original contract value (including ODPs) plus or minus any construction change directives or change orders (not including ODP change orders).</p> <p>b. The Construction Manager did not meet the 25% ODP sales tax goal, as the recalculated percentage is 20.81%. Per owner change order #8, "The PM Team is not recommending reimbursement of missed sales tax savings due to the fact that the initial determination of required participation was based on the Construction Manager purchasing kitchen serving line equipment, which was subsequently removed from the contract scope".</p>
<p>19. Compare the ODP log plus sales tax savings amount obtained in 18. above, to the total signed and executed change order amounts obtained in 17. above relative to ODPs.</p>	<p>o Compared the ODPs plus sales tax savings per the ODP log to the total signed and executed owner change order amounts relative to ODPs without exception.</p>
<p>20. Utilizing the not-to-exceed general requirements detail from the contract documents in 1. above, compare to the general requirements charges noted in the final job cost detail.</p>	<p>o Compared the actual general requirements charged in the final job cost detail to the not-to-exceed general requirements per the contract documents. The Construction Manager did not overspend the contractual not-to-exceed amount.</p>

PROCEDURES	RESULTS
<p>21. 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) the additive change orders and subtract the deductive change orders from 17. above to get the “adjusted guaranteed maximum price” (“adjusted GMP”). 	<ul style="list-style-type: none"> a. The original GMP amount was obtained 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>22. Obtain the final contract value, per the final pay application (noted in 5. above) and compare it to the adjusted GMP amount recalculated in 21.b. above.</p>	<ul style="list-style-type: none"> o Compared the adjusted guaranteed maximum price to the final contract value, per the final pay application, without exception.
<p>23. Recalculate the final construction costs 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 adjusted final job costs, add any fixed fees or lump sum amounts to reach the “final construction costs”. c. Compare the adjusted GMP amount calculated in 21.b. above to the final construction costs amount from 23.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 final construction costs. 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> <ul 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. 	<ul style="list-style-type: none"> o Obtained the raw rates for the Construction Manager’s personnel from the General Conditions attachment to the Agreement. a. Obtained a listing of the personnel that filled the positions listed in the General Conditions attachment without exception. b. Chose a sample of 15 payroll entries from the listing of Construction Manager personnel obtained in 24.a above.

PROCEDURES	RESULTS
<p>(24. Continued)</p> <p>c. Compare the actual pay rate obtained in 24.b. above to the raw rate included in the General Conditions attachment.</p>	<p>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 all 15 samples tested. Overall, the average actual pay rate is 29.2% 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>25. Obtain, from OCPS and/or the Construction Manager, the Project’s contingency log 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 the contingency usage forms evidenced approval of an OCPS designated representative without exception.</p>
<p>26. Compare the ending balances in the contingency funds, per the contingency log obtained in 25. above, to the change order amount of the funds returning to OCPS, as obtained in 17. above.</p>	<p>o The remaining balances in the contingency funds were returned to OCPS in the final change order without exception.</p>
<p>27. Obtain a listing of assets acquired by the Construction Manager for the Project and verify the assets were turned over to OCPS.</p>	<p>o Obtained a listing of assets which indicated the assets not consumed were transferred to another OCPS project or transferred to OCPS without exception.</p>
<p>28. Obtain the Certificates 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, adjusted by owner change orders, without exception.</p>
<p>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.</p>	<p>o Obtained the Certificate of Final Inspection without exception. The final completion date, as reported on the Certificate of Final Inspection, indicated the Construction Manager achieved final completion 460 days after the contractually required date. Final completion was to be achieved on March 30, 2021. The Certificate of Final Inspection was signed by the Architect on July 3, 2022.</p>
<p>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.</p>	<p>o 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. None were noted.</p>

PROCEDURES	RESULTS
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.	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.

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 AICPA. 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 Williams Company Building Division, Inc. 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
 July 17, 2023

**The School Board of Orange County, Florida
Boone High School – Capital Renewal Project (Building 800 Cafeteria)**

Exhibit A – Project Costs

Calculation of the final construction costs

Calculation of adjusted final job costs:	
Construction Manager job costs	\$ 4,451,740
Bond credit improperly reversed in the final job cost detail	(3,932)
Adjusted final job costs	4,447,808
Calculation of the lump sum general conditions:	
Original lump sum general conditions	506,785
General conditions added through owner change orders	48,594
	555,379
Calculation of the construction management fee:	
Original construction management fee	337,318
Adjustment to construction management fee from owner change orders	(42,983)
	294,335
Final construction costs	\$ 5,297,522

Calculation of adjusted guaranteed maximum price

Original guaranteed maximum price	\$ 7,982,083
Adjustments from owner change orders	(2,691,629)
Construction change directive #1	11,000
	11,000
Adjusted guaranteed maximum price	\$ 5,301,454
Construction costs, lesser of final construction costs and adjusted guaranteed maximum price	\$ 5,297,522
Owner direct purchases	1,313,791
	\$ 6,611,313