



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

The School Board of Orange County, Florida

Site 37-M-SW-4 (Horizon West) Middle School Relief Project

INDEPENDENT ACCOUNTANTS’ REPORT ON APPLYING AGREED-UPON PROCEDURES

Site 37-M-SW-4 (Horizon West) Middle School Relief Project

The School Board of Orange County, Florida
Orlando, Florida

We have performed the procedures enumerated below on the final construction costs and the adjusted guaranteed maximum price of the Site 37-M-SW-4 (Horizon West) Middle School Relief Project (the “Project”), as provided by Wharton-Smith, Inc. (the “Construction Manager”).

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 applied and the related findings are as follows:

PROCEDURES	RESULTS
<p>1. Inspect a copy of the Standard Management Contract (the “Agreement”), dated June 19, 2017, between OCPS and the Construction Manager, and Amendment No. 1, dated February 22, 2018 (collectively referred to as the “contract documents”), relative to the construction of the Project.</p>	<p>○ The contract documents were inspected by Carr, Riggs & Ingram, LLC (“CRI”) without exception.</p>
<p>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.</p>	<p>○ 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.</p>
<p>3. Inquire of the Construction Manager as to whether there are any disputes between the Construction Manager and its subcontractors.</p>	<p>○ Per inquiry of the Construction Manager, there are no disputes with subcontractors on the Project. However, the Construction Manager stated that they are working through a warranty issue with a subcontractor which will not impact the final construction costs for the Project.</p>

PROCEDURES	RESULTS
4. Obtain from the Construction Manager, a copy of the final job cost detail, dated February 27, 2021 (the "final job cost detail").	○ Obtained the final job cost detail without exception.
5. Obtain from the Construction Manager and OCPS, a copy of the final payment application request issued to OCPS, dated July 31, 2020 ("final pay application").	○ Obtained the final pay application without exception.
6. Obtain from the Construction Manager a reconciliation between the final job cost detail and the final pay application.	○ Obtained the Construction Manager's reconciliation. The Construction Manager identified \$77,106 of unbillable costs and \$84,783 of general requirements costs that were in excess of the not-to-exceed, which have been removed from the adjusted final job costs as reported in Exhibit A.
<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> <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, individual payment lien releases, or cancelled checks totaling the final subcontract value submitted by the selected subcontractor to the Construction Manager for payments made by the Construction Manager to the selected subcontractor ("payment documentation"). Compare the final subcontract amount to the payment documentation.</p>	<p>○ Selected all 25 subcontractors from the final job cost detail with costs in excess of \$50,000.</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 the supporting documentation and compared the supporting documentation to the change order amounts with the following exception:</p> <ul style="list-style-type: none"> • A subcontractor change order was over the not-to-exceed amount prescribed in owner change order #2 by \$716. This adjustment is reported in Exhibit A. <p>Additionally, change orders totaling \$19,791 were supported only by lump sum amounts, of which \$14,155 was approved by the District through contingency.</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 the District related to each subcontract selected. Compare the ODP amounts to the sum of the deductive ODP change orders, per the selected subcontractor.</p>	<p>d. Obtained the listing of ODPs from the District and compared the amount to the sum of the deductive ODP change orders for each of the selected subcontractors without exception.</p>
<p>8. If there are reimbursable labor charges included in the final job cost detail, from the total number of Construction Manager employee payroll transactions listed in the final job cost detail, 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 Selected a sample of 15 Construction Manager payroll transactions from the final job cost detail. However, because of the results from the first 15 selections, all 33 reimbursable payroll entries were selected.</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. Obtained copies of the original time sheets for all but one of the selections. For that selection, CRI obtained an email dated at the time of the payroll entry, that evidenced the time charged to the Project. Additionally, CRI obtained the “Proof Report” (payroll register) for each sample selected.</p> <p>b. Compared the amount listed for each sample in the final job cost detail to the items obtained in 9.a., resulting in an adjustment of \$1,798 as reported in Exhibit A. The adjustment was primarily the result of amounts being charged to the Project for holiday, vacation, and other leave.</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 Recalculated the labor burden percentage included in the charges for reimbursable labor and compared it to the fixed rate per the contract documents (35%) without exception.</p>
<p>11. 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 11.a. to the amount recorded in the final job cost detail.</p>	<p>o Selected all 2 non-subcontractor vendors from the final job cost detail with costs in excess of \$50,000.</p> <p>a. Selected five line items for the vendor that were in excess of \$50,000 and obtained the invoices and Electronic Payment Advisory forms to the MasterCard for each of the selections.</p> <p>b. The supporting documentation obtained in 11.a. was compared to the amounts recorded in the final job cost detail without exception.</p>

PROCEDURES	RESULTS
<p>12. From the final job cost detail, select amounts for payment and performance bond, workers compensation, and builder's risk insurance costs (as applicable) and perform the following:</p> <ul style="list-style-type: none"> a. Relative to payment and performance bond costs, 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. b. Relative to workers compensation, obtain the Burden Register from the Construction Manager. Compare the amount of the workers compensation costs for the project on the Burden Register to the amount in the final job cost detail. 	<ul style="list-style-type: none"> o Selected the payment and performance bond and workers compensation charges from the final job cost detail. No builder's risk insurance charges were noted in the final job cost detail. a. Obtained a copy of the invoices 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 and observed that the Construction Manager had overbilled the payment and performance bond charges by \$2,611, as reported in Exhibit A. b. Obtained the Burden Registers (detail of workers compensation charges for the Project) from the Construction Manager and compared the workers compensation costs per the Burden Registers to the amount in the final job cost detail. The amounts per the Burden Registers were higher than the amounts charged in the final job cost detail; therefore, CRI did not make an adjustment.
<p>13. From the final job cost detail, select amounts for general liability insurance and perform the following:</p> <ul style="list-style-type: none"> a. Where applicable, obtain the Construction Manager's internal allocation for general liability insurance charges. b. Inspect the internal allocation method and calculation. Compare the documentation obtained in 13.a. above to the amounts recorded in the final job cost detail. 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. 	<ul style="list-style-type: none"> o Selected all general liability insurance charges from the final job cost detail. a. Obtained the Construction Manager's internal allocation for general liability insurance charges without exception. b. Inspected the internal allocation method and the calculation and compared to the amounts in the final job cost detail. CRI confirmed with the Construction Manager that the internal allocation received was used to support the amounts in the final job cost detail. c. Obtained the general liability insurance proposal from the Construction Manager's insurance agent, Bouchard Insurance, for fiscal years 2018 and 2019. d. Per inquiry of the Construction Manager, no portion of the general liability insurance premiums are self-insured.

PROCEDURES	RESULTS
<p>e. If applicable, obtain supporting documentation for the allocation base, i.e. annual company-wide revenue for the Construction Manager.</p> <p>f. If applicable, recalculate the Construction Manager's internal allocations and compare the recalculation to the amounts in the final job cost detail.</p>	<p>e. Obtained and traced the revenue base amounts used in the internal allocations to the insurance proposal from the Construction Manager's insurance agent, Bouchard Insurance for fiscal years 2018 and 2019.</p> <p>f. Recalculated the Construction Manager's internal allocations of general liability insurance charges and compared the recalculation to the amounts in the final job cost detail, resulting in an adjustment of \$17,606, as reported in Exhibit A.</p>
<p>14. Inquire of the Construction Manager to determine if there are any expenditures, in the final job cost detail, to entities related by common ownership or management to the Construction Manager.</p>	<p>o Inquired of the Construction Manager regarding expenditures in the final job cost detail to entities related by common ownership or management to the Construction Manager. The Construction Manager stated there were none.</p>
<p>15. 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> <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 15.a. above.</p>	<p>o Selected all computer, software and vehicle charges in the final job cost detail.</p> <p>a. Obtained supporting documentation for the internal charges as follows:</p> <ul style="list-style-type: none"> • Vendor invoices for the Plangrid charges. • Internal allocations and invoices supporting the computer hardware costs allocated for the computer equipment charges. • 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 and number of vehicles allowed. <p>b. Compared the internal charge rates for the Plangrid charges and the computer equipment charges in the final job cost detail to the supporting documentation noted in 15.a. above without exception. The vehicle charges in the final job cost detail agreed to the amount included in general requirements schedule of values in Amendment #1 to the Agreement.</p>

PROCEDURES	RESULTS
<p>16. 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>	<ul style="list-style-type: none"> ○ Obtained the NTP and did not identify any charges in the final job cost detail prior to the NTP date.
<p>17. Inquire of the Construction Manager to determine whether they are using a subcontractor default insurance program (“subguard”) for subcontractor bonding requirements.</p>	<ul style="list-style-type: none"> ○ Per inquiry of the Construction Manager, a subguard program was not used on the Project.
<p>18. Obtain all signed and executed change orders between OCPS and the Construction Manager for the duration of the Project.</p>	<ul style="list-style-type: none"> ○ Obtained all signed and executed change orders between OCPS and the Construction Manager without exception.
<p>19. Obtain from OCPS, a log of the ODPs plus sales tax savings for the Project and perform the following:</p> <ol style="list-style-type: none"> a. Recalculate the total ODPs, from the log obtained above, by taking the actual ODPs spent on the Project and comparing them to the original contract value (including ODPs) plus or minus any change orders (not including ODP change orders). 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. 	<ul style="list-style-type: none"> ○ Obtained the ODP log from OCPS without exception. a. Recalculated the percentage of the total ODPs plus sales tax savings, per the ODP log, as a percentage of the original contract value (including ODPs). b. The results from the recalculation in 19.a. above indicated that the Construction Manager achieved the goal of 25%.
<p>20. Compare the ODP log plus sales tax savings amount obtained in 19. above, to the total signed and executed change orders amounts obtained in 18. above relative to ODPs.</p>	<ul style="list-style-type: none"> ○ Compared the ODPs plus sales tax savings per the ODP log to the total signed and executed change order amounts relative to ODPs without exception.
<p>21. 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. The Construction Manager identified actual general requirements in excess of the not-to-exceed amount of \$84,783. However, CRI's analysis identified an additional \$7,726 of general requirements that were above the not-to-exceed amount, as reported in Exhibit A.

PROCEDURES	RESULTS
<p>22. Recalculate the adjusted guaranteed maximum price ("GMP") as follows:</p> <ol 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 the original GMP amount (from 1. above) plus additive change orders and minus deductive change orders from 18. above to get the "adjusted guaranteed maximum price" ("adjusted GMP"). 	<ol 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>23. Obtain the final contract value, per the final pay application (noted in 5. above) and compare it to the adjusted GMP amount recalculated in 22.b. above.</p>	<ul style="list-style-type: none"> o Obtained the final contract value, per the final pay application, and compared the adjusted guaranteed maximum price to the final contract value without exception.
<p>24. Recalculate the final construction costs 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 costs". b. Utilizing the adjusted final job costs, add any fixed fees or lump sum amounts to reach the "final construction costs". <p>c. Compare the adjusted GMP amount calculated in 22.b. above to the final construction costs amount from 24.b. above.</p>	<ol style="list-style-type: none"> a. The results of this procedure are reported in Exhibit A. b. The results of performing this procedure are reported in Exhibit A as final construction costs. CRI has reported the following adjustments to the construction management fee from the original GMP: <ul style="list-style-type: none"> • Reimbursement for materials testing of \$4,973. • Adjustment to the construction management fee from contingency use in the amount of \$337. <p>These amounts are reported as adjustments to the construction management fee in Exhibit A.</p> <p>Additionally, CRI discovered a mathematical error in the calculation of labor burden added to general conditions included in owner change order #6 in the amount of \$279, as reported in Exhibit A..</p> c. The results of this procedure are reported in Exhibit A.

PROCEDURES	RESULTS
<p>25. 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 16 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 25.b. above to the raw rate included in the General Conditions attachment.</p>	<p>o Obtained the raw rate for the Construction Manager's personnel per the contract documents without exception.</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 24 payroll entries and obtained the Proof Report (Payroll register) for each of the items selected. However, 8 of the selections represented personnel that did not fit the descriptions used in the General Conditions attachment, but were included in the general conditions labor in order to get the Project completed. Those 8 selections were not included in the statistics in 25.c. below.</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 15 of the 16 samples tested. Overall, the average actual pay rate is 15% under the raw rate for the samples selected. 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>26. 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 all the contingency usage forms evidenced approval of an OCPS designated representative.</p>
<p>27. Compare the ending balances in the contingency funds, per the contingency log obtained in 26. above, to the change order amount of the funds returning to OCPS, as obtained in 18. above.</p>	<p>o The remaining balances in the contingency funds were returned to OCPS in the final change order without exception.</p>
<p>28. 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>29. 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 and owner change orders without exception.</p>

PROCEDURES	RESULTS
30. 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.	○ Obtained the Certificate of Final Inspection ("CFI") without exception. The final completion date, as reported on the CFI, indicated the Construction Manager achieved final completion 172 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 January 31, 2020. The CFI was signed by the Architect on July 21, 2020.
31. Utilizing the Certificate of Final Inspection obtained in 30. above, inspect the dates of the charges in the final job cost detail for recorded costs with dates subsequent to the date of the Certificate of Final Inspection.	○ Inspected the dates of the charges in the final job cost detail for recorded costs with dates subsequent to the date of the Certificate of Final Inspection without exception.
32. Obtain the SAP/Purchase Order reconciliation from OCPS and compare the guaranteed maximum price on the reconciliation to the guaranteed maximum price on the Construction Manager's final pay application, as noted in 5. above.	○ Obtained the SAP/Purchase Order reconciliation from OCPS and agreed the guaranteed maximum price on the reconciliation to the guaranteed maximum price on the final pay application, without exception.

We were engaged by The School Board of Orange County, Florida, to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the final construction costs and the adjusted guaranteed maximum price. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Wharton-Smith, 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
September 21, 2021

**The School Board of Orange County, Florida
Site 37-M-SW-4 (Horizon West) Middle School Relief Project**

Exhibit A – Project Costs

Calculation of the final construction costs

Calculation of adjusted final job costs:	
Construction Manager job costs	\$ 18,896,497
Nonreimbursable costs per the Construction Manager	(77,106)
General requirements in excess of the not-to-exceed per the Construction Manager	(84,783)
Subcontractor change order in excess of the not-to-exceed amount per Owner change order #2	(716)
Reduce reimbursable labor charges to actual	(1,798)
Reduce payment and performance bond charges to actual	(2,611)
Adjustment to general liability insurance charges	(17,606)
Additional general requirements in excess of the not-to-exceed not recognized by the Construction Manager	(7,726)
Adjusted final job costs	<u>18,704,151</u>

Calculation of general conditions:	
Original lump sum general conditions	1,140,745
General conditions added through change order #6	12,214
Correction of mathematical error in calculation of added general conditions through change order #6	(279)
General conditions funded through buyout savings, included in owner change order #3	12,000
	<u>1,164,680</u>

Calculation of the construction management fee:	
Original construction management fee	1,277,369
Reimbursement for material testing	(4,973)
Additional fee through contingency use	337
	<u>1,272,733</u>

Final construction costs **\$ 21,141,564**

Calculation of adjusted guaranteed maximum price

Original guaranteed maximum price	\$ 30,366,051
Adjustments from change orders per the Construction Manager	(9,193,751)

Adjusted guaranteed maximum price **\$ 21,172,300**

Construction costs, lesser of final construction costs and adjusted guaranteed maximum price	\$ 21,141,564
Owner direct purchases	8,367,692

\$ 29,509,256