



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

The School Board of Orange County, Florida

Liberty Middle School – Capital Renewal Project



Carr, Riggs & Ingram, LLC
 1031 West Morse Boulevard
 Suite 200
 Winter Park, FL 32789

 407.644.7455
 407.628.5277 (fax)
 CRlcpa.com

INDEPENDENT ACCOUNTANTS’ REPORT ON APPLYING AGREED-UPON PROCEDURES

Liberty Middle School – Capital Renewal 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 Liberty Middle School – Capital Renewal Project (the “Project”), as provided by Welbro Building Corporation (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
1. Inspect a copy of the Standard Management Contract (the “Agreement”), dated June 16, 2014, between OCPS and the Construction Manager, and the Amendment No. 3, dated February 3, 2016 (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.

PROCEDURES	RESULTS
<p>3. Inquire of the Construction Manager as to whether there are any disputes between the Construction Manager and its subcontractors.</p>	<p>○ The Construction Manager stated there are no disputes with any of its subcontractors.</p>
<p>4. Obtain from the Construction Manager, a copy of the final job cost detail, dated March 29, 2021 (the “final job cost detail”).</p>	<p>○ Obtained the final job 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 September 7, 2018 (“final pay application”).</p>	<p>○ Obtained the final pay application received by the District. However, CRI noted that the final pay application received from the District (#27) did not include the final owner change order (#12), which was processed after the issuance of the final payment application.</p> <p>Subsequently, the District identified a pay application #28, which was prepared after the final change order, and subsequent to the District receiving a refund check from the Construction Manager in the amount of \$49,487.32. The communication regarding the refund is included in this report at Exhibit B.</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> <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 appropriate 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.</p>	<p>○ Selected all 13 subcontractors from the final job cost detail with total costs in excess of \$50,000.</p> <p>a. Obtained the subcontract agreements and the related change orders, and totaled the original subcontract amount and the 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 exceptions:</p> <ul style="list-style-type: none"> • CRI observed two subcontractor change orders for repair work that were not backcharged to another subcontractor in the amount of \$2,049.

PROCEDURES	RESULTS
<p>(7.b. Continued)</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 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>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>	<ul style="list-style-type: none"> • CRI observed a subcontractor change order in the amount of \$157 that was not supported by additional cost information and was in an amount in excess of the related contingency usage request. • Subcontractor markup for overhead and profit in excess of contractual limitations in the amount of \$246. <p>These amounts are reported as adjustments in Exhibit A.</p> <p>Additionally, CRI noted subcontractor change orders, totaling \$12,910, were supported only by lump sum amounts, of which \$6,220 were approved by the District through contingency and owner change orders.</p> <p>c. Obtained payment documentation and compared the payment documentation to the final subcontract amount without exception.</p> <p>d. Obtained the listing of ODPs from the District and compared the amount to the sum of the net 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>○ There were no reimbursable labor transactions included 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>○ CRI did not identify any non-subcontractor line items that exceeded \$50,000.</p>

PROCEDURES	RESULTS
<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 paid directly to a third party. Compare the documentation obtained to the amounts recorded in the final job cost detail.</p>	<p>o Selected payment and performance bond from the final job cost detail. There were no charges for builder’s risk insurance included in the final job cost detail.</p> <p>a. Obtained the invoices from the Construction Manager’s insurance agent and cancelled checks for the payment and performance bond and compared the amounts to the final job cost detail without exception.</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.</p> <p>c. If applicable, obtain third party invoices for internal allocation amounts.</p> <p>d. If there is a self-insured portion of the premium, inquire regarding the calculation methodology for the self-insured portion of the premium. Obtain third party invoices or documentation for the calculation of the self-insured portion of the premium. Specifically inquire if that portion of the premium is based on actuarial calculations. If so, obtain the actuarial report supporting the calculation.</p> <p>e. If applicable, obtain supporting documentation for the allocation base, i.e. annual company-wide revenue for the Construction Manager.</p>	<p>o Selected all amounts for general liability insurance from the final job cost detail.</p> <p>a. Obtained the internal allocation worksheet from the Construction Manager without exception.</p> <p>b. Inspected the internal allocation methods and calculation and compared the allocation calculation to the amounts recorded in the final job cost detail. CRI inquired of the Construction Manager and identified that the internal allocation received was used to support the amounts in the final job cost detail.</p> <p>c. Obtained third party documentation supporting the internal allocation including: premium invoices, insurance rate sheets, and the “Indicated Loss Funding Deductible Reimbursement Policy for the policy period July 1, 2017 to June 30, 2018”.</p> <p>d. Inquired regarding the calculation methodology for the portion of the insurance premium that is paid to a captive insurance company, which is a related party to the Construction Manager. CRI obtained portions of the actuarial report relative to the general liability loss exposure, as stated in 11.c. above.</p> <p>e. Obtained the schedule of estimated sales volume (allocation base) used in the calculations of the general liability insurance costs.</p>

PROCEDURES	RESULTS
<p>(11. Continued)</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>f. Recalculated the Construction Manager’s internal allocations and compared the recalculations to the amounts in the final job cost detail. CRI’s recalculation resulted in an adjustment to the final job costs in the amount of \$10,604, as reported in Exhibit A.</p>
<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>	<p>o The deductible portion of the subcontractor default insurance program (“subguard”) is insured through a captive insurance company that shares ownership with the Construction Manager.</p>
<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 amount paid to the entity described in 12. above was \$44,450 for the deductible portion of subguard.</p> <p>b. The Construction Manager did not provide notification to OCPS that they were expending Project funds with a related entity. Per the Construction Manager, OCPS is aware of the related party transaction from previous projects.</p>
<p>14. 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 allocation calculations from the Construction Manager 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 two computer/network charges and all of the vehicle charges.</p> <p>a. Obtained the Construction Manager’s calculation for internal computer/software charges without exception. Vehicle charges are set by OCPS at a specific amount in the initial general requirements’ schedule of values.</p> <p>b. The internal charges for computer/software were compared to the final job cost detail without exception. However, CRI observed \$3,103 in computer network charges to the Project. These costs were not accepted by OCPS and are deducted from the final job costs as reported in Exhibit A.</p> <p>Additionally, CRI calculated \$990 of vehicle costs above the not-to-exceed amount set by OCPS, as reported in Exhibit A.</p>

PROCEDURES	RESULTS
<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>	<ul style="list-style-type: none"> ○ 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 without exception.
<p>16. Inquire of the Construction Manager to determine whether they are using a subcontractor default insurance program 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. If the charges for subguard are the result of an internal allocation, obtain the internal allocation calculations that support the amounts in the final job cost detail and compare the calculations to the amounts in the final job cost detail. c. If internal allocation are used, recalculate the internal allocations and compare the recalculation to the charges in the final job cost detail. d. Obtain written representation that the subcontractors on the Project, enrolled in subguard, have not included bond costs in their payment applications. 	<ul style="list-style-type: none"> ○ Per inquiry of the Construction Manager, a subguard program was utilized for the Project. a. Inspected the final job cost detail and subcontractor change orders for subcontractor bond costs and identified no items described as subcontractor bond costs. Additionally, CRI observed the subcontract agreements and noted the agreements stated that a subguard program was being used for this Project and, therefore, no bond costs were to be included in the subcontractors’ costs. b. Obtained the internal allocation calculations that support the amounts in the final job cost detail and compared the calculation to the amounts in the final job cost detail. One of the subcontractors had a lower subcontract value in the final job cost detail than in the Construction Manager’s calculation. CRI recalculated subguard insurance to include the subcontractor’s contract value per the final job cost detail. c. Recalculated the internal allocations and compared the recalculation to the charges in the final job cost detail, resulting in an adjustment in the amount of \$20, as reported in Exhibit A. d. Obtained written representation from the Construction Manager that no subcontractors enrolled in the subguard program included bond costs in their payment applications.
<p>17. 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>18. Obtain from OCPS, a log of the ODPs plus sales tax savings for the Project (“ODP log”) and perform the following:</p>	<ul style="list-style-type: none"> ○ Obtained the ODP log from OCPS without exception.

PROCEDURES	RESULTS
<p>(18. Continued)</p> <p>a. Using the total ODPs spent on the Project, from the log obtained above, compare the amount to the original contract value (including ODPs) plus or minus any change orders (not including ODP change orders) to obtain the “actual ODP percentage”.</p> <p>b. If the above calculated 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>a. Calculated the actual ODP percentage by comparing the total ODPs spent on the Project to the original contract value (including ODPs) plus or minus and change orders (not including ODP change orders).</p> <p>b. Per inquiry of the District, “Due to capital renewal scope that is labor intensive, this GMP does not contain sufficient qualifying material purchases to meet the 25% ODP sales tax goal. OCPS will not penalize the contractor for unrealized sales tax savings.” The recalculated percentage was 16.99%.</p>
<p>19. Compare the ODP log plus tax savings amount obtained in 18. above, to the total signed and executed change orders amounts obtained in 17. above relative to ODPs.</p>	<p>o Compared the owner direct purchases plus sales tax savings per the ODP log to deductive amounts relative to ODPs included in the signed and executed owner change orders 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 not-to-exceed general requirements per the contract documents with the actual general requirements charges noted in the final job cost detail. The actual general requirements spent were less than the final not-to-exceed amount.</p>
<p>21. Recalculate the adjusted guaranteed maximum price (“GMP”) as follows:</p> <p>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.</p> <p>b. Add the original GMP amount (from 1. above) plus additive change orders and minus deductive change orders from 17. above to get the “adjusted guaranteed maximum price”.</p>	<p>a. The original GMP amount was obtained without exception.</p> <p>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. The adjusted guaranteed maximum price reflects the refund of \$49,487 as documented in a letter from the Construction Manager dated August 9, 2019 (see Exhibit B).</p>
<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>	<p>o Compared the adjusted guaranteed maximum price to the final contract value, per the final pay application, without exception.</p>

PROCEDURES	RESULTS
<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”. Additionally, CRI recorded a reduction of the construction management fee in the amount of \$460 related to reimbursements for material testing. 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. c. Compare the actual pay rate obtained in 24.b. above to the raw rate included in the General Conditions attachment. 	<ul style="list-style-type: none"> o Obtained the raw rates for the Construction Manager’s personnel included in the General Conditions attachment in the contract documents. a. Obtained a listing of the personnel that filled the positions listed in the General Conditions attachment from the Construction Manger. b. From the listing of Construction Manager personnel entries, CRI chose a sample of 15 payroll entries and obtained the payroll register for each of the items selected to document the actual pay rates. c. The results of this procedure indicate the actual pay rate is less than the raw rate per the General Conditions attachment (“raw rate”) in 10 of the 15 samples tested. Overall, the average actual pay rate is 4% higher than the raw rate for the samples selected, primarily due to Project Oversight personnel being paid significantly more than the raw rate.
<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>	<ul style="list-style-type: none"> o Obtained the Project’s contingency log and usage document and observed that the contingency usage form evidenced approval of an OCPS designated representative without exception.

PROCEDURES	RESULTS
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.	○ The remaining balances in the contingency funds were returned to OCPS in the final change order without exception.
27. Obtain a listing of assets acquired by the Construction Manager for the Project and verify the assets were turned over to OCPS.	○ Obtained a listing of assets which verified the assets that OCPS wanted were transferred to OCPS 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.	○ Obtained the Certificate of Substantial Completion without exception. The substantial completion date, as reported on the Certificate, was compared to the time requirements contained in the contract documents without exception.
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.	○ 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 668 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 June 19, 2018. The Certificate of Final Inspection was signed by the Architect on April 17, 2020.
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.	○ 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.
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 ("SAP reconciliation") from OCPS and compared the guaranteed maximum price on the reconciliation to the guaranteed maximum price on the final pay application. The guaranteed maximum price per the SAP reconciliation was \$49,487 more than the amount on the Construction Manager's final pay application, as the SAP reconciliation did not reflect the refund mentioned in 21.b above.

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 Welbro Building Corporation, 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
March 25, 2022

**The School Board of Orange County, Florida
Liberty Middle School – Capital Renewal Project**

Exhibit A – Project Costs

Calculation of the final construction costs

Calculation of adjusted final job costs:	
Construction Manager job costs	\$ 5,023,812
Subcontractor repair work not backcharged	(2,049)
Subcontractor change order in excess of the amount authorized in contingency	(157)
Markup for overhead and profit on subcontractor change orders in excess of contractual limits	(246)
Adjustment to reduce general liability costs to actual	(10,604)
Adjustment to remove computer network charges	(3,103)
Adjustment to reduce vehicle costs to the contractual not-to-exceed	(990)
Adjustment to reduce subguard to actual cost	(20)
Adjusted final job costs	<u>5,006,643</u>
Original lump sum general conditions	<u>810,439</u>
Calculation of the construction management fee:	
Original construction management fee	335,694
Construction management fee through change orders	4,266
Reimbursement for material testing	(460)
	<u>339,500</u>
Final construction costs	\$ 6,156,582

Calculation of adjusted guaranteed maximum price

Original guaranteed maximum price	\$ 7,401,231
Adjustments from change orders per the Construction Manager	(1,227,364)
	<u>(1,227,364)</u>
Adjusted guaranteed maximum price	\$ 6,173,867
Construction costs, lesser of final construction costs and adjusted guaranteed maximum price	\$ 6,156,582
Owner direct purchases	1,191,483
	\$ 7,348,065