



**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

The School Board of Orange County, Florida

Hamlin (Site 89-E-W-4) Elementary School – Relief Project



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INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

Hamlin (Site 89-E-W-4) Elementary 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 Hamlin (Site 89-E-W-4) Elementary School – Relief Project (the “Project”), as provided by Welbro Building Corporation (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 19, 2020, between OCPS and the Construction Manager, and the Amendment 2, dated June 25, 2021 (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 are no disputes with any of its subcontractors.

PROCEDURES	RESULTS
<p>4. Obtain from the Construction Manager, a copy of the final job cost detail, dated April 10, 2023 (the “final job cost detail”).</p>	<p>○ Obtained 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 December 31, 2022 (“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. CRI noted \$100,662 of costs and an ODP correction totaling \$544 were funded through the Construction Manager’s fee. These adjustments are reported in Exhibit A.</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 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 27 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"> ● Subcontractor change order in excess of the OCPS approved contingency amount totaling \$1,282. ● CRI noted a remobilization subcontractor change order not billable to the Project, totaling \$6,700. ● Subcontractor markup for overhead and profit in excess of contractual limitations in the amount of \$754. <p>These amounts are reported as adjustments in Exhibit A.</p>

PROCEDURES	RESULTS
<p>(7. 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, 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.</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>c. Obtained partial lien releases, final lien releases and a cancelled check copy as 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, 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.</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 access to the original timesheets and payroll registers for each selection in 8. above without exception.</p> <p>b. Compared the amount listed for each sample in the final job cost detail to the items obtained in 9.a. above 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 The labor burden charges on the reimbursable labor was removed by the Construction Manager as a non-billable cost from the presented final job cost detail.</p>
<p>11. From the final job cost detail, select any non-subcontractor line items that exceed \$50,000.</p>	<p>o CRI did not identify any non-subcontractor line items that exceeded \$50,000.</p>

PROCEDURES	RESULTS
<p>12. 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 costs 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. CRI also obtained a payment and performance bond credit invoice from a third party to be applied to the Project costs amounting to \$1,368 which is reported in Exhibit A.</p>
<p>13. 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 13.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>o Selected all amounts for general liability, umbrella, and equipment 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, emails from the Construction Manager’s insurer and the “Indicated Loss Funding Deductible Reimbursement Policy for the policy period July 1, 2022 and June 30, 2023”.</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 13.c. above.</p>

PROCEDURES	RESULTS
<p>(13. Continued)</p> <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 the schedule of estimated sales volume (allocation base) used in the calculations of the Project’s insurance costs.</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 additive adjustment to the final job costs in the amount of \$19,135, 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 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>15. If there are expenditures to entities related by common ownership or management noted in 14. 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 14. above was \$136,335 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.</p>
<p>16. 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>o Selected a computer/network charge, a tablet charge, 2 cellphone charges and all of the vehicle charges.</p> <p>a. CRI requested the vendor invoices and calculations supporting the internal charges tested. The results of the requests are as follows:</p> <ul style="list-style-type: none"> • For the computer charges, tablets and cellphones, obtained invoices from third party vendors. CRI was unable to obtain third party documentation for the configuration and setup daily fee totaling \$600.

Continued

PROCEDURES	RESULTS
<p>(16. Continued)</p> <p>b. Compare the internal charge rates recorded in the final job cost detail to the supporting documentation obtained in 16.a. above.</p>	<ul style="list-style-type: none"> • 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 compared the not-to-exceed allowance to the vehicle charges per the final job detail without exception. <p>b. The internal charges for the tablets, cellphones, vehicles and computer/software were compared to the final job cost detail without exception. However, CRI observed \$1,318 in computer network charges to the Project. These costs were not accepted by OCPS and are deducted from the final job cost detail as reported in Exhibit A.</p>
<p>17. 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 and noted a small tools expense totaling \$420. Per the Construction Manager, “Wood was used to build shelving in the jobsite trailer. The trailer was already in place because Site 132 started a few weeks earlier. This was a shared trailer between the two projects to save the Owner’s money”.</p>
<p>18. Inquire of the Construction Manager to determine whether they are using a subcontractor default insurance program (“subguard”) for subcontractor bonding requirements. If so, perform the following:</p> <p>a. Inspect the final job cost detail, as well as, subcontracts and change order line items for the selected subcontractors noted in 7. above, for line items described as subcontractor bond costs.</p>	<p>o Per inquiry of the Construction Manager, a subguard program was utilized for the Project.</p> <p>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.</p>

PROCEDURES	RESULTS
<p>(18. Continued)</p> <p>b. Because the subguard is charged to the Project at an agreed upon rate, obtain the agreed upon rate from the contract documents and recalculate the amounts to be charged to the Project based on the provisions of the contract documents.</p> <p>c. Compare the results of the recalculations in 18.b. above to the amounts charged by the Construction Manager.</p> <p>d. Obtain written representation that the subcontractors on the Project, enrolled in subguard, have not included bond costs in their payment applications.</p>	<p>b. Obtained the agreed-upon rate for subguard costs of 1.20% of the subcontract value for enrolled subcontractors from the Qualifications and Assumptions provided by the Construction Manager and confirmed by the District. Recalculated the amount to be charged to the Project based on the provisions of the contract documents.</p> <p>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 \$10,007, as reported in Exhibit A.</p> <p>d. Obtained written representation from the Construction Manager that no subcontractors enrolled in the subguard program included bond costs in their payment applications.</p>
<p>19. Obtain all signed and executed change orders and construction change directives between OCPS and the Construction Manager for the duration of the Project.</p>	<p>o Obtained all signed and executed change orders and construction change directives between OCPS and the Construction Manager without exception.</p>
<p>20. Obtain from OCPS, a log of the ODPs plus sales tax savings for the Project and perform the following:</p> <p>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).</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 OCPS without exception.</p> <p>a. Recalculated the actual ODP percentage by comparing the total ODPs spent on the Project to the original contract value (including ODPs) plus or minus any construction change directives and change orders (not including ODP change orders).</p> <p>b. The results from the recalculation in 20.a. above indicated that the Construction Manager exceeded the goal of 25%.</p>
<p>21. Compare the ODP log plus sales tax savings amount obtained in 20. above, to the total signed and executed change order amounts obtained in 19. 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>

PROCEDURES	RESULTS
<p>22. 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 charges noted in the final job cost detail. The Construction Manager exceeded the not-to-exceed allowance by \$5,340. This adjustment is reported in Exhibit A.
<p>23. 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 the original GMP amount (from 1. above) plus additive change orders and minus deductive change orders from 19. Above to get the “adjusted guaranteed maximum price”. 	<ul style="list-style-type: none"> a. Obtained the original GMP amount without exception. b. The net amount of change orders and construction change directives was deducted from the original GMP amount and is reported in Exhibit A as the adjusted guaranteed maximum price.
<p>24. Obtain the final contract value, per the final pay application (noted in 5. above) and compare it to the adjusted GMP amount recalculated in 23.b. above.</p>	<ul style="list-style-type: none"> ○ 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>25. 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 23.b. above to the final construction costs amount from 25.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>26. 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. 	<ul style="list-style-type: none"> ○ 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 Manager.

PROCEDURES	RESULTS
<p>(26. Continued)</p> <p>b. From the listing of Construction Manager personnel that filled the positions in the General Conditions attachment, choose a sample of at least 15 payroll entries and obtain documentation of the selected persons' actual pay rate for the period selected.</p> <p>c. Compare the actual pay rate obtained in 26.b. above to the raw rate included in the General Conditions attachment.</p>	<p>b. From the listing of Construction Manager personnel entries, CRI chose a sample of 16 payroll entries and obtained the payroll register or check register for each of the items selected to document the actual pay rates.</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 7 of the 16 samples tested. Overall, the average actual pay rate is 5% under the raw rate for the samples selected.</p>
<p>27. Obtain, from OCPS and/or the Construction Manager, all of the Project's contingency logs and usage documents and inspect all contingency usage forms for OCPS's designated representative's signature of approval.</p>	<p>o Obtained the Project's contingency log and usage documents and observed that all contingency usage forms evidenced approval of an OCPS designated representative without exception.</p>
<p>28. Compare the ending balances in the contingency funds, per the contingency logs obtained in 27. above, to the change order amount of the funds returning to OCPS, as obtained in 19. above.</p>	<p>o The remaining balances in the contingency funds were returned to OCPS in the final change order without exception.</p>
<p>29. 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 returned to OCPS or transferred to another OCPS project without exception.</p>
<p>30. 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 without exception.</p>
<p>31. 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 (CFI) without exception. The final completion date, as reported on the CFI, indicated the Construction Manager achieved final completion 35 days after the contractually required date. Final completion is to be achieved within 120 days after the final date of substantial completion, which for this Project was November 30, 2022. The CFI was signed by the Architect on January 4, 2023.</p>

PROCEDURES	RESULTS
32. Utilizing the Certificate of Final Inspection obtained in 31. 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.	<ul style="list-style-type: none"> ○ 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. CRI noted no costs occurred after the CFI date.
33. 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.	<ul style="list-style-type: none"> ○ 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 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
April 5, 2024

**The School Board of Orange County, Florida
Hamlin (Site 89-E-W-4) Elementary School – Relief Project**

Exhibit A – Project Costs

Calculation of the final construction costs

Calculation of adjusted final job costs:	
Construction Manager job costs	\$ 11,437,398
Subcontractor change order in excess of the amount authorized in contingency	(1,282)
Subcontractor change order not billable to the Project	(6,700)
Markup for overhead and profit on subcontractor change orders in excess of contractual limits	(754)
Payment and performance bond credit	(1,368)
Adjustment to reflect insurances at actual cost	19,135
Adjustment to remove computer network charges	(1,318)
Adjustment to reduce subguard to actual cost	(10,007)
Adjustment to general requirement costs to the contractual not-to-exceed	(5,340)
Adjusted final job costs	<u>11,429,764</u>
Original lump sum general conditions	<u>505,718</u>
Calculation of the construction management fee:	
Original construction management fee	798,167
Construction management fee through contingency usages	4,063
Reimbursement for material testing	(945)
ODP adjustment	(544)
Project costs covered by the Construction Manager	(100,662)
	<u>700,079</u>
Final construction costs	<u>\$ 12,635,561</u>
 <u>Calculation of adjusted guaranteed maximum price</u>	
Original guaranteed maximum price	\$ 18,958,413
Adjustments from change orders and construction change directives	(6,315,217)
Adjusted guaranteed maximum price	<u>\$ 12,643,196</u>
 Construction costs, lesser of final construction costs and adjusted guaranteed maximum price	 \$ 12,635,561
Owner direct purchases	<u>5,742,363</u>
	<u>\$ 18,377,924</u>