

Independent Accountant's Report
On Applying Agreed-Upon Procedures

Aloma Elementary School – Comprehensive Needs
February 3, 2015

The School Board of Orange County, Florida
Orlando, Florida

We have performed the procedures enumerated below, which were agreed to by The School Board of Orange County, Florida (“OCPS”), solely to assist you in certifying the final contract value (contract dated December 13, 2010) to Doster Construction Company, Inc. (the “Construction Manager”), based upon the total costs of construction for Aloma Elementary School – Comprehensive Needs (the “Project”) and to certify certain other Project costs. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the party specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures applied and the related findings are as follows:

1. We obtained copies of the contract documents between OCPS and the Construction Manager and read the documents noting items of financial and attestation significance, including provisions relative to the cost of work, fee arrangements, bonds and insurance, owner direct purchases, and the owner controlled insurance program (“OCIP”).
2. We inquired of the contracting parties to determine if there were any disputed provisions relative to the Project, or if there were any other unresolved disputes, including disputes between the Construction Manager and their subcontractors. No disputes were brought to our attention.
3. We requested and obtained from the Construction Manager a reconciliation of the final pay application to the job cost detail.
4. We reviewed the construction costs, as documented by the Construction Manager for compliance with the contract documents, including the following:
 - a. vouched all costs in excess of \$50,000 (as determined by phase totals on the Construction Manager's job cost).
 - for subcontract costs that qualify, we examined the subcontract and all the change orders to the subcontract, comparing the adjusted contract amount to the amount in the Construction Manager's job cost and the total of the Construction Manager's payments to the subcontractor. Additionally, we traced owner direct purchase amounts per OCPS and OCIP credits per Willis to deductive change orders to the subcontractor to ensure that such subcontracts had been reduced for the purchases and the insurance credits.

- There were no reimbursable labor costs in the job cost. Therefore, we did not test payroll line items in the Construction Manager's job cost.
 - for other items that qualified, we traced the charge to vendor invoices and evidence of payment. We examined supporting documentation for bond and insurance charges.
- b. reviewed the costing of change orders between OCPS and the Construction Manager for conformity to the contract documents. We reconciled the owner direct purchases, per the "ODP Log" to deductive change orders to the guaranteed maximum price. Also, we obtained the summary of OCIP results from the insurance carrier and traced the OCIP credits to deductive change orders.
 - c. reviewed Construction Manager labor burden percentage, if applicable, for appropriateness as well as conformity to the contract documents. The labor burden was established in the contract documents at 35%, and no exceptions were noted in the application of this percentage.
 - d. reviewed and inquired of the Construction Manager regarding related party charges to the Project. There were no related party transactions noted.
 - e. reviewed posting dates in the job cost for charges incurred prior to the Notice to Proceed as set forth in the contract amendments.
 - f. reviewed Construction Manager fees and general conditions for conformity to the contract documents. Additionally, we reviewed the Construction Manager's actual compensation for a sample of general conditions labor (included in the lump sum general conditions) for accuracy of base salary, application of contracted labor burden percentage, and personnel appropriateness to the Project. We found that in some of the instances the actual compensation was less than the base rates included in the general conditions, ranging from 16% to 24%, but, in others, the actual compensation was more than the base rates, ranging from 12% to 31%. When combined with the personnel that were paid higher than the base rates, the average actual compensation was less than the base rates by approximately 2% for the sample.
 - g. reviewed actual contingency costs (in conjunction with the review of the subcontractor supporting documentation), and reviewed the contingency log for proper authorization and resolution of final balances.
 - h. recalculated the contract guaranteed maximum price and actual costs of construction based upon the Construction Manager's records.

The results are shown in Exhibit A – Project Costs.

5. Regarding the completion of the Project, we performed the following:
 - a. we inquired and examined support that the Project was completed within the time constraints stated in the contract. Although the Construction Manager achieved substantial completion within the contractual requirements; the sign off dates on the Certificate of Final Inspection were almost a year after the date of substantial completion. The contract allows for a gap of up to 120 days.
 - b. we examined the Certificate of Substantial Completion and the Certificate of Final Inspection, signed by the Architect, verifying that the Project was completed in accordance with the contract.
6. We obtained evidence of the SAP/Purchase order reconciliation from OCPS and ensured the final contract value to the Construction Manager was accurate and reflected final pre-attestation adjustments.

7. We obtained a representation from the Construction Manager that the job cost is complete and represents properly reimbursable and paid costs under the terms of the contract; there were no related party transactions to be disclosed, as well as other necessary representations.

We have included additional comments for your consideration at Exhibit B.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

A handwritten signature in blue ink, appearing to be "William J. Jones", written in a cursive style.

Orlando, Florida
February 3, 2015

**Orange County Public Schools
Aloma Elementary School - Comprehensive Needs**

Exhibit A - Project Costs

Calculation of the construction cost plus fee:	
Construction Manager job costs	\$ 5,511,600
Amount the job cost is in excess of the final contract amount for DHR Mechanical Services	(540)
Unreimbursable costs removed	<u>(1,610)</u>
	<u>5,509,450</u>
Calculation of general conditions:	
Original lump sum general conditions	<u>693,791</u>
Calculation of construction management fee:	
Original construction management fee	402,360
Additional fee from OCIP savings	5,871
Additional fee from contingency	3,709
	<u>411,940</u>
Construction cost plus fee	<u><u>\$ 6,615,181</u></u>
Calculation of adjusted guaranteed maximum price:	
Original guaranteed maximum price per Amendment #1	\$ 9,632,348
Adjustments from change orders per the Construction Manager	<u>(3,015,016)</u>
Adjusted guaranteed maximum price	<u><u>\$ 6,617,332</u></u>
Construction cost, lesser of construction cost plus fee and adjusted guaranteed maximum price	\$ 6,615,181
Owner direct purchases	<u>2,422,330</u>
	<u><u>\$ 9,037,511</u></u>

**Orange County Public Schools
Aloma Elementary School – Comprehensive Needs**

Exhibit B – Comments and Recommendations

Turnover of computer equipment at the conclusion of the Project

Comment:

While performing our procedures, it came to our attention that the Construction Manager purchased computer equipment with Project funds, but had not yet transferred ownership of the equipment to Orange County Public Schools (“OCPS”).

Recommendation:

All equipment purchased with Project funds that is not entirely consumed in the completion of the Project should be turned over to OCPS. Additionally, any excess material that can be used by OCPS should be accounted for, and ultimately removed from the job site by OCPS.

Relative to the computer equipment purchased for this Project, the Construction Manager has committed to shipping the equipment to OCPS. We recommend that OCPS follow up to ensure the equipment is received.

Management Response to Audit Report for Aloma ES Comprehensive Project

ISSUES NOTED	AREA	MANAGEMENT RESPONSE
<p>The sign-off dates on the Certificate of Final Inspection were almost a year after the date of substantial completion. The contract allows a gap of up to 120 days.</p>	<p>Facilities Services and Facilities & Construction Contracting</p>	<p>This contract allows for liquidated damages to be assessed as a result of work not being substantially complete by the contract completion date. It did not however address the possible default when final completion is extended beyond 120 days of substantial completion. Subsequent agreements have been amended to include provision for the Owner to assess liquidated damages as a result of the contractor not achieving timely final acceptance.</p>
<p>Turnover of computer equipment at the conclusion of the project.</p>	<p>Facilities Services</p>	<p>OCPS' Program Management Team has taken possession of the following items from the CM:</p> <ol style="list-style-type: none"> 1. 3 IBM thinkpad laptops 2. 2 docking stations 3. 2 carry bags 4. miscellaneous cables <p>The above items are scheduled to be delivered to Aloma ES.</p>