

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

Wheatley Elementary School Comprehensive Needs Project  
April 22, 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 July 1, 2013) to Gilbane Building Company (the "Construction Manager"), based upon the total costs of construction for the Wheatley Elementary School Comprehensive Needs Project (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, insurance, and owner direct purchases.
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 to deductive change orders to the subcontractor to ensure that such subcontracts had been reduced for the purchases.

- there were no reimbursable labor costs on this Project. Therefore, we did not choose a sample from the payroll line items in the Construction Manager's job cost and trace each line item selected to time sheets and pay rate authorizations.
  - 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, and confirmed agreed upon rates with OCPS.
- 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. We did not review OCIP documentation as the Project did not participate in the District's OCIP.
  - 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. Per our inquiry of the Construction Manager there were none.
  - 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. For the sample, we found that the actual compensation was within 1% of the base rates included in the general conditions.
  - 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. We found the following with regards to the contingency log, and its comparison to the *Requests for Use of GMP Contingency* ("contingency form") provided to us by OCPS:
    - the math was not accurate on the contingency log.
    - the final unused balances of contingency per the log did not agree with the amounts returned in the final change order.
    - for Requests #13, #20, and #21, the amounts on the forms did not agree with the amounts on the contingency log.
  - h. recalculated the 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.
  - 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 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, the subcontractor charges did not include any costs for subcontractor bonds, as well as other necessary representations.

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.

Carole Riggs & Insman LLC

Orlando, Florida  
April 22, 2015

**Orange County Public Schools  
Wheatley Elementary School Comprehensive Needs Project**

**Exhibit A - Project Costs**

Calculation of the construction cost plus fee:

Construction Manager job costs	\$ 8,279,042
Costs prior to the Notice to Proceed	(562)
Improper subcontractor markup	(807)
Reimbursement for construction materials testing	(125)
	<u>8,277,548</u>

Calculation of general conditions:

Original lump sum general conditions	488,282
Reduction for labor rate deviation	(4,407)
	<u>483,875</u>

Calculation of construction management fee:

Original construction management fee	524,755
Additional fee through contingency use	2,185
Reduction in fee resulting from deductive change orders	(20,745)
	<u>506,195</u>

Construction cost plus fee \$ 9,267,618

Calculation of adjusted guaranteed maximum price:

Original guaranteed maximum price per Amendment #2	\$ 12,436,428
Adjustments from change orders per the Construction Manager	(3,167,326)

Adjusted guaranteed maximum price \$ 9,269,102

Construction cost, lesser of construction cost plus  
fee and adjusted guaranteed maximum price

\$ 9,267,618  
2,421,642

Owner direct purchases

\$ 11,689,260

May 21, 2015

item No.	issue noted by CRI	area	management response
1	<p>Item 4g: We found the following with regards to the contingency log...</p> <ul style="list-style-type: none"> <li>i. The math was not accurate.</li> <li>ii. The final unused balances of the contingency (per the log) did not agree with amounts returned in the final change order.</li> <li>iii. For Requests #13, #20 and #21, the amounts did not agree with the contingency log.</li> </ul>	Facilities Services.	<p>After review of the contingency log being referenced by CRI, it became evident that this log differed from what was issued with the final GMP reconciliation. A copy of the Contingency Log included with the final GMP reconciliation has now been transmitted to CRI.</p> <p>The PM Team is of the opinion that the CR log (as included with the final GMP reconciliation) addresses the first two bullet points.</p> <p>Regarding the third bullet point, the CR log (as submitted with the final GMP reconciliation) agrees with the values shown on Contingency Request Nos. 20 &amp; 21. The value on the log for CR 13, however does not agree with that of the respective Contingency Request (a difference of \$213.73).</p> <p>The PM Team has supplemented the efforts of the Project Managers by implementing additional oversight so as to avert similar future occurrences. In addition, steps will be taken to require signatures from OCPS and the CM acknowledging conformance of the contingency log and balances vs. the values shown for the individual contingency Items.</p>