REQUEST FOR PROPOSAL
For: Audit Services

The Rhode Island Commerce Corporation ("the Corporation") is soliciting Proposals from a firm or firms qualified to perform audit services for:

- Rhode Island Commerce Corporation (the Corporation) and Component unit, Small Business Loan Fund Corporation (SBLF)
- Rhode Island Industrial Facilities Corporation (RIIFC)
- Rhode Island Industrial-Recreational Building Authority (RIIRBA)
- I-195 Redevelopment District Commission (I-195)
- Rhode Island Commerce Corporation Pension Plan and Trust (the Plan)

Note: Prior year audited financials for all entities can be found at: https://commerceri.com/about-us/open-government-transparency/ The financials include management analysis, descriptions of each entity and the associated method of accounting. All entities are managed by a centralized accounting staff. For more information on these and other programs managed by the Corporation please see http://commerceri.com/services/taxes-incentives/.

Corporation's Intent

Comply with State and Federal regulations with respect to audited financial statements.

Project Overview

The audit shall be completed and final audit reports (inclusive of all audit communications) related to the financial statements shall be delivered to RI Commerce Corporation, the Director of Administration, the State Controller and the Auditor General by September 30th of each year for RI Commerce Corporation, RIIFC, RIIRBA, and I-195 and the Plan (as required by Section 35-6-37 of the General Laws). As noted above, prior year audited financials for all entities can be found at: https://commerceri.com/about-us/open-government-transparency/

Audit Scope

1. Audit the separate financial statements and supplementary schedules of the following entities as of and for the years ended June 30, 2019; 2020 and 2021:
    - Rhode Island Commerce Corporation (the Corporation) and Component Unit, Small Business Loan Fund Corporation (SBLFC)
    - Rhode Island Industrial Facilities Corporation (RIIFC)
    - Rhode Island Industrial –Recreational Building Authority (RIIRBA)
    - I-195 Redevelopment District (I-195)

Basic financial statements to be audited for each entity include:

- Statement of Net Position
- Statement of Changes in Net Position
- Statement of Cash Flows

2. Required supplementary information (RSI):
   - Management's Discussion and Analysis (all entities)
   - RSI Schedules for participation in RI Commerce Corporation Pension Plan and Trust (as applicable - The Corporation)
   - RSI Schedules for participation in State Employees' Retirement System (ERS) Plan (as applicable - The Corporation)
   - RSI Schedules for participation in State Employees' and Electing teachers OPEB System Plan as applicable - The Corporation)
   - Notes to Required Supplementary Information (as applicable - The Corporation)

3. Supplementary information:
   - The Corporation
     - Combining Statement of Net Position
     - Combining Statement of Revenues, Expenses, and Changes in Net Position
     - Schedule of Net Position (Attachment B) State required format schedule
     - Schedule of Activities (Attachment C) State required format schedule
     - Combined Schedule of Long-Term Debt (Attachment D) State required format schedule
     - Combined Schedule of Changes in Long-Term Debt (Attachment E) State required format schedule
   - I-195
     - Schedule of Net Position (Attachment B) State required format schedule
     - Schedule of Activities (Attachment C) State required format schedule
     - Schedule of Long-term Debt (Attachment D) State required format schedule
     - Schedule of Changes in Long-Term Debt (Attachment E) State required format schedule
   - RIIFC
     - Schedule of Net Position (Attachment B) State required format schedule
     - Schedule of Activities (Attachment C) State required format schedule
     - Schedule of Long-term Debt (Attachment D) State required format schedule
     - Schedule of Changes in Long-Term Debt (Attachment E) State required format schedule
   - RIIRBA
     - Schedule of Uncommitted Mortgage Insurance Availability
     - Schedule of Net Position (Attachment B) State required format schedule
     - Schedule of Activities (Attachment C) State required format schedule
     - Schedule of Long-term Debt (Attachment D) State required format schedule
     - Schedule of Changes in Long-Term Debt (Attachment E) State required format schedule

4. Single Audit/Supplementary Schedule of Expenditures of Federal Awards with auditor's opinion thereon (required regardless of whether there are any major programs) – as applicable for each of the entities listed above.

5. A detailed schedule of travel and entertainment expenses shall be included as supplementary information in the financial statements for each entity. All expenditures of $200 or greater shall be itemized and a total shown for all expenditures less than $200. Chapter 35-7-14 of the General Laws of the State of Rhode Island requires the Corporation to prepare and maintain documentation for all travel and entertainment in sufficient detail to allow for post audit (for each of the entities listed above). Guidance on the preparation of the Schedule of travel and entertainment expenses is included as Appendix 3(A) to the *Guidelines for Audit Procurement and Bid Specifications – Quasi-Public Entities – Audit Specifications*

6. Audit the separate financial statements Rhode Island Commerce Corporation Pension Plan and Trust (the Plan) for the years ended June 30, 2019; 2020 and 2021:

   - Statement of Fiduciary Net Position
   - Statement of Changes in Fiduciary Net Position
   - Schedule of Employer Allocation
   - Schedule of Pension Amounts by Employer

   Required Supplementary Information for "the Plan" as follows:
   - Schedule of Changes in Net Pension Liability and Related Ratios
   - Schedule of Net Pension Liability
   - Schedule of Employer Contributions
   - Schedule of Investment Returns

   The Corporation is opting to not complete a Management's Discussion and Analysis for the pension audit.

7. Agreed Upon Procedures Examination:

   Provide Listing of Revenue Bonds and Notes:

   Rhode Island Commerce Corporation and Rhode Island Industrial Facilities Corporation (RIIFC) have the authority to issue bonds and notes. Rhode Island Industrial-Recreational Building Authority (RIIRBA) has the authority to insure bonds issued by RIIFC.

   The auditors shall provide the following listings in both Alphabetical order by Trustee/Purchaser, in Alphabetical order by Obligor, and Chronologically by Series Year
   - Bonds and notes issued by the Corporation (conduit debt obligations unless otherwise noted)
   - Bonds issued by RIIFC and insured by RIIRBA (conduit debt obligations)
   - Bonds issued by RIIFC but not insured by RIIRBA (conduit debt obligations)

8. Major Federal Programs:

   The auditors shall audit major programs as required by OMB Circular-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards-Subpart F-Audit Requirements and express an opinion on compliance for each major program.

Major programs shall be determined in accordance with guidance provided in OMB Circular- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards-Subpart F-Audit Requirements.

If an entity is a component unit for financial reporting purposes, the entity's expenditures of federal awards will be combined with all other expenditures of federal awards for the State reporting entity for the purpose of determining the Type "A" program threshold. The following procedures should be followed when the entity is a component unit of the State reporting entity and will be included in the State's Single Audit Report.

Identify Type "A" Programs

Type "A" programs will be determined using the State reporting entity's total expenditures of federal awards. Accordingly, an estimate of total federal awards expended by the State of Rhode Island for the fiscal year will be provided by the Office of the Auditor General to the agency under audit and its auditors.

Risk Assessment

In accordance with criteria outlined in OMB Circular Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards-Subpart F-Audit Requirements, perform a risk assessment of Type "A" programs identified above to determine if they can be considered low-risk. Consider all Type "A" programs not qualifying for a low-risk assessment to be major programs and perform required audit procedures as outlined in OMB Circular.

The auditor should seek approval from the Auditor General's Office before declaring any Type "A" program to be low risk.

No risk assessment shall be performed for programs which are less than the Type "A" dollar threshold unless specifically requested by the Office of the Auditor General.

Qualifications of Auditor

1. The firm selected for the audit shall be a firm of certified public accountants holding a valid practice permit in the State of Rhode Island (issued by the Rhode Island Board of Accountancy).

2. The senior accountant in charge of the fieldwork shall be a certified public accountant.

3. The audit organization and the individuals responsible for planning, directing, conducting substantial portions of the fieldwork, or reporting on government audits shall meet the continuing educational requirements of *Government Auditing Standards* issued by the Comptroller General of the United States.

4. The audit organization shall have an appropriate internal quality control system in place and participate in an external quality control review program as required by *Government Auditing Standards.*

5. The audit organization shall provide a copy of their most recent external quality control review report and also submit the results of any subsequent review performed during the term of the contract to the RI Commerce Corporation, the Auditor General and the Department of Administration.

6. The audit firm shall have at the time of proposal, and throughout the period of engagement, professional liability insurance coverage of not less than $1 million.

Audit Contract

1. Audit contracts can cover a maximum period of 5 years- a three (3) year initial contract period with two (2) one-year extensions. Before extending the audit contract beyond the initial three (3) contract period the quasi-public entity shall seek approval from the Department of Administration and the Auditor General. When an initial contract period has been for a total of five years and the same firm is engaged through a new procurement, the second contract period shall be for no more than 3 years to limit the total continuous engagement period to no more than eight (8) consecutive years. The engagement of auditors for more than eight consecutive years can be made when deemed necessary and when approved jointly by the Auditor General and Director of Administration.

2. Audit contracts covering more than one year shall specify an audit fee for each year and for each entity. The audit fee for each of the financial statement audits and supplementary schedule of expenditures of federal awards shall be inclusive of all expenses and shall be specified separately.

   The contract shall also specify an hourly rate for all audit work and reporting requirements related to major federal programs due to the variable scope of work in applying the risk-based approach outlined in OMB Circular -Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards-Subpart F-Audit Requirements. Once the scope of testing required for major programs is determined, the auditor and agency will negotiate a not-to-exceed fee for the portion of the audit related to major federal programs.

3. The contract shall distinctly specify the cost of all audit work and reporting requirements related to "the Plan". Audit contracts covering more than one year shall specify an audit fee for each year, and shall be inclusive of all expenses.

Special Services

All requests for special services which are beyond the scope of the audit will be made in writing and will be invoiced at the hourly rates specified in your bid as follows (add additional categories as required):

Partner/Principal	$_____
Senior Manager	$_____
Manager/Supervisor	$_____
Staff Accountant	$_____
Administrative	$_____

Audit Standards

1. The audit must be conducted in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants.

2. The audit must be conducted in accordance with the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

3. For the single audit the standards contained in the amended (July 1996) Single Audit Act of 1984 and the provisions of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards-Subpart F, must also be followed.

Audit Reports

Due Dates for Completion of Audit and Delivery of Reports

1. The audit shall be completed and final audit reports (inclusive of all audit communications) related to the financial statements must be delivered to the agency, Department of Administration – Office of Accounts and Control, and the Office of the Auditor General by **September 30** of each year (as required by Section 35-6-37 of the General Laws).

   Failure to comply with the statutory submission date may result in termination of a firm's audit engagement.

   Compliance with due dates for submission of the final audit report requires anticipation of and allowance for (1) sufficient review time by the Office of Accounts and Control and the Office of the Auditor General of draft audit reports and other audit communications; and (2) sufficient review time and acceptance by the audit committee, board of directors, or individuals constituting those charged with governance for the entity.

   Draft reports shall be provided to the Office of Accounts and Control and the Office of the Auditor General not less than 7 days prior to the required final audit completion and submission date. Draft reports and other communications submitted for review to the Office of Accounts and Control and the Office of the Auditor General shall have undergone review by the firm's internal quality control review process prior to submission.

   Submission of audit reports and communications in electronic form is preferred.

2. The additional audit reports relating to federal awards and required by the federal Single Audit Act and OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements) (if required) shall be submitted no later than **November 30** of each year.

   1. Draft copies (PDF version) of all audit report(s) and other audit communications shall be submitted to:

      a) those charged with governance for the RI Commerce Corporation (President/COO, Chief Financial Officer (CFO), Audit committee), and
      b) Office of the Auditor General and the Department of Administration-Office of Accounts and Control.

2. Final Audit Report(s) (Hard copy and PDF version) (inclusive of all audit communications) related to the financial statements and one unbound copy must be delivered to RI Commerce Corporation. The Corporations shall transmit one copy of each audit report (inclusive of all audit communications) to the State Controller for incorporation in the state's annual financial report, one copy to the Director of Administration and two copies to the Auditor General. Electronic submission of the reports is encouraged.

3. Corporation breakdown as follows:

a) Rhode Island Commerce Corporation Consolidated– 60 copies of the Audit Reports and 20 copies of the Management Letters
b) RI Industrial Facilities Corporation – 50 copies of the Audit Reports and 10 copies of the Management Letters
c) RI Industrial-Recreational Building Authority – 50 copies of the Audit Reports and 10 copies of the Management Letters
d) I-195 Redevelopment District- 50 copies of the Audit Reports and 10 copies of the Management Letters
e) Rhode Island Commerce Corporation Pension Plan and Trust-60 copies of the Audit Reports and 20 copies of the Management Letters

3. Reports to be submitted for each entity include:

1. Reports on:

a) basic financial statements, (as specified in the Audit Scope section) based on an audit performed in accordance with generally accepted auditing standards and *Government Auditing Standards.*
b) supplementary financial statements, schedules and information (including the State required format supplementary schedules to be submitted to the Office of Accounts and Control for component units and the schedule of travel and entertainment expenses).
c) internal control over financial reporting and on compliance based on an audit of financial statements performed in accordance with *Government Auditing Standards.*

2. Reports and summaries related to federal financial assistance (as appropriate in the circumstances) as required by OMB Circular - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements.

3. Other reports requested by the agency and/or the Department of Administration - Office of Accounts and Control and/or the Office of the Auditor General or as required by the applicable section of the General Laws.

Note: Auditors should not prepare the Data Collection Form referenced in OMB "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (2 C.F.R §200). This form will be prepared by the Office of the Auditor General for the State reporting entity.

Other Reports

Listing of Revenue Bonds and Notes based on agreed upon procedures.

Management Letter

1. A management letter shall be submitted upon completion of the audit to the President/COO, Chief Financial Officer, Audit committee, and board of directors, with copies to the Director of Administration-Office of Accounts and Control and the Office of the Auditor General.

2. The management letter should include comments, and/or recommendations beyond those included in the reports described above, on such matters as:

    a. policies, procedures and practices employed by the agency.

    b. immaterial weaknesses in the internal controls that are not "significant deficiencies."

    c. use of resources to provide a governmental service in a reasonable, judicious, economical, and efficient manner.

    d. compliance with state laws pertaining to the agency and with rules and regulations established by the agency.

Coordination between the Auditor of the Agency and the Office of the Auditor General and Department of Administration-Office of Accounts and Control

The private auditor selected for the agency audit shall cooperate with the Auditor General, as Group Auditor, in his coordination of the Single Audit of the State. This will include communications between the Auditor General and the private auditor regarding the determination of major federal financial assistance programs using the risk-based approach prescribed by OMB Circular Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards-Subpart F- Audit Requirements.

Specific inquiries and procedures to assure such coordination include:

a. a written representation that the private auditor of a component unit is aware that the financial statements he is to audit will be incorporated in the financial statements of the state as the reporting entity and that their report thereon will be relied upon and referred to by the Auditor General as well as any other reports required by *Government Auditing Standards* or the Single Audit Act and OMB Circular Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards-Subpart F.

b. prompt notification to the Auditor General and the Director of Administration by the private auditor if he becomes aware of fraud, abuse, or illegal acts or indications of such acts affecting the agency.

c. prompt notification to the Auditor General and the Director of Administration by the private auditor if he encounters any significant accounting and/or auditing problems, or any situations that would delay completion of the audit.

d. audit workpapers of the private auditors shall be made available upon request of the Director of Administration and/or the Auditor General for their review, at the completion of the agency audit.

e. a written representation that the private auditor is independent under the requirements of the American Institute of Certified Public Accountants including those in the AICPA Code of Professional Conduct and *Government Auditing Standards.*

f. a written representation that the private auditor of a component unit meets the continuing educational requirements of G*overnment Auditing Standards.*

g. a written representation that the private auditor has an appropriate internal quality control system in place and has participated in an external quality control review program as required by *Government Auditing Standards.* He will provide the Office of the Auditor General, as the group auditor, with a copy of his most recent external quality control review report.

h. a written representation that the private auditor will perform the audits in accordance with generally accepted accounting standards promulgated by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. In addition, the financial statements must conform to generally accepted accounting principles for state and local government units.

i. attendance of the Auditor General at entrance, exit and other conferences between the private auditor and the agency.

j. submission of ALL "draft" copies of the audit report(s) and management letter before the exit conference but not less than 7 days prior to the required final audit completion and submission date. Draft reports and other communications submitted for review to the Office of Accounts and Control and the Office of the Auditor General shall have undergone review by the firm's internal quality control review process prior to submission.

k. certify that in accordance with Chapter 27 of Title 17 of the Rhode Island General Laws, audit firm has filed, or will file upon execution of this contract if required, an affidavit with the State Board of Elections concerning reportable political contributions.

l. certify that no Rhode Island "Major State decision-maker", or spouse or dependent child of such person as defined in RIGL § 42-6-1 holds either a ten percent or greater equity interest or a five thousand dollar or greater cash interest in the business.

Audit RFP Evaluation Criteria

Summary Point Total	Points Available	Points Awarded
Overall qualifications and experience of the firm and the specific engagement personnel to be assigned focusing on experiences with governmental entities and the specific line of business or services provided by the entity to be audited.	40	
Overall audit approach and audit strategy described/outlined in the proposal and firm capacity to perform the engagement within the specified timeframe (prior experience of the firm in meeting timelines should be factored in here)	30	
Audit fees - See formula for points awarded for audit fees (*)	30	
Total Points	**100**	

Audit RFP Evaluation Criteria (continued)

* Evaluation technique – audit fees
Audit fee score = (lowest bid/bid for firm being evaluated) X 30 points
Example: Assuming 3 bids received were: (firm A) - $40,000, (firm B) - $46,000, (firm C) - $50,000
Firm A (the lowest bidder) awarded 30 points $40,000/$40,000 X 30 points = 30
Firm B awarded 26 points $40,000/$46,000 X 30 points = 26
Firm C awarded 24 points $40,000/$50,000 X 30 points = 24

Proposal Requirements

In order to be considered responsive and responsible, proposals must at a minimum contain the following:

Offeror's technical qualifications:

a. Experience with governmental audit engagements and entities similar to the entity,

b. Firm organization and leadership team and professional staff resources,

c. Engagement staff qualifications and experience,

d. Understanding of work to be performed, including planned audit procedures, process to gain an understanding of internal control sufficient to plan the audit, estimated hours and other pertinent information,

e. Understanding regarding data to be provided and completed by entity that is needed for the audit,

f. Project management approach and procedures the proposing firm will employ to ensure compliance with final audit completion delivery dates,

g. Identification of any sub-contractors, co-proposers, or other entity that will be used to provide the professional services sought by the request for proposal,

h. Audit client references that may be contacted regarding professional services provided previously,

i. Proof of professional liability insurance coverage in effect in an amount not less than $1 million,

j. A listing or description of other professional services provided by the proposer to the State of Rhode Island (primary government) or any other component unit.

Administrative:

The following information shall be provided as part of the proposal**:**

1. Person who will be the primary point of contact with the Corporation
2. Hourly fee expectation by position
3. Fee for audit of each individual entity listed for each year; and the separate agreed upon procedures engagement
4. Rates for additional services offered by the firm
5. Acknowledgement of the Conflict of Interest Affidavit requirements.
6. A disclosure of all outstanding financial obligations with the State of Rhode Island.
7. Submit six (6) printed copies and one (1) electronic copy (thumb drive) of the proposal on or before **2:00 P.M. on Wednesday, May 1, 2019.**

Rhode Island Commerce Corporation
Attention: Audit Services RFP
315 Iron Horse Way, Suite 101
Providence, RI 02908

Questions:
Questions may be emailed to Lisa.Lasky@commerceri.com by 4:30 P.M. on Monday, April 22, 2019. Responses to questions, interpretations or clarifications concerning this RFP will be posted on-line via addendum at www.commerceri.com and www.purchasing.ri.gov by Wednesday, April 24, 2019 to ensure equal awareness of important facts and details.

Rhode Island Commerce Corporation reserves the right to reject any or all bids for not complying with the terms of the request for proposal. Rhode Island Commerce also reserves the right to negotiate with the selected bidder in the event that the lowest responsive and responsible bid price exceeds available funds. Any bid may be withdrawn prior to the above scheduled time for the opening of bids or authorized postponement thereof. Any bid received after the time and date specified shall not be considered. Responses received via electronic submission only will be disqualified.

Notifications:

- Equal Employment Opportunity (RIGL 28-5.1) – 28-5.1-1 Declaration of policy – (a)Equal opportunity and affirmative action toward its achievement is the policy of all units of Rhode Island State government, including all public and quasi-public agencies, commissions, boards and authorities, and in the classified, unclassified, and non-classified services of State employment. This policy applies to all areas where the State dollar is spent, in employment, public services, grants and financial assistance, and in State licensing and regulation. For further information, contact the Rhode Island Equal Opportunity Office at (401) 222-3090.

- In accordance with Title 7, Chapter 1.1 of the General Laws of Rhode Island, no foreign corporation, a corporation without a Rhode Island business address, shall have the right to transact business in the State until it shall have procured a Certificate of Authority to do so from the Rhode Island Secretary of State (401-222-3040). This is a requirement only of the successful contractor.

- Certification that a Certificate of Good Standing from the Rhode Island Division of Taxation will be delivered to the Corporation upon awardee selection

The Corporation reserves the right to terminate this solicitation prior to entering into any agreement with any qualified firm pursuant to this Request for Proposal, and by responding hereto, no firms are vested with any rights in any way whatsoever.