

**RHODE ISLAND CONVENTION CENTER AUTHORITY**  
**CERTIFIED PUBLIC ACCOUNTANT AUDIT SERVICES**

The Rhode Island Convention Center Authority (the “Authority”) requests proposals from firms interested in being appointed as independent certified public accountants to the Authority. The engagement will be for a three years, beginning with the fiscal year ending June 30, 2018.

The Authority was created in 1987 by the Rhode Island Convention Center Authority Act, Chapter 99 of Title 42 of the Rhode Island General Laws, as a public corporation of the State, having a distinct legal existence from the State and not constituting a department of State government. The Authority owns and operates a Convention Center at One Sabin Street, Providence, Rhode Island, parking facilities, and the Dunkin’ Donuts Center-Providence, which are managed for the Authority by SMG of Philadelphia, Pennsylvania.

The Authority also manages the Veterans Memorial Auditorium Arts and Cultural Center, rebranded as The VETS, which the Authority leases from the State of Rhode Island. The VETS is one of the oldest arts venues in Rhode Island and is on the National Register of Historic Places. Operation of the Vets is managed by Professional Facilities Management Inc. of Providence (PFM), with occasional ancillary support provided by SMG. The Department of Administration is responsible for utilities and snow removal and other ancillary operational support of the facility.

The approximately 350,000 square feet Convention Center contains an exhibit hall of approximately 100,000 square feet, a 20,000 square foot ballroom, approximately 20,000 square feet of meeting rooms and over 86,000 square feet of lobby and circulation room areas. The garages, providing approximately 2,400 parking spaces, are below the Convention Center and on land adjacent thereto with access to the Convention Center. The Dunkin’ Donuts Center, which is adjacent to the Convention Center, is a multi-purpose arena of 14,000 seats. The VETS is a performing arts theater.

Additional information on the Authority and its facilities is available on our website at: <http://www.riconvention.com>.

**SCOPE OF SERVICES:**

Services to be performed shall include, but not be limited to the following:

1. Performance of annual audits of the Authority’s books and records and of those related entities under contract to the Authority for management services related to the operation of the Convention Center, Food & Beverage Services, Parking Facilities, the Dunkin’ Donuts Center and the VETS.
2. Performance of ancillary services to support as-needed requests from the Authority for accounting services for the purpose of resolving issues.
3. As a quasi-public agency the Authority’s financial statements are a component unit of the financial statements of the State of Rhode Island. The services performed for the Authority, further detailed in **Appendix 1**, shall be performed in accordance therewith; as such Appendix may be amended from time to time.

**QUALIFICATIONS:**

To be considered the firm must meet the qualifications set forth in Items 1, 2, 3, 4, 5, and 6 of the section of **Appendix I** entitled “Qualifications of Auditor,” and submit the following:

1. **Firm Profile:** Provide a profile of your firm which includes its size and an overview of its total operations. 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.
2. **Summary of Related Experience:** In an overview format summarize your experience during the past five to eight years that uniquely qualifies you to provide the services outlined in this Request.

For each project identified of related experience, provide the name, address and telephone number of the applicable client. Specify inclusive dates for all work on each project and any attributable cost savings.

3. **Personnel:** Identify the lead person and associated personnel, your firm would assign, providing the following information:

- Full name
- Title and areas of responsibility
- Percentage of time devoted to the proposed undertaking**
- Competence to perform the services as reflected by technical training and education.
- Resumes

4. **Fee Schedule:** Based upon an anticipated starting date of June 18, 2018 and duration of representative services for three fiscal years, provide your fee proposal as a proposed fixed fee to be charged and budgeted hours by personnel level. A separate fee for each year shall be provided.

Proposers may be interviewed by the Authority, at its sole discretion, for the purpose of obtaining clarification or additional information.

Any questions or clarifications regarding this RFP must be submitted by e-mail by 4:00 p.m. on March 8, 2018 to the attention of James P. McCarvill, Executive Director at [jim.mccarvill@riccauth.com](mailto:jim.mccarvill@riccauth.com).

Questions and answers will be posted on the State of Rhode Island Division of Purchases Rhode Island Vendor Information Program Website (“RIVIP Website”) accessible at [www.purchasing.ri.gov](http://www.purchasing.ri.gov).

## Evaluation Criteria

The Authority's Finance Committee, comprised of individuals knowledgeable about auditing and financial reporting matters, will evaluate the audit firms submitting proposals using the criteria as set forth in the section of **Appendix I** entitled "Process to Evaluate Audit Proposals."

## PROPOSAL SUBMISSION REQUIREMENTS

Each proposer must submit one copies of its proposal containing: **(i)** the information required in the Qualification section of this RFP, including a copy of their most recent external quality control review report, and **(ii)** its proposed fee, signed by a person legally authorized to bind the proposer to a contract, and **(iii)** a USB Storage Drive with a copy of the completed proposal. **Sealed proposals will be received until 2:00 P.M., local time, on March 15, 2018, at which time all proposals will be opened.** Proposals must be addressed to:

The Rhode Island Convention Center Authority  
DDC – Administrative Offices  
One LaSalle Square  
Providence, RI 02903  
Attention: James P. McCarvill, Executive Director

The outside package in which the proposal is submitted should be marked "Certified Public Accountant Audit Services Proposal."

Submission of a response signifies careful examination of this Request for Proposals ("RFP") and complete understanding of the nature and extent of the work to be performed.

## RIGHTS RESERVED TO THE AUTHORITY

Notwithstanding any other provision of this RFP the Authority reserves to itself the rights listed below.

### *A. Right to Modify RFP Documents*

The Authority reserves the right to modify or amend any provision of the RFP documents. The Authority will mail a copy of any modification or amendment or addendum to those proposers who have requested this RFP.

### *B. Right to Reject Any and All Proposals*

Whenever the Authority deems it to be in the Authority's best interest, the Authority reserves the right, in its sole discretion, to cancel this RFP, to reject any and all proposals, to waive minor irregularities or informalities in a proposal; to re-advertise; and to proceed in a

manner other than awarding a contract under this RFP. **The Authority will not waive, however, the requirement that qualifications and proposals be received by the Authority prior to the deadline for submission.**

*C. Right to Cancel Award*

The Authority reserves the right to cancel negotiations with any proposer prior to a contract being fully executed by the proposer and the Authority, and to award such contract to the Authority's second choice.

*D. Additional Cause for Rejection*

In addition to any other cause for rejection of a submittal stated in this RFP, a proposal may also be rejected if there is evidence of collusion among proposers, if the proposer submitting it is in default or arrears under any prior or existing contract with the Authority or any other State of Rhode Island department or agency, or there is an unresolved claim between the proposer and the Authority or any other State of Rhode Island department or agency.

Any direct contacts made or attempted to be made by any proposer with any Authority Board member prior to the selection of qualified proposers will automatically disqualify a proposer from any further consideration.

Proposals are considered to be irrevocable for a period of not less than sixty (60) days following the opening date, and may not be withdrawn except with the express written approval of the Authority's Executive Director.

Proposers are advised that the all materials submitted to the Authority for consideration in response to this RFP may be considered public records as defined in Chapter 2 of Title 38 of the Rhode Island General Laws, and may be released for inspection upon request once an award has been made. Any submitted information that a proposer believes is trade secrets or commercial or financial information of a privileged or confidential nature should be marked by the proposer as such. Proposers should provide a brief explanation as why each portion of the marked information should be withheld from public disclosure. The Authority may release records marked confidential by a proposer in response to a public records request if the Authority determines that the marked information does not fall with the category of trade secrets or commercial or financial information of a privileged or confidential nature.

**THE RHODE ISLAND CONVENTION CENTER AUTHORITY IS AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER.**

## APPENDIX 1

### Audit Specifications

#### **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, Director 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.

#### **Qualifications of Auditor**

1. The firm selected for the audit shall be a firm of certified public accountants holding a valid license in the State of Rhode Island or from another state having equal professional standards.
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 quasi-public entity, the Auditor General and the Director 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.

**Process to Evaluate Audit Proposals**

The Authority’s Finance Committee, comprised of individuals knowledgeable about auditing and financial reporting matters, will evaluate the audit firms submitting proposals. Proposals will be evaluated using the following scoring weights resulting in a maximum score of 100 points:

	Maximum points
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
Maximum evaluation points	100

\* 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	$\$40,000/\$40,000 \times 30 \text{ points} = 30$
Firm B	awarded 26 points	$\$40,000/\$46,000 \times 30 \text{ points} = 26$
Firm C	awarded 24 points	$\$40,000/\$50,000 \times 30 \text{ points} = 24$

An evaluation grid will be prepared summarizing the scoring by each member of the evaluation committee and the composite ranking which supports the agency’s request for

approval of the selected audit firm. If any firm is disqualified and therefore not evaluated, the reason for such action shall be documented.

### **Audit Contract**

1. The audit contract covers the period July 1, 2017 – June 30, 2020. Each year must be treated as a separate audit.
2. It is recommended that audit firms not be engaged for a period of more than six consecutive years, however, audit firms can submit proposals and will be considered beyond this period provided those firms specifically include within their proposal, the specific safeguards to ensure auditor independence on the engagement due to the length of auditor involvement (i.e. rotation of audit management or other quality control measures). The engagement of auditors for more than six consecutive years can also be made when deemed appropriate and/or 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. The audit fee for the financial statement audit shall be inclusive of all expenses.

### **Audit Standards**

1. The audit shall be conducted in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants.
2. The audit shall also be conducted in accordance with the standards for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

### **Audit Scope**

1. The audit shall include the financial statements of the Authority for the fiscal years ending June 30, 2018, 2019, and 2020.
2. The basic comparative financial statements to be presented, audited, and reported upon by the private auditor are as follows:  
  
Statements of Net Position  
Statements of Revenues, Expenses and Changes in Net Position  
Statements of Cash Flows  
Notes to the Financial Statements
3. Required Supplementary Information to accompany the basic comparative financial statements is Management's Discussion and Analysis.

4. Supplementary financial statements, schedules and information to be presented and reported on by the private auditor are as follows:

Detailed Schedule of Travel and Entertainment Expenses  
Statements and Schedules in The State of Rhode Island's Required Format

### **Audit Reports**

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

- (1) those charged with governance for the entity (executive director, audit committee, board of directors or equivalent, members of the audit committee of the agency, and

- (2) Office of the Auditor General and the Department of Administration - Office of Accounts and Control prior to completion and issuance and in advance of the required due date (September 30) to allow sufficient time for review and comment. **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.

**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).

**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 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.**

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

2. Reports to be submitted will include:

- a. Reports on:

- (1) basic comparative 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*.
  - (2) 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).
  - (3) internal control over financial reporting and on compliance based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. A detailed schedule of travel and entertainment expenses shall be included as supplementary information in the financial statements. 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 agency to prepare and maintain documentation for all travel and entertainment in sufficient detail to allow for post audit.

### **Management Letter**

1. A management letter shall be submitted upon completion of the audit to the Executive Director and the Board of Commissioners, with copies to the Director of Administration and 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 internal control 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.

### **SPECIFIC INFORMATION TO BE REQUIRED OF THE PROPOSER**

**Offeror's technical qualifications and other information** - the proposer shall, at a minimum, describe, and/or provide the following:

- 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, and
- 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.

**Representations** – the following representations shall be provided as part of the proposal:

- k. written representation that the auditor is independent under the requirements of the American Institute of Certified Public Accountants and *Government Auditing Standards*.
- l. a written representation that the auditor of a quasi-public entity meets the continuing educational requirements of *Government Auditing Standards*.
- m. a written representation that the 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*. The firm will provide the entity requesting auditing services and the Auditor General with a copy of the firm's most recent external quality control review report and any subsequent reports received during the term of the contract, if awarded.
- n. a written representation that the auditor is familiar with generally accepted accounting principles for state and local government units as prescribed by the Governmental Accounting Standards Board and with the generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants; *Government Auditing Standards* issued by the Comptroller General of the United States; the Single Audit Act of 1984 as amended in July 1996 and the provisions of OMB Circular Uniform

Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements and will conduct the audit and will report in accordance with those standards.

- o. A written representation that any sub-contractors, co-proposers, or any other entity providing professional services under the engagement will be subject to, and will have met, all the same applicable requirements as the proposer.
- p. In accordance with Chapter 27 of Title 17 of the Rhode Island General Laws, the auditor has filed, or will file upon execution of this contract if required, an affidavit with the State Board of Elections concerning reportable political contributions.
- q. A certification 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.

**Coordination Between the Auditor of the Agency and the Office of the Auditor General and Department of Administration – Office of Accounts and Control**

- The auditor shall invite the attendance of the Auditor General at entrance, exit and other conferences between the private auditor and the agency.
- The auditor shall submit ALL "draft" copies of the audit report(s) and other audit communications not less than 7 days prior to the scheduled delivery date for the final audit report. 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.
- The auditor shall promptly notify the Auditor General and the Director of Administration if the auditor becomes aware of fraud, abuse, or illegal acts or indications of such acts affecting the agency.
- The auditor shall promptly notify the Auditor General and the Director of Administration if the auditor encounters any significant accounting and/or auditing problems, or any situations that would delay completion of the audit.
- Audit workpapers of the 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.

**For audits of quasi-public entities which are also considered component units of the State of Rhode Island:**

The Office of Rhode Island Auditor General, in serving as the Group Auditor for the audit of the State of Rhode Island’s (State’s) financial statements will provide a communication

to each component auditor annually in conjunction with their component audit. This communication will include certain required representations that each component auditor must provide to the Auditor General as their documented understanding of their requirements as component auditors within the group audit of the State's financial statements. This communication also provides certain information regarding the State's financial reporting entity and established planning materiality levels for the various opinion units represented within the audit of the State's financial statements. Component auditors will also be required to submit letters of understanding (engagement letters), materiality levels, management representation letters (with corresponding schedules of unbooked adjustments), and communications with those charged with governance as required by generally accepted auditing standards in accordance with their component audits.

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.

**Review of Authority's Prior Year Audited Financial Statements:**

Qualified firms interested in submitting a proposal may review the Authority's prior year audited financial statements via the Authority's website at <http://www.riconvention.com>.