AUDIT SPECIFICATIONS

FY 2013 – 2015

Rhode Island Economic Development Corporation (EDC)
and its Component Unit
the Small Business Loan Fund Corporation (SBLFC),
Rhode Island Industrial Facilities Corporation (RIIFC)
Rhode Island Industrial-Recreational Building Authority (RIIRBA) and
the I-195 Redevelopment District (I-195 RD)

Due Dates for Completion of Audit and Delivery of Reports for Inclusion in State's Comprehensive Annual Financial Report (CAFR) and Statewide Single Audit Report

1. The audit shall be completed and final audit reports (inclusive of all audit communications) related to the financial statements shall be delivered to the agency, Director of Administration and State Controller by **September 20 for RIIFC and RIIRBA and September 30 of each year for EDC and I-195 RD** (as required by Section 35-6-37 of the General Laws). These financial statements will be incorporated into the State's Annual Comprehensive Financial Report. Two copies of all audit reports and communications shall be provided to the State Auditor General.

2. The additional audit reports relating to federal awards and required by OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations" shall be submitted no later than **November 30** of each year.

Qualifications of Auditor

1. The firm selected for the audit shall be a firm of certified public accountants holding a valid certification 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 to the agency engaging the auditor.

Audit Contract

1. The audit contract covers the period July 1, 2012 – June 30, 2013, and continuing thereafter for two (2) additional fiscal years. Each year must be treated as a separate audit. The contract period shall not exceed three years.

2. No firm shall hold the contract for more than two consecutive 3 year terms.

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

   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 A-133. 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.

Special Services

1. 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	$_____
Manager	$_____
Staff Accountant	$_____

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. If a single audit is required then the standards contained in the amended (July 1996) Single Audit Act of 1984 and the provisions of revised OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, must also be followed.

Audit Scope

1. Audit the separate financial statements of the following entities as of and for the years ended June 30, 2013; 2014 and 2015:

- Rhode Island Economic Development Corporation and Component Units (EDC) including the Small Business Loan Fund Corporation (SBLFC)
- I-195 Redevelopment District (I-195 RD)
- Rhode Island Industrial Facilities Corporation (RIIFC)
- Rhode Island Industrial – Recreational Building Authority (RIIRBA)

2. The audit of Quonset Development Corporation (a component unit of EDC) is performed outside of this engagement.

3. The audit of the Rhode Island Airport Corporation (a component unit of EDC) is performed outside of this engagement.

4. Single Audit/Supplementary Schedule of Expenditures of Federal Awards with auditor's opinion thereon (required regardless of whether there are any major programs).

5. 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 Corporation to prepare and maintain documentation for all travel and entertainment in sufficient detail to allow for post audit.

Major Federal Programs:

Identify Type "A" Programs

Type "A" programs (as defined in OMB Circular A-133) will be determined using the State reporting entity's total expenditure 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 A-133, 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 A-133.

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.

Audit Reports

1. Draft copies (PDF version) of all audit report(s) and the management letter(s) shall be submitted to the executive director and the Auditor General so that there will be adequate time for review prior to the respective September governing board meetings. The breakdown is as follows:

   a) RI Economic Development Corporation Consolidated
   b) I-195 Redevelopment District
   c) RI Industrial Facilities Corporation
   d) RI Industrial-Recreational Building Authority

2. Final copies (Hard copy and PDF version) of the Audit Report(s) and Management Letter(s) along with one unbound copy of the Audit Report shall be submitted to each entity by September 5th for RIIFC, RIIRBA and September 15th for EDC and I-195 RD for review and appropriate action by the applicable governing boards at their September meetings. The breakdown is as follows:

   a) RI Economic Development Corporation Consolidated– 60 copies of the Audit Reports and 20 copies of the Management Letters
   b) I-195 Redevelopment District– 50 copies of the Audit Reports and 10 copies of the Management Letter
   c) RI Industrial Facilities Corporation – 50 copies of the Audit Reports and 10 copies of the Management Letter
   d) RI Industrial-Recreational Building Authority – 50 copies of the Audit Reports and 10 copies of the Management Letter

The Corporations and District shall transmit one copy of the 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.

Note: Auditors should not prepare the Data Collection Form referenced in Circular A-133. This form will be prepared by the Office of the Auditor General for the State reporting entity.

Other Reports

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

Management Letter

1. Submission of a management letter, if deemed necessary upon completion of the audit to the executive director, and the board of directors, 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 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 Auditor General

The private auditor selected for the agency audit shall cooperate with the Auditor General, as principal 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 A-133**.

1. 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 A-133.

b. a written representation that the private auditor is independent under the requirements of the American Institute of Certified Public Accountants including those in Interpretation 10 of Rule 101 of the AICPA Code of Professional Ethics and *Government Auditing Standards.*

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

d. 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 Auditor General with a copy of his most recent external quality control review report.

e. a written representation that the private auditor is familiar with generally accepted accounting principles for state and local government units 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 A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and will conduct the audit and will report in accordance with those standards.

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

g. submission of ALL "draft" copies of the audit report(s) and management letter before the exit conference.

h. 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.

i. 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

j. In accordance with Chapter 27 of Title 17 of the Rhode Island General Laws, we have filed, or will file upon execution of this contract if required, an affidavit with the State Board of Elections concerning reportable political contributions.

k. We 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 Workpapers

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.

Audit RFP Evaluation Criteria:

Summary Point Total	Points Available	Points Awarded
Location*	10	
Organizational Capacity	20	
Experience & Qualifications	30	
Pricing	40	
Total Points	**100**	

* Preference will be given to Rhode Island based firms.

Request for Proposals Requirements

Proposing firms must submit six printed copies of the proposal to:

Adam Quinlan, CFO
Rhode Island Economic Development Corporation
315 Iron Horse Way, Suite 101
Providence, RI 02908
Telephone: 401-278-9100 ext. 160

Proposals must be submitted no later than **4:00 p.m. on Wednesday, June 5, 2013**.
Electronic and late submissions will not be accepted.