



RISLA

**RHODE ISLAND STUDENT
LOAN AUTHORITY**

Rhode Island Student Loan Authority
560 Jefferson Blvd., Suite 200
Warwick, RI 02886

Request for Proposal (RFP)
Audit Services
April 19, 2012

A) INTRODUCTION

The Rhode Island Student Loan Authority is inviting proposals from qualified professional auditing firms for various annual financial audits for a three-year period beginning with the Authority's fiscal year ending June 30, 2012.

B) AUDIT SPECIFICATIONS

1. September 30 Deadline for Completions of Audit and Delivery Reports for inclusion in the state's Annual Financial Report.
 - a. The financial audit shall be completed and audit reports shall be delivered to the agency by September 30th each year. Draft copies of the financial audit shall be delivered by September 15th in order to allow sufficient review and revision time.
 - b. The additional audit reports relating to federal awards required by OMB circular A-133 shall be submitted no later than November 30th of each year.
 - c. The Authority shall transmit one copy of the audit report 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.
 - d. The Authority will require additional financial and compliance reports as specified in this RFP.

C) QUALIFICATIONS OF AUDITOR

1. The Auditing firm must be a firm of certified public accountants holding a valid certification in the State of Rhode Island or another state having equal professional standards.
2. The Senior accountant in charge of the fieldwork must 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 continuing educational requirements of the "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 as part of their response to this RFP.

D) AUDIT CONTRACT

1. The Audit contract will cover three fiscal years. Each year will be treated as a separate audit. Your response to this RFP shall specify an annual audit fee for each year. The Financial Statement audit and OMB Circular A-133 audit shall be inclusive of all expenses (see page 8).
2. The United States Department of Education (USDOE) requires Federal Title IV program participants to be audited annually for compliance with Family Federal Education Loan Program (FFELP) requirements. The current USDOE Lender Compliance Attestation Engagement Guide (Guide) states that FFELP lenders are exempt from using the Guide if a lender is subject to the requirements of the Single Audit Act and OMB Circular A-133. For the fiscal year ended June 30, 2011, RISLA was subject to OMB Circular A-133. Please see attached copy of RISLA's June 30, 2011 OMB Circular A-133 Auditor's Report.
3. The Authority periodically issues bonds in order to meet its statutory purpose. Bond underwriters, rating agencies, and credit providers require the inclusion of the Authority's financial statements in the bid offering statement. A separate bid amount should be listed for the cost of providing a consent letter with each offering statement.
4. The Auditing firm must provide the Authority with paper copies of all reports, as well as an electronic copy of each report.

E) BACKGROUND INFORMATION

The Authority is a public corporation of the State of Rhode Island and Providence Plantations (the "State") created by the Rhode Island Student Loan Authority Act, constituting Chapter 62 of Title 16 of the Rhode Island General Laws, as amended (the "Act"). The Authority was created for the purpose of providing a system of financial assistance for qualified students to enable them to obtain a post-secondary education by attending public or private educational institutions both within and without the State.

As of the date of the issuance of the RFP, RISLA holds approximately \$575,000,000 in FFELP loans. Over 99% of the portfolio is serviced by Nelnet, Inc. and the remaining balance is serviced by Great Lakes Educational Loan Services, Inc. Both of the third party servicers are subject to and file a Compliance Audit (Attestation Engagement) for Lenders and Lender Servicers Participating in Federal Family Education Loan Programs as well as SAS 70 (now SOC 1 reports under SSAE No. 16). In addition to the FFELP portfolio, RISLA holds approximately \$412,000,000 in Private Loans. These non federal loans are serviced by RISLA using a servicing software platform that is leased from University Accounting Services (UAS). All customer phone support, record updates, forbearance processing, and less than 5% of the payment processing is performed by RISLA while 80% of the payment processing is contracted to UAS.

For the purpose of preparing the Auditor's Report as Required by OMB Circular A-133, RISLA is considered part of the State of Rhode Island's Student Financial Assistance

Cluster. RISLA has not originated FFELP loans since the program was discontinued by the Federal Government in June 2010, but the Authority still receives Interest Benefits from the United State Department of Education (DOE) which is classified as CFDA #84.032.

F) AUDIT SCOPE

1. The Audit shall be conducted in accordance with generally accepted auditing Standards, Government Auditing Standards, and provisions of OMB Circular A-133.
2. The financial statements to be audited and issued an opinion on by the firm include, the Management Discussion and Analysis (GASB 34), Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets and the Statement of Cash Flows in comparative statement format.
3. The auditor will perform an audit in compliance with OMB Circular A-133 and the US Department of Education Lender Compliance Attestation Engagement Guide (January 2011) for compliance audits of those participating in the Federal Family Education Loan Program, as applicable.
4. Federal assistance programs include Federal Interest Benefit and Special Allowance received from the Department of Education on eligible loans pursuant to the provisions of Title IV, Part 682, Subpart C. Sections 682.300 and 682.301 of the Federal Family Education Loan Program.
5. Supplementary Schedule of Expenditures of Federal Awards with auditor's opinion thereon (required regardless of whether there are any major programs).
6. Major Federal Programs:

Identify Type "A" Programs

Identify federal programs expected to expend federal awards exceeding the larger of \$3 million or three-tenths of one percent (.003) of total federal awards expended by the State of Rhode Island (reporting entity). As stated in the Background section of the RFP, RISLA's Federal Awards were included in the Student Financial Assistance cluster for the State. 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 Authority 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 could be considered low-risk. Consider all Type "A" programs not qualifying for a low-risk assessment to be major programs and performed 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.

G) AUDIT REPORTS

1. Ten paper copies and a pdf file of the draft audit report and management letter shall be submitted to the Executive Director, the Chairman of the Board of Directors, Members of the Audit Committee of the Authority and the Auditor General prior to the exit conference so that there will be adequate time for review.
2. The audit report(s) to be submitted to the Executive Director, the Members of the Board of Directors, the Director of Administration and the Auditor General upon completion of the audit are identified in the following paragraph.
3. Financial audit reports to be submitted:

A. Basic Financial Reports and Supplements

- a. Report on the Authority's basic financial statements, i.e., Management Discussion and Analysis (GASB 34), Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and the Statement Of Cash Flows based on an audit performed in accordance with generally Accepted auditing standards and "Government Auditing Standards."
- b. A detailed schedule of travel and entertainment expenses shall be included as supplementary information to 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. The data for this schedule is compiled by the Authority.
- c. A schedule listing all vendors and amounts paid to them for the fiscal year shall be included as supplementary information to the financial statements. This information is required by the State of Rhode Island. The data for this schedule is compiled by the Authority.
- d. A report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
- e. The State Controller requires that the Financial Statement submitted to the Controller's office include as supplemental information certain standardized reporting formats. The reporting entity must use certain classifications, report amounts due to/from other state agencies and prepare a Schedule of Debt to Maturity. The prior years' actual memorandum from the Controller's office detailing the actual requirements and formatting is attached to the RFP.

- B. Reports related to federal financial assistance (as appropriate in the Circumstances), as required by the OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

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

- 4. The following additional reports for the Authority's credit providers will be required:
 - A. Supplemental financial reports required under current trust agreements and reimbursement agreements. Currently there are five trust agreements that require separate financial reporting (Statement of Net Assets and Statement of Revenues, Expenses and Changes in Fund Balance only) to credit providers and rating agencies under a supplemental schedule. Additional supplemental financial reports may be required in future Audit periods.
 - B. S.E.C. Continuing Disclosure requires the reporting of certain portfolio and financial information as a supplement to the annual financial report. There are currently five Trust agreements that require the separate reporting listed above. Additional S.E.C. Continuing Disclosure reports may be required in future audit periods.

H) MANAGEMENT LETTER

- 1. A management letter upon completion of the audit is to be submitted to the Executive Director, the Members of 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 Authority.
 - b. Immaterial weaknesses in the internal control structure 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 Authority.

I) COORDINATION REQUIREMENTS

- 1. The auditor selected for the Authority shall cooperate with the Auditor General, as principal Auditor, in his coordination of the audit 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 which under revised Circular A-133 will be determined using a risk-based approach.

2. 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 audited financial statements 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 the 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 the Government 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. The firm will provide the Auditor General with a copy of their most recent 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 auditor and the Authority.
- 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 they become 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 they encounter any significant accounting and/or auditing problems, or any situations that would delay completion of the audit.

J) AUDIT WORKPAPERS

1. 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.

K) AUDIT PROPOSAL - OTHER

1. Audit contracts covering more than one year shall specify an audit fee for each year. The audit fee for financial statement audit and supplementary schedule of expenditures of federal awards shall be inclusive of all expenses. Audit proposals that refer to, list separately, or contingently bid so called "first year start up fees" shall be deemed non-responsive and the Auditor's proposal shall be rejected by the Authority. **Audit proposals must be submitted on the attached "Fee Proposal Form"**.
2. The Audit proposal shall contain a bid on the cost of providing a consent letter required by the Authority's bond underwriters for any bond offering by the Authority. At this time, the consent letter must consist of a written statement by the Auditor to Bond Counsel consenting to the publication of the Basic Financial Report in a specific official statement by the Authority.
3. The Audit proposal must include a brief history of the firm, its experience in preparing governmental financial and A-133 audits and three references.
4. The Audit proposal must include staff hours assigned to the audit.
5. The Audit proposal must include a signed representation that the stated fees and expenses are complete and shall not exceed the amounts stated in the proposal. Any proposals that do not include this statement shall be rejected by the Authority as not responsive to the proposal requirements.
6. The Audit proposal must be complete. The Authority reserves the right to disqualify any or all proposals. The Authority also reserves the right to reject the lowest bidder if the firm does not possess the personnel, experience, and resources, to complete the audit in accordance with the specifications in the RFP.
7. Proposals will be reviewed by the Authority and the Auditor General. Selection of the audit firm will be made by the Board of Directors, subject to final approval by the Auditor General and the Director of Administration for the State of Rhode Island.
8. Proposals will be evaluated based on several criteria including; cost to the Authority, the proposers ability to conduct the audit in an efficient manner, the proposers experience with governmental and student loan audits, and the proposers demonstrated ability to deliver reports in a timely and complete manner.

L) OTHER STATE OF RHODE ISLAND REQUIREMENTS

1. 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.
2. 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.

RFP Process

Eight copies of your proposal should be delivered in a sealed package to RISLA's office by 3:00 PM on Thursday May 24, 2012. The packages will be opened by the Authority at that time. Representatives of the bidders may attend the opening of the proposals. A bidder's conference call will be held at 2:00 PM Monday May 7, 2012. The dial in number for that call is 800-704-9804 participant code 355339#.

The Authority reserves the right withdraw this RFP at any time and to reject any and all proposals.

Fax or oral proposals are not acceptable. A firm's failure to submit its proposal prior to the deadline will cause the proposal to be disqualified. Late proposals or amendments will not be opened or accepted for evaluation.

FEE PROPOSAL FORM

This Fee Proposal Form is submitted as part of the proposal in response to the Request for Proposal (RFP) for RISLA Auditing Services Contract.

The Name of the Offeror firm is: _____

Instructions for Completing Form:

Please respond to all sections on this form. If the form does not provide enough space to adequately respond to any section, enter "see attached explanation" in the space provided and attach the additional pages of information. Identify the portion of the form you are responding to and attach in the proper order.

A. Audit of Financial Statements** Period Ended June 30	Estimated Staff Hours	Firm Fixed Fee
2012		
2013		
2014		

B. A-133 Compliance Audit Period Ended June 30	Estimated Staff Hours	Firm Fixed Fee
2012		
2013		
2014		

C. Bond Related Consent Letter Per Issuance	Firm Fixed Fee
2012	
2013	
2014	

D. Other Services	Hourly Fixed Fee
Partner	
Audit Manager	
Senior	
Staff	

** Audit of Financial Statements includes the basic Financial Report (BFR), the BFR with supplemental schedules required by the Auditor General and or State requirements, the BFR with supplemental schedules required by credit providers (Trust Reporting), and the BFR with supplemental schedules required by Continuing Disclosure Agreements. For a complete listing, please refer to Section G, Audit Reports.

RHODE ISLAND STUDENT LOAN AUTHORITY

***Auditor's Report as Required by OMB Circular A-133
and
Government Auditing Standards***

Year Ended June 30, 2011

RHODE ISLAND STUDENT LOAN AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

<i>Federal Grantor</i> <i>Pass-Through grantor</i> <i>Program Title</i>	<i>Federal</i> <i>CFDA</i> <i>Number</i>	<i>Expenditures</i>
<i>U.S. Department of Education:</i>		
Direct Programs:		
Student Financial Assistance Cluster		
Federal Family Education Loans	84.032	\$4,680,848
Job Retention Program	84.XXX	116,615
<i>Total U.S. Department of Education</i>		<i>4,797,463</i>
<i>U.S. Department of Homeland Security</i>		
Passed through the State of Rhode Island		
Disaster Grant - Public Assistance (FEMA)	97.036	36,645
<i>Total U.S. Department of Homeland Security</i>		<i>36,645</i>
<i>Total Expenditures of Federal Awards</i>		<i>\$ 4,834,108</i>

Interest benefits and special allowance payments are received from the United States Department of Education (DOE) on eligible student loans pursuant to the provisions of Titles IV, Sections 682.300 and 682.301 of the Guaranteed Student Loan Program.

The DOE pays interest on the unpaid principal balance that accrues before the student loan goes into repayment, including any period in which the borrower has an authorized deferment.

Special allowance payments are received on all eligible student loans beginning when the loan is disbursed. The amount of the special allowance is based upon the difference between the interest rate of the student loans and a market interest rate established by the United States Department of Education. In 2011, the Authority paid \$28,536,509 in special allowance payments to the United States Department of Education.

SEE ACCOMPANYING NOTES TO SCHEDULE.

RHODE ISLAND STUDENT LOAN AUTHORITY

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2011**

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Rhode Island Student Loan Authority. All federal awards received from federal agencies are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

3. DETERMINATION OF MAJOR PROGRAMS

The determination of major federal financial assistance programs was based upon the overall level of expenditures for all federal programs for the State of Rhode Island. As such, the threshold for determining Type A and Type B programs is determined at the State level. For the fiscal year ended June 30, 2011 programs with expenditures exceeding \$17,000,000 were considered major programs. The Student Financial Assistance Cluster was a major program for the State of Rhode Island for the fiscal year ended June 30, 2011.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board Members
Rhode Island Student Loan Authority

We have audited the financial statements of the Rhode Island Student Loan Authority (a component unit of the State of Rhode Island and Providence Plantations), as of and for the year ended June 30, 2011, and have issued our report thereon dated September 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Rhode Island Student Loan Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Rhode Island Student Loan Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Rhode Island Student Loan Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Rhode Island Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Rhode Island Student Loan Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The report is intended solely for the information of the Board of Directors and management of the Rhode Island Student Loan Authority, the Rhode Island Department of Administration, the Rhode Island Auditor General, federal awarding agencies, and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Braver PC".

Providence, Rhode Island
September 22, 2011

**REPORT ON COMPLIANCE REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE AND SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board Members
Rhode Island Student Loan Authority

Compliance

We were engaged to audit the compliance of the Rhode Island Student Loan Authority (the Authority), a component unit of the State of Rhode Island and Providence Plantations, with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2011. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management.

We did not audit the Authority's compliance with requirements for the Student Financial Assistance Cluster, Federal Family Education Loans Program (Lenders) (CFDA 84.032). Those requirements govern student loan repayment functions performed by Nelnet, Inc. and Great Lakes Educational Loan Services, Inc. Nelnet, Inc. and Great Lakes Educational Loan Services, Inc.'s compliance with requirements related to functions that it performed for the Authority for the year ended June 30, 2011 was examined by other accountants in accordance with the U.S. Department of Education's December 1996 and January 2011 Audit Guide, *Compliance Audits (Attestation Engagements) for Lenders and Lender Servicers Participating in the Federal Family Education Loan Program (Lender Audit Guide)* for the year ended December 31, 2010 and the period October 1, 2010 through September 30, 2011. Our report does not include the results of the other accountants' examination of Nelnet Inc.'s and Great Lakes Educational Loan Services' compliance with such requirements.

Because of the significance of the matter discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on compliance with the requirements referred to above that are applicable to its major program for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the Rhode Island Student Loan Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs.

Needham

Boston

Concord

Taunton

Providence

Requirements governing loan repayments for the Federal Family Education Loans Program (Lenders) as described in the Compliance Supplement are performed by Nelnet, Inc. and Great Lakes Educational loan Services, Inc. Internal control over compliance related to Federal Family Education Loans Program (Lenders) for the year ended June 30, 2011 was reported by other accountants in accordance with U.S. Department of Education's December 1996 and January 2011 Audit Guide, *Compliance Audits (Attestation Engagements) for Lenders and Lender Servicers Participating in the Federal Family Education Loan Program (Lender Audit Guide)* for the year ended December 31, 2010 and the period October 1, 2010 through September 30, 2011. Our report does not include the results of the other accountants' testing of the Federal Family Education Loan Program's internal control over compliance related to such functions.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Rhode Island Student Loan Authority as of and for the year ended June 30, 2011, and have issued our report thereon dated September 22, 2011, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the Authority's financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other procedures with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The report is intended solely for the information of the Board of Directors and management of the Rhode Island Student Loan Authority, the Rhode Island Department of Administration, the Rhode Island Auditor General, federal awarding agencies, and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Braver PC

Providence, Rhode Island
January 17, 2012, except for the paragraph
Regarding the Schedule of Expenditures of Federal Awards
As to which the date is September 22, 2011

RHODE ISLAND STUDENT LOAN AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expressed an unqualified opinion on the financial statements of the Rhode Island Student Loan Authority
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's report.
3. No instances of noncompliance material to the financial statements of the Rhode Island Student Loan Authority were disclosed during the audit.
4. The auditor's report on compliance and internal control for the major federal award programs for the Rhode Island Student Loan Authority expresses a disclaimer of opinion and therefore significant deficiencies relating to the audit of the major federal award programs could not be reported.
5. The auditor's report on compliance for the major federal award programs for the Rhode Island Student Loan Authority expresses a disclaimer of opinion.
6. Audit findings relative to the major federal award programs for the Rhode Island Student Loan Authority are reported in Part C of this Schedule.
7. The program determined as a major program includes:

The Student Financial Assistance Cluster, Federal Family Education Loans.....#84.032
8. The threshold for distinguishing Type A and B programs is described in Note 3 to the Schedule of Expenditures of Federal Awards.

B. FINDINGS RELATED TO AUDIT OF FINANCIAL STATEMENTS

None.

C. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS

Current year findings: The auditor's report on compliance and internal control for the major federal award programs for the Rhode Island Student Loan Authority expresses a disclaimer of opinion and therefore no findings could be reported.

RHODE ISLAND STUDENT LOAN AUTHORITY

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2011**

Prior year findings: There were no findings reported in the audit of the Rhode Island Student Loan Authority for the year ended June 30, 2010.