

Request for Proposal

Independent Auditor

Proposals Due on March 15, 2024 by 4:00 PM Eastern Time

Rhode Island Infrastructure Bank (the Bank) is soliciting proposals from qualified firms to perform an audit of the Bank's annual financial statements which comprise the statement of net position, the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements. The annual audited Financial Statements for FY2024, 2025, and 2026 must be issued on or before September 30th each year. In addition, the selected firm will also perform a quarterly agreed-upon procedures audit (as requested) solely to assist in evaluating the internal accounting records of the Bank for the quarters ending September 30th, December 31st, and March 31st. Please refer to Exhibit A for an example of agreed-upon procedures audit.

Proposal Submission: Electronic submission is required. Proposals should be submitted in PDF format to:

Joanna L'Heureux
Chief Financial Officer / Chief Operating Officer
Rhode Island Infrastructure Bank
rfp@riib.org

Responses must conform with the Quasi-Public Entity Audit Bid Specifications and Procedures (the Guidelines) as issued by the Department of Administration and Office of the Auditor General (please refer to §35-7-13 of the Rhode Island General Laws). Among other things, the Guidelines outline the bid specifications, our evaluation of proposals, and the approval process. The Guidelines can be found at: <http://www.oag.ri.gov/quasipublic.html> and as **Exhibit D** to this RFP.

Given the forgoing, all aspects of this Request for Proposal (RFP) will similarly conform to the Guidelines noted above and where applicable are incorporated by reference to that section of the Rhode Island General Laws.

Questions regarding this RFP should be emailed to Joanna L'Heureux no later than 4:00 PM Eastern Time on February 27, 2024. All questions and answers will be aggregated and posted publicly on the

“Requests for Proposals” landing page found under the “About” dropdown menu at www.riib.org. The Bank will not answer questions verbally or individually during the RFP process.

I. Introduction and Background

The Bank was established in 1989 as a quasi-public agency and is a component unit of the State of Rhode Island. The Bank is governed by a five-member Board of Directors, four of whom are appointed by the Governor, and the Rhode Island General Treasurer. Over its almost three decades of existence, the Bank’s core mission has evolved and expanded – most recently in 2015. Consistent with the Bank’s mission of serving as Rhode Island’s central hub for financing infrastructure improvements for municipalities, businesses, and homeowners, the Board and management are focused on delivering innovative financing for an array of infrastructure-based projects. Additional information about the Bank is available at www.riib.org.

In addition to the Bank’s legacy clean water (and its companion residential-based lending for the community septic system loan program and the sewer tie-in loan fund) and drinking water, and transportation-based programs, the Bank also supports energy efficiency and renewable energy, brownfield remediation and water quality protection lending (see “Audit Scope” for full listing of the Bank’s programs).

Management affirms that it assumes full responsibility for the preparation and presentation of the Bank’s financial statements – in full compliance with accounting principles accepted in the US. This commitment extends to the robust design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement. The Bank is a component unit of the State of Rhode Island.

II. Audit Scope

The Bank seeks to engage a qualified professional auditing firm for the annual audit of the Bank’s financial statements for the fiscal years ending June 30 2024, 2025 and 2026. The selected auditing firm must be in compliance with Rhode Island General Laws (Section 35-7-3 and 22-13-16) as further regulated by the State of Rhode Island Guidelines For Quasi-Public Entity Audit Procurement and Bid Specifications. The financial statements presented, audited and reported upon (consistent in form and content with the 2023 financial statements – which can found under the “Impact” dropdown menu at www.riib.org by clicking on “Annual Reports & Financials”) shall include the following:

- Statements of Net Position
- Statements of Revenues, Expenses, and Changes in Net Position
- Statements of Cash Flows
- Notes to Financial Statements

Required Supplementary Information

- Management’s Discussion and Analysis

Supplementary Information



- Combining Schedule of Net Position
- Combining Schedules of Revenues, Expenses, and Changes in Net Position
- State required supplemental schedules – as required by the “Standardized Reporting Memorandum” issued by the State Controller
- Detailed schedule of travel and entertainment expenses
- Report on internal control over financial reporting and on compliance and other matters based on an audit for financial statements performed in accordance with Government Auditing Standards
- Schedule of expenditures of federal awards and companion notes to such schedule (see additional disclosure below for this item)
- Schedule of findings and questioned costs
- Schedule of prior year audit findings

The consolidating schedules shall include the following programs

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| <ul style="list-style-type: none"> • Operating entity • Clean Water State Revolving Fund • Drinking Water State Revolving Fund • Brownfield Revolving Loan Fund • Property Assessed Clean Energy (PACE) programs • Efficient Buildings Fund | <ul style="list-style-type: none"> • Municipal Road and Bridge Revolving Loan Fund • Rhode Island Water Pollution Control Revolving Fund • Water Quality Protection Charge Fund • Any newly established funds during term of engagement |
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Schedule of Expenditures of Federal Awards

The following defines federal awards for these purposes – Single Audit Act (July 1996) – Section 7501:

- “Federal Awards” means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities.
- “Federal financial assistance” means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, or other assistance, but does not include amounts received as reimbursement for services rendered to individuals in accordance with guidance issued by the Director (Director of the (federal) Office of Management and Budget).

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.

Since RIIB is a component unit for financial reporting purposes, the 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. When there are no major programs at the Bank, the Schedule of Expenditures of Federal Awards and related notes would still be required.

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 low-risk assessment to be major programs and perform required audit procedures as outlined in the 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.

III. Audit Standards

1. The audit specifications shall require that the audit be conducted in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants.
2. The audit specifications shall also require that the audit 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. If a single audit is required then the standards contained in the amended (July 1996) Single Audit Act of 1984 and the provisions of OMB Circular Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards – Subpart F – Audit Requirements, must also be followed.

IV. Management Letter

Please refer to the Guidelines for specific information about this item.

V. Due Dates for Completion of Audit and Delivery of Reports

Notwithstanding the Guidelines, draft financial statements (comprising of the statements noted above and related notes to such statements), must be completed and submitted to the Bank by August 31st of each year – see item 1 below.

Other key deliverable dates include:

<i>Item</i>	<i>Deliverable</i>	<i>Date</i>
1	Draft financial statements to Bank	August 31 st
2	Draft financial statements to Department of Administration – Controller’s Office and Auditor General	September 9 th
3	Second/final draft financial statements to Bank	September 11 th
4	Independent Auditor’s Report to be presented to Bank Board of Directors – with draft financials	September 23 rd
5	Final financial statements to all	On or before September 30 th
6	Supplemental reports to the Auditor General including the engagement letter, and peer review report and the component auditor letter.	On or before September 30 th
7	If applicable, additional audit reports relating to federal awards and required by Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards – Subpart F – Audit Requirements	November 30 th
8	If requested, Annual Comprehensive Financial Report	November 30 th

The deliverable dates for items 1 – 3 above allow for enough review time by (1) the Office of Accounts and Control and the Office of the Auditor General of draft audit reports and other audit communications; and (2) acceptance by the Banks Board of Directors.

VI. Qualification of Auditor

Please refer to the Guidelines for specific information about this item. In addition to qualifications outlined in the Guidelines, the selected firm must have a valid practice permit as issued by the Rhode Island Board of Accountancy.

VII. Process to Evaluate Audit Proposals

Please refer to the Guidelines for specific information about this item.

VIII. Audit Contract

In addition to considering the following, please refer to the Guidelines for specific information about this item. In addition, please refer the Exhibit B – Contract General Terms (to the extent applicable).

The audit contract shall be for the fiscal years ending June 30, 2024, 2025, and 2026. The audit fee shall be inclusive of all expenses and must be listed separately for each year in accordance with **Exhibit C**.

- Please provide any other fee information applicable to the engagement that has not been previously covered that you wish to bring to the attention of the Bank.
- 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 the Bank will negotiate a not-to-exceed fee for the portion of the audit related to major federal programs.
- The Bank periodically issues bonds in the capital markets. Bond underwriters, rating agencies, and credit providers require the inclusion of the Bank’s financial statements in the official statement. A separate bid amount should be listed for the cost of providing a consent letter with each offering statement.

IX. Specific Information to be Required of the Proposer (including technical qualifications and required representations)

Please refer to the Guidelines for specific information about this item. That noted, while the Guidelines define the minimum “technical qualifications” requirements, we encourage proposers to provide additional information that supports your ability to serve as the Bank’s independent auditor.

X. Coordination between Bank Auditor and the Office of the Auditor General and the Department of Administration – Office of Accounts and Control

Please refer to the Guidelines for specific information about this item.

XI. Miscellaneous

- The cost of services is one of the factors that will be considered in awarding this engagement. At its sole discretion, the Bank may negotiate with one or more firms who have submitted qualifications to submit more detailed proposals on specific projects as they arise.
- The selected firm may be required to make presentations to the Bank’s Board of Directors as requested from time to time.
- The Bank encourages the participation of persons of color, women, persons with disabilities and members of other federally and State-protected classes. Describe your firm’s affirmative action program and activities. Include the number and percentage of members of federally and State-protected classes who are either principals or senior managers in your firm, the number and percentage of members of federally and State-

protected classes in your firm who will work on Bank’s engagement and, if applicable, a copy of your Minority- or Women- Owned Business Enterprise state certification.

- The Bank reserves the right to terminate the contract at its sole discretion if it believes in its judgment that the auditors are not performing the appropriate services or if there is a change in key personnel assigned to the Bank.
- By releasing this RFP, the Bank has not committed itself to undertake the work set forth. The Bank reserves the right to reject all proposals, to rebid the original or amended scope of services and to enter into negotiations with one or more respondents. The Bank reserves the right to make those decisions after receipt of responses. The Bank’s decision on these matters is final.

XII. Selection Process Schedule – 2024

RFP Issued (on or about)	February 14 th
Deadline for questions	February 27 th
Response to questions	March 4 th
Proposal due.....	March 15 th
Initial Selection	April 8 th
Submission to Office of the Auditor General	April 9 th
Final Selection (on or about).....	April 22 nd

The Bank reserves the right, in its sole discretion, to reject all responses, to waive any minor irregularities or informalities in a response, and to enter into any agreement deemed by the Bank to be in its best interest. The Bank will not reimburse any costs associated with this proposal process.

Thank you for your interest in doing business with the Bank.

Exhibit A – Agreed-Upon Procedures

General

1. Obtain the trial balance, for all entities, for the respective Quarter under review. Review for material changes (i.e., change greater than 10%-dollar value of current Quarter under review compared to prior Quarter) not consistent with “normal” business activities and inquire as to what caused the change and document it.

Cash

1. Obtain monthly bank reconciliations (see list at end of AUP) and bank statements for the Bank’s cash accounts for the respective Quarter under review.
 - a. Trace the adjusted carrying balance per each reconciliation to the bank balance per the related monthly bank statement.
 - b. Trace GL balance per each bank reconciliations to the general ledger balance as of each month end for the respective Quarter under review.

Investments

1. Obtain for Quarter 1 and Quarter 3 Drinking Water investment trustees/custodians investment reconciliations and for Quarter 2 Clean Water investment trustees/custodians investment reconciliations.
2. Trace balances per the quarter end investment reconciliations for each of the selected investment accounts to the Bank’s GL balance as of each quarter end for the respective Quarter under review.
3. Trace the accrued interest income balances from the quarter end investment summaries for each of the selected investment accounts to the Bank’s GL as of each quarter end.
4. Trace the premiums, discounts, and realized and unrealized gains and losses to the Bank’s GL for the respective Quarter under review.

Loans Outstanding and Requisitions

1. Trace the detail loan trial balance amount to the general ledger by program for the respective Quarter under review.
2. Trace all finance costs, service charges and outstanding loan balances per the Bank’s loan receivable schedules to the Bank’s GL for the last month of the respective Quarter under review.
3. Agree all accrued interest and fees receivable – by program to the Bank’s GL for the respective Quarter under review.
4. Review the GL detail for the respective Quarter under review and select five (5) loan disbursements greater than or equal to \$250,000.
 - a. Obtain invoice support for all disbursements identified as greater than or equal to \$500,000.
 - b. Note approval for the disbursement.

Bonds Payable/Accrued Interest Payable

1. Obtain the Bank's outstanding bond listing for the respective Quarter under review.
2. Obtain new bond agreement documents for the respective Quarter under review for each of the new outstanding bonds per the Bank's outstanding bond listing.
3. Recalculate the accrued interest payable liability relating to the Bank's outstanding bonds for the respective Quarter under review.
4. Trace the recalculated accrued interest amounts for the respective Quarter under review to the Bank's GL.
5. Trace the carrying value of bond premiums and discounts – including periodic amortization or accretion for the respective Quarter under review (applying straight line method for annual amortization, net) to the Bank's GL.
6. Trace the carrying value of deferred inflows and outflows – including periodic amortization or accretion for the respective Quarter under review (applying straight line method for annual amortization, net) to the Bank's GL.

Exhibit B – Contract Terms

Rhode Island Infrastructure Bank Purchase of Services General Conditions

Rhode Island Infrastructure Bank (“Bank”) may, from time to time, make amendments to these General Conditions when it is determined that such amendments are necessary due to changes in State Law and/or are in the best interests of the Bank. Successful bidders shall be required, as part of a final contract or agreement with the Bank, to acknowledge that these Conditions apply to all purchasing of services by the Bank.

All agreements for professional services shall incorporate and be subject to the provisions of Chapter 46-12.2 and the Bank’s Procurement Regulations, specific requirements described in the Request for Proposals, and the following Purchase of Goods and Services Conditions:

- 1) **ENTIRE AGREEMENT** – The Bank’s Contract, shall constitute the entire and exclusive agreement between the Bank and any contractor receiving an award. In the event any conflict between the bidder’s standard terms of sale, these conditions or more specific provisions contained in the solicitation shall govern. All communication between the Bank and any contractor pertaining to any award or contract shall be accomplished in writing.
- 2) **AUTHORITY; COMPLIANCE WITH LAWS** – Bidder represents, warrants and covenants to the Bank that (i) it has the authority to enter into this Agreement and to perform all of its obligations hereunder; (ii) contractor or bidder and each of the Professional Personnel authorized to perform Services hereunder have not previously entered into any agreement that would restrict any of such persons in the performance of Services; (iii) each of the Professional Personnel are legally present in the United States and have all necessary visas, permits, certifications and like requirements to perform the Services in the United States and the State of Rhode Island and (iv) it shall comply with all applicable foreign and United States federal, state and local laws, rules and regulations in its performance of this Agreement.
- 3) **SUBCONTRACTS** – No subcontracts or collateral agreements shall be permitted, except with the Bank’s express consent. Upon request, contractors must submit to the Bank a list of all subcontractors to be employed in the performance of any Purchase Order or other contract arising from this Request. The contractor or bidder shall require each approved subcontractor to agree in writing to be bound by the terms and conditions of the Agreement. Contractor or bidder shall be responsible for the acts and omissions of its subcontractors as if they were the acts and omissions of its employees.
- 4) **PERSONNEL** – The contractor or bidder, upon request, shall provide the names and resumes of all employees and approved contractors and subcontractors who shall provide the services and/or goods for the Bank’s review and approval. If the Bank objects to any personnel assigned to perform the service and/or provide goods for any lawful reason, then the contractor shall remove such personnel from the performance of the services as directed by the Bank, and upon Bank’s request, provide a replacement to perform such services and/or goods.

- 5) **RELATIONSHIP OF PARTIES** – The contractor or bidder warrants, by submission of an offer or acceptance of a contract, that he is not an employee, agent, or servant of the State, and that he is fully qualified and capable in all material regards to provide the specified goods and services. Nothing herein shall be construed as creating any contractual relationship or obligation between the Bank and any sub-bidder, subcontractor, supplier, or employee of the contractor or offeror.
- 6) **COST OF PREPARATION** – All costs associated with the preparation, development, or submission of bids or other offers will be borne by the offeror. The Bank will not reimburse any offeror for such costs.
- 7) **TERM AND RENEWAL** – Unless otherwise mutually agreed by the parties in writing, it is mutually understood and agreed that the Bank’s commitment is limited to a base term not to exceed twelve (12) months, subject to renewal annually at the Bank’s sole option for successive terms as otherwise described, except where expressly specified to the contrary. Purchase orders appearing to commit to obligations of funding or terms of performance may be executed for administrative convenience, but are otherwise subject to this provision, and in such cases the Bank’s renewal shall be deemed to be automatic, conditional on the continued availability of appropriated funds for the purpose, except as written notice of the Bank’s intent not to renew is served.
- 8) **TERMINATION FOR CONVENIENCE** – The Bank may terminate this Agreement for convenience upon written notice (email is sufficient) to contractor or bidder. Upon such termination, the Bank shall only be obligated to pay the fees and expenses incurred as of the date of termination.
- 9) **TERMINATION FOR CAUSE** – If either party materially breaches this Agreement and fails to cure such breach within thirty (30) days after receiving notice of such breach from the other party, the non-breaching party may terminate this Agreement by providing written notice thereof.
- 10) **RETURN OF PROPERTY** – Upon the termination or expiration of this Agreement or upon the request of the Bank, contractor or bidder agrees to end all further use of, to immediately return to the Bank the original version of, and to delete or destroy all copies of (and upon request from the Bank, provide a written certification to the Bank of such deletion or destruction), any and all Confidential Information, Deliverables (whether completed or work-in progress), documents, data, tools, computer programs, equipment, identification badges and facilities furnished by the Bank or created or prepared by contractor or bidder pursuant hereto.
- 11) **FOREIGN CORPORATIONS** – In accordance with Title 7 Chapter 1.1 of the General Laws of Rhode Island, no foreign corporation shall have the right to transact business in the state until it shall have procured a certificate of authority to do so from the Secretary of State.
- 12) **COLLUSION** – Bidder or contractor warrants that he has not, directly or indirectly, entered into any agreement or participated in any collusion or otherwise taken any action in restraint of full competitive bidding. In special circumstances, an executed affidavit will be required as a part of the bid.

- 13) **PROHIBITION AGAINST CONTINGENT FEES AND GRATUITIES** – Bidder or contractor warrants that he has not paid, and agrees not to pay, a bonus, commission, fee, or other gratuity to any employee or official of the State for the purpose of obtaining any contract or award issued by the Bank. Bidder or contractor further warrants that no commission or other payment has been or will be received from or paid to any third-party contingent on the award of any contract by the Bank, except as shall have been expressly communicated to the Bank in writing prior to acceptance of the contract or award in question. Subsequent discovery by the State of non-compliance with these provisions shall constitute sufficient cause for immediate termination of all outstanding contracts and suspension or debarment of the bidder(s) or contractor(s) involved.
- 14) **FEES** – The contractor or bidder agrees to provide the Services for the fees specified in the Agreement.
- 15) **INVOICES** – To be paid as specified in the Agreement. The Bank may withhold payment of any amounts it disputes in good faith. Contractor or bidder understands and agrees that the fees and expenses associated with any invoice submitted to the Bank more than ninety (90) days after the date such fees or expenses were incurred (the “Invoice Deadline”) shall be forfeited by the contractor or bidder and shall not be subject to payment by the Bank. Furthermore, contractor or bidder shall not be permitted to make any adjustments or corrections that result in an increase in fees or expenses owed with respect to any invoices after the applicable Invoice Deadline.
- 16) **SUSPENSION AND DEBARMENT** – The Bank may suspend or debar any vendor or potential bidder, for good cause shown:
- a. A debarment or suspension against a part of a corporate entity constitutes debarment or suspension of all of its divisions and all other organizational elements, except where the action has been specifically limited in scope and application, and may include all known corporate affiliates of a contractor, when such offense or act occurred in connection with the affiliate’s performance of duties for or on behalf of the contractor, or with the knowledge, approval, or acquiescence of the contractor or one or more of its principals or directors (or where the contractor otherwise participated in, knew of, or had reason to know of the acts).
 - b. The fraudulent, criminal or other serious improper conduct of any officer, director, shareholder, partner, employee, or any other individual associated with a contractor may be imputed to the contractor when the conduct occurred in connection with the individual’s performance of duties for or on behalf of the contractor, or with the contractor’s knowledge, approval or acquiescence. The contractor’s acceptance of benefits derived from the conduct be evidence of such knowledge, approval, or acquiescence.
 - c. A vendor or contractor who knowingly engages as a subcontractor for a contract award by the Bank to a vendor or contractor then under a ruling of suspension or debarment by the Bank shall be subject to disallowance of cost, annulment or termination of award, issuance of a stop work order, or debarment or suspension, as may be judged to be appropriate by the Bank.

- 17) **PUBLIC RECORDS** – Contractors and bidders are advised that all documents, correspondence, and other submissions to the Bank may be accessible as public records, pursuant to Title 38, Chapter 2 of the General Laws, absent specific notice that portions of such submittals may contain confidential or proprietary information, such that public access to those items should be withheld.
- 18) **INTELLECTUAL PROPERTY** – The Bank shall own all right, title and interest in and to all deliverables listed in the Agreement. Contractor or bidder shall promptly notify the Bank in writing of all such Deliverables. Contractor or bidder further agrees to assign (or cause to be assigned) and does hereby assign fully to the Bank all right, title and interest in and to any and all Deliverables and all other intellectual property rights relating thereto (collectively, “Intellectual Property Rights”). During and after the Term of this Agreement, at the Bank’s request and expense, contractor or bidder shall, and shall cause Professional Personnel to, execute such instruments and take such other actions as may be necessary or appropriate, in the Bank’s discretion, to evidence or further document the Bank’s ownership of the Deliverables and/or to register, file, prosecute, maintain and/or defend any applicable Intellectual Property Rights in such Deliverables in the name of the Bank.
- 19) **MINORITY BUSINESS ENTERPRISES** – Pursuant to the provisions of Title 37 Chapter 14.1 of the General Laws, the Bank reserves the right to apply additional consideration to offers, and to direct awards to bidders other than the responsive bid representing the lowest price where:
- a. The offer is fully responsive to the terms and conditions of the Request, and
 - b. The price offer is determined to be within a competitive range (not to exceed 5% higher than the lowest responsive price offer) for the product or service, and
 - c. The firm making the offer has been certified by the R.I. Department of Administration to be a small business meeting the criteria established to be considered a Minority Business Enterprise.
- 20) **PREVAILING WAGE REQUIREMENT** – In accordance with Title 37 Chapter 13 of the General Laws of Rhode Island, payment of the general prevailing rate of per diem wages and the general prevailing rate for regular overtime and other working conditions existing in the locality for each craft, mechanic, teamster, or type of workman needed to execute this work is a requirement for both contractors and subcontractors for all public works.
- 21) **EQUAL OPPORTUNITY COMPLIANCE, HANDICAPPED ACCESS AND AFFIRMATIVE ACTION** – Contractors of the Bank are required to demonstrate the same commitment to equal opportunity as prevails under federal contracts controlled by Federal Executive Orders 11246, 11625, 11375 and 11830, and Title 28 Chapter 5.1 of the General Laws of Rhode Island. Affirmative action plans shall be submitted by the contractor for review by the State Equal Opportunity Office. A contractor’s failure to abide by the rules, regulations, contract terms and compliance reporting provisions as established shall be grounds for forfeiture and penalties as shall be established, including but not limited to suspension.
- 22) **POLITICAL CONTRIBUTIONS** – The Bank insists upon full compliance with Chapter 27 of Title 17 of the Rhode Island General Laws, Reporting of Political Contributions by State Vendors. This law requires State Vendors entering into contracts to provide services to an agency such as the

Bank, for the aggregate sum of \$5,000 or more, to file an affidavit with the State Board of Elections concerning reportable political contributions. The affidavit must state whether the State Vendor (and any related parties as defined in the law) has, within 24 months preceding the date of the contract, contributed an aggregate amount in excess of \$250 within a calendar year to any general officer, any candidate for general office, or any political party.

- 23) **MAJOR STATE DECISION MAKER** - Does any Rhode Island “Major State Decision-maker,” as defined below, or the spouse or dependent child of such person, hold (i) a ten percent or greater equity interest, or (ii) a Five Thousand Dollar or greater cash interest in the Vendor/Contractor’s business?

For purposes of this question, “Major State Decision-maker” means:

- a. All general officers; and all executive or administrative head or heads of any state executive agency enumerated in § 42-6-1 as well as the executive or administrative head or heads of state quasi-public corporations, whether appointed or serving as an employee. The phrase “executive or administrative head or heads” shall include anyone serving in the positions of director, executive director, deputy director, assistant director, executive counsel or chief of staff;
- b. All members of the general assembly and the executive or administrative head or heads of a state legislative agency, whether appointed or serving as an employee. The phrase “executive or administrative head or heads” shall include anyone serving in the positions of director, executive director, deputy director, assistant director, executive counsel or chief of staff;
- c. All members of the state judiciary and all state magistrates and the executive or administrative head or heads of a state judicial agency, whether appointed or serving as an employee. The phrase “executive or administrative head or heads” shall include anyone serving in the positions of director, executive director, deputy director, assistant director, executive counsel, chief of staff or state court administrator.

If your answer is “Yes,” please identify the Major State Decision-maker, specify the nature of their ownership interest to the Bank, and provide a copy of the annual financial disclosure required to be filed with the Rhode Island Ethics Commission pursuant to R.I.G.L. §§36-14-16, 17 and 18.

- 24) **DRUG-FREE WORKPLACE REQUIREMENT** – In accordance with Executive Order No. 91-14, Contractors who do business with the Bank and their employees shall abide by the State’s drug-free workplace policy and the contractor shall so attest by signing a certificate of compliance.
- 25) **GOODS PRODUCED IN THE REPUBLIC OF SOUTH AFRICA** – In accordance with Chapters 35-10-12 and 37-2-57 of the General Laws, goods which are known to be wholly produced in the Republic of South Africa may not be accepted for any procurement for the State of Rhode Island; the offeror attests by his submission of a bid or offer, or acceptance of a purchase order or other contract, that these prohibitions do not apply to material or goods which form the basis for his offer or contract.

- 26) **TAXES** – The Bank is exempt from payment of excise, transportation and sales tax imposed by the Federal or State Government. These taxes should not be included in the proposal price. Exemption Certificates will be furnished upon request.
- 27) **INSURANCE** – All firms providing any type of service to the Bank are required to purchase and maintain coverage with a company or companies licensed to do business in the state as follows:
- a. Professional liability insurance for malpractice of \$1,000,000
 - b. Comprehensive General Liability Insurance
 - i. Bodily Injury: \$1,000,000 each occurrence (\$1,000,000 annual aggregate)
 - ii. Property Damage: \$500,000 each occurrence
 - c. \$500,000 annual aggregate
 - i. Independent Contractors
 - ii. Contractual - including construction hold harmless and other types of contracts or agreements in effect for insured operations
 - iii. Completed Operations
 - iv. Personal Injury (with employee exclusion deleted)
 - d. Automobile Liability Insurance –
 - i. Combined Single Limit \$1,000,000 each occurrence; Bodily Injury and Property Damage, and in addition non-owned and/or hired vehicles and equipment
 - e. Workers' Compensation Insurance – in compliance with State law

The Bank reserves the right to consider and accept alternate forms and plans of insurance or to require additional or more extensive coverage for any individual requirement. Successful bidders shall provide certificates of coverage, reflecting the Bank as an additional insured, to the Bank, forty-eight (48) hours prior to the commencement of work, as a condition of award. Failure to comply with this provision shall result in rejection of the offeror's bid.

- 28) **INDEMNITY**: The contractor guarantees:
- a. To hold the Bank, its agents and employees, harmless from any liability imposed upon the Bank arising from the negligence, either active or passive, of the contractor, as well as for the use of any copyrighted or uncopyrighted composition, secret process, patented or unpatented invention, article or appliance furnished or used in the performance of the contract of which the contractor is not the patentee, assignee or licensee.
 - b. To pay for all permits, licenses and fees and give all notices and comply with all laws, ordinances, rules and regulations of the municipality, State of Rhode Island and/or federal government.
 - c. That the equipment offered is standard new equipment, latest model of regular stock product with all parts regularly used with the type of equipment offered; also, that no attachment or part has been substituted or applied contrary to manufacture's recommendations and standard practice.
- 29) **FORCE MAJEURE** – All services shall be provided with reasonable promptness, but the contractor shall not be held responsible for any losses resulting if the fulfillment of the terms of the contract shall be delayed or prevented by wars, acts of public enemies, strikes, fires, floods,

acts of God, or for any other acts not within the control of the contractor and which by the exercise of reasonable diligence, the contractor is unable to prevent.

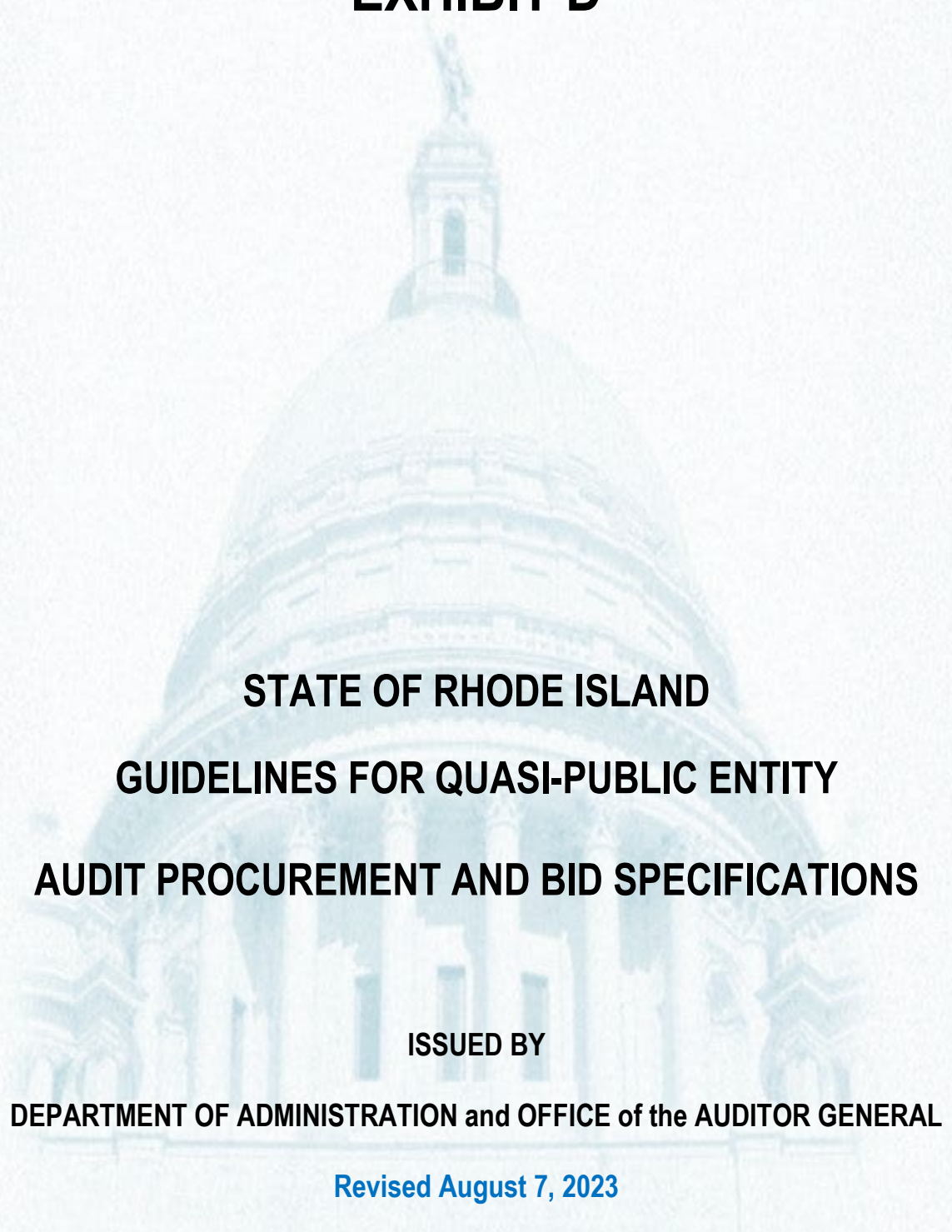
- 30) **SURVIVAL** – The terms and conditions of this Agreement that would, by their nature, survive the expiration or termination hereof shall so survive the expiration or termination of this Agreement for any reason.
- 31) **SEVERABILITY** – In the event any provision of this Agreement is found to be legally unenforceable, such unenforceability shall not prevent enforcement of any other provision of this Agreement.
- 32) **GOVERNING LAW** – This Agreement shall be governed by the laws of the State of Rhode Island without giving effect to its principles of conflict of laws. Contractor or bidder hereby irrevocably and unconditionally waives any objection to the laying of venue in any such court and any claim that such court is an inconvenient forum.
- 33) **WAIVER** – Waiver by any part of strict performance of any provision of this Agreement must be in writing and signed by the party adversely affected thereby. Such waiver shall not be a waiver, or prejudice the party's right to require strict performance, of the same provision in the future, or any other provision.
- 34) **COUNTERPARTS** – Agreements with the Bank may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute one and the same instrument.

Exhibit C – Cost Proposal

Rhode Island Infrastructure Bank Audit

Professional Fees	FY2024	FY2025	FY2026
Annual Financial Audit	\$	\$	\$
Quarterly Agreed-Upon Procedures Audit	\$	\$	\$
Total Fixed Fee	\$	\$	\$
Single Audit			
Hourly Rate	\$	\$	\$
Estimated Hours			
Total Estimated Fee	\$	\$	\$
Letters to Underwriters (per bond issue)	\$	\$	\$
Other Proposed Fees (as detailed)	\$	\$	\$
Total Fee	\$	\$	\$

EXHIBIT D



STATE OF RHODE ISLAND GUIDELINES FOR QUASI-PUBLIC ENTITY AUDIT PROCUREMENT AND BID SPECIFICATIONS

ISSUED BY

DEPARTMENT OF ADMINISTRATION and OFFICE of the AUDITOR GENERAL

Revised August 7, 2023

The Rhode Island General Laws (Sections 35-7-13 and 22-13-6) require the approval of the Director of Administration and the Auditor General prior to the employment of private auditors. These guidelines for audit procurement and bid specifications are issued jointly by the Department of Administration – Office of Accounts and Control and the Office of the Auditor General.

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The Rhode Island General Laws (Sections 35-7-13 and 22-13-6) require the approval of the Director of Administration and the Auditor General prior to the employment of private auditors. These guidelines for audit procurement and bid specifications are issued jointly by the Department of Administration – Office of Accounts and Control and the Office of the Auditor General.

Applicability of guidelines – as provided in section 35-7-13 of the RIGL:

“All quasi-public agencies including corporations, authorities, commissions, and boards created by the authority of the general assembly, executive order, or state law, excluding cities and their subdivisions, towns and their subdivisions, regional school districts and school committees, water districts, fire districts, and any other municipal corporations and their agencies, subject to post audit, are hereby required to obtain the approval of the director of administration and the auditor general prior to the employment of private auditors.”

These guidelines shall also be applicable to any components of State government which may not strictly meet the definition as outlined above but for which audit bids are solicited and the audit will not be conducted by the Office of the Auditor General. This may include any fund, or component unit entity included within the State’s financial statements as the reporting entity.

In many instances, entities that are subject to the approval requirement will also be component units of the State of Rhode Island for financial reporting purposes. Those entities that meet the definition outlined above but are not considered component units of the State are still required to seek approval of the Department of Administration – Office of Accounts and Control and the Office of the Auditor General prior to the employment of private auditors.

A listing of the component units of State government as of June 30, 2023 is included for reference (Appendix 6). The component units included within the State reporting entity may change through the creation of new entities or through changes in generally accepted accounting principles applicable to the determination of component units. Questions regarding whether a specific entity is considered a component unit of the State may be directed to the Office of Accounts and Control, Department of Administration.

Timeline for engaging auditors

The following timeline (based on a typical entity with a June 30 fiscal year end), should be followed in engaging an independent auditor to perform the annual audit of a quasi-public entity’s annual financial statements. As required by Rhode Island General Law section 35-6-37, quasi-public entities must submit their audited financial statements no later than September 30 each year.

The timeline detailed below is designed to ensure that auditors are engaged at least 60 days prior to fiscal year end to allow time for audit planning including evaluation and testing of internal control before fiscal year end. Timely engagement of the auditors is necessary to facilitate completion of the audit and issuance of the audit report by September 30. (Dates listed are no later than dates – any of the target dates can be achieved earlier.)

- **January 1 to February 1** – submit draft bid specifications to Office of the Auditor General and Department of Administration - Office of Accounts and Control for review and approval
- **February 15** – release request for proposals
- **March 15** – due date for proposals from interested auditing firms
- **April 15** – Submit selection of auditor for review and approval to Office of the Auditor General and Department of Administration - Office of Accounts and Control
- **May 1** – Notify auditors of selection to perform audit

Drafting of audit bid specifications

Guidelines for Audit Procurement and Bid Specifications – Quasi-Public Entities - Instructions

1. Written audit specifications shall be drafted by the agency following the guidelines contained herein. The specifications should be tailored to meet any specific audit requirements of the entity including expenditures of federal awards which may trigger federal Single Audit requirements, audit requirements related to bond covenants, trustee audit requirements, interim financial statements, and any supplementary financial information that the entity wishes to have included within the scope of the audit.
2. Professional auditing firms shall be invited to submit a proposal to complete an audit in accordance with the approved specifications.
3. All required agencies shall use the Division of Purchasing to advertise the opportunity to bid. Agencies may also use their own websites and/or the newspaper to advertise. Direct solicitation of firms is also allowed. Agencies should ensure adequate notice is provided to potentially interested proposers.
4. Sealed proposals shall be delivered directly by interested firms as directed and shall be opened, at the time and place specified, in the presence of representatives of the bidders and the agency.
5. A pre-bid conference may be scheduled, depending on the complexity of the audit, to familiarize interested professional firms with the audit requirements.
6. The agency may reserve the right to reject any and all bidders if it deems that it does not possess the personnel, experience, and other resources to complete the audit in accordance with the audit specifications. When individual bidders are deemed unqualified and/or rejected, the reasons for such action shall be documented.
7. It is recommended that audit firms not be engaged for a period of more than eight 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.

Evaluation of proposals

The quasi-public entity seeking proposals for audit services shall include a description of the evaluation process to be followed in selecting the winning proposal. An evaluation committee is recommended and should be comprised of individuals knowledgeable about auditing and financial reporting matters. An audit committee established by the entity may be used to evaluate the proposals.

Proposals should 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	$\$40,000/\$40,000 \times 30$ points = 30
Firm B awarded 26 points	$\$40,000/\$46,000 \times 30$ points = 26
Firm C awarded 24 points	$\$40,000/\$50,000 \times 30$ points = 24

An evaluation grid should 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.

Approval Process – Department of Administration - Office of Accounts and Control and the Office of the Auditor General

Approval of the Department of Administration - Office of Accounts and Control and the Auditor General is required at two points in the process – (1) approval of the audit bid specifications prior to soliciting proposals and (2) approval of the entity's selection of an auditor.

1. The agency shall submit audit specifications along with the completed "Request for Approval of Quasi-Public Audit Bid Specifications" (Appendix 1) to the Auditor General at least forty-five (45) days in advance of soliciting proposals for auditors. Both documents will be reviewed and, if necessary, recommendations for modifications will be sent to the agency. When approved, the documents will be sent to the Director of Administration for review, comment and approval/disapproval. When approved, the agency will be sent a copy of the "approved" forms so that it can proceed with the bid process.
2. When the agency has completed the bid process as outlined herein, it shall submit copies of all responses along with the "Request for Approval of Selection of Auditor" (Appendix 2) to the Office of the Auditor General for review and approval. The agency will be contacted should there be any question concerning the agency's choice of auditors. When approved, the documents will be sent to the Department of Administration – Office of Accounts and Control for review, comment and approval/disapproval. When approved, a copy of the "approved" forms will be sent to the agency so that it can notify the auditors selected.

Contact information and routing of inquiries and requests for approval of bid specifications and auditor selection:

Department of Administration
Office of Accounts and Control
One Capitol Hill
Providence, RI 02908-5890
401.222.2271

Office of the Auditor General
33 Broad Street – Suite 201
Providence, RI 02903
401.222.2435

Dorothy Z. Pascale, CPA State Controller

David A. Bergantino, CPA, CFE Auditor General

Direct inquiries and requests for approval of bid specifications and auditor selection to:

email: Dorothy.Z.Pascale@doa.ri.gov

email: david.bergantino@rioag.gov

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.

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 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

An evaluation committee will be formed comprised of individuals knowledgeable about auditing and financial reporting matters to 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. 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. 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 - 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.

Audit Standards

1. The audit specifications shall require that the audit be conducted in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants.
2. The audit specifications shall also require that the audit 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. If a single audit is required then the standards contained in the amended (July 1996) Single Audit Act of 1984 and the provisions of OMB Circular Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements, must also be followed.

Audit Scope

1. The scope of the audit shall be clearly defined by the agency in the request for proposals.
2. The basic financial statements to be presented, audited and reported upon by the auditor shall be identified:
 - a. Format and presentation - e.g., special purpose government model with a single opinion unit, government-wide and fund level statements, combined financial statements, combining financial statements, single year or comparative statements, etc.
 - b. Required Supplementary Information (e.g., Management's Discussion and Analysis, Schedules related to defined benefit pension plans and OPEB plans, etc.) to accompany the basic financial statement should be identified.
3. Supplementary financial statements, schedules and information to be presented and reported upon by the auditor shall be identified.
4. A detailed schedule of travel and entertainment expenses shall be included as supplementary information with reference in the auditor's opinion on the financial statements to the supplementary information. Guidance on the preparation of the schedule of travel and entertainment expenses is included as Appendices 3 (A) and 3 (B).
5. Supplementary Schedule of Expenditures of Federal Awards with auditor's opinion thereon (required if the agency receives federal funds, regardless of whether there are any major programs). The following defines federal awards for these purposes

Single Audit Act (July 1996) - Section 7501 - Definitions:

"Federal awards" means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities.

"Federal financial assistance" means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, or other assistance, but does not include amounts received as reimbursement for services rendered to individuals in accordance with guidance issued by the Director (Director of the (federal) Office of Management and Budget).

6. Major Federal Programs - this section is only applicable if the agency has expenditures of federal awards (as defined in OMB Circular - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements):

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 the 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 the 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.

If the entity is subject to these Guidelines for Audit Bid Specifications but is **not** included as a component unit of the State reporting entity, the Type A threshold shall be determined based solely on the entity's expenditures of federal awards consistent with the requirements of OMB Circular - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements.

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, depending on the scope of the engagement, may include:

a. Reports on:

- (1) 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*.
- (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*.

b. Reports required under trust agreements, loan agreements, etc.

Guidelines for Audit Procurement and Bid Specifications - Quasi-Public Entities - Audit Specifications

- c. 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.
- d. 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 Federal Data Collection Form referenced in Circular Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements when the audited entity is a component unit of the State for financial reporting purposes. This form will be prepared by the Office of the Auditor General for the State reporting entity. When the quasi-public entity is not a component unit of the State for financial reporting purposes, a reporting package, including the federal Data Collection Form should be submitted to the federal single audit clearinghouse for the quasi-public entity.

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. (*Guidance on the preparation of the Schedule of travel and entertainment expenses is included as Appendices 3 (A) and 3 (B).*)

Management Letter

1. The audit specifications shall provide for the submission of a management letter upon completion of the audit to the executive director, audit committee, and board of directors, with copies to the Department 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.

SPECIFIC INFORMATION TO BE REQUIRED OF THE PROPOSER

Proposer's (audit firm'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,
- 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, and.
- 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 (see Appendix 5 for identification of State component units).

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

- k. a 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 the communication in **Appendix 4** of these Audit Bid Specifications 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 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.**

Other

The audit specifications should include such other provisions as may be deemed appropriate:

- Pre-bid conference
- availability of specifications,
- delivery and opening of bids, etc.
- terms of payment,
- required presentations to audit committee, board of directors
- representations concerning federal nondiscrimination,
- supplementary services,
- number of reports, and/or
- access to and retention of records.

REQUEST FOR APPROVAL OF QUASI-PUBLIC AUDIT BID SPECIFICATIONS

Requesting Agency _____

Audit Services Required:

Audit period _____

INFORMATION CONCERNING PRIOR AUDITS:

PRIOR AUDIT YEAR	AUDITOR	BID AMOUNT	ACTUAL AUDIT FEE
FIRST	_____	_____	_____
SECOND	_____	_____	_____
THIRD	_____	_____	_____

INDICATE ANY CHANGE IN SCOPE OF AUDIT BETWEEN CURRENT AND PRIOR YEAR AND REASON FOR CHANGE

PLANNED METHOD OF SOLICITATION OF BIDS (e.g. advertisement):

	REQUESTED BY:	
NAME	TITLE	DATE

ACTION ON REQUEST

	<u>DEPARTMENT OF ADMINISTRATION</u>	<u>AUDITOR GENERAL</u>
APPROVED (AS DRAFTED)	<input type="checkbox"/>	<input type="checkbox"/>
DISAPPROVED (SEE COMMENTS)	<input type="checkbox"/>	<input type="checkbox"/>
REQUEST AND SPECIFICATIONS APPROVED SUBJECT TO COMMENTS	<input type="checkbox"/>	<input type="checkbox"/>

COMMENTS:

SIGNATURE	DATE	SIGNATURE	DATE

REQUEST FOR APPROVAL OF SELECTION OF AUDITOR

1. REQUESTING AGENCY: _____
_____ 2. NATURE OF SERVICES TO BE PROVIDED:

_____ 3. PERIOD OF AUDIT:

4. ATTACH REQUEST FOR PROPOSAL, ALL RESPONSES RECEIVED, AND EVALUATION GRID IDENTIFYING ALL BIDDERS, BIDS, AND EVALUATION COMMITTEE SCORING

5. AUDIT FIRM SELECTED BY THE AGENCY AND FOR WHICH APPROVAL IS REQUESTED:

_____ 6. COMMENT (IF ANY) ON AGENCY SELECTION:

REQUESTED BY:

NAME TITLE DATE

ACTION ON REQUEST

APPROVED DEPARTMENT OF ADMINISTRATION AUDITOR GENERAL

DISAPPROVED

COMMENTS:

COMMENTS:

DATE SIGNATURE

DATE SIGNATURE

(Sample Representations/Assurances Required When Quasi-Public Entity is a Component Unit of the State for Financial Reporting Purposes)

Note: The OAG will send this letter to each component auditor annually in conjunction with the audit of the State of Rhode Island's financial statements. Component auditors will sign and return to the OAG to assist compliance with meeting the group auditor requirements of GAAS.

Re: Audit of (Component Unit Name)

Section AU-C 600, *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*, contains requirements relevant to our audit of the State's financial statements for the period ending June 30, 20XX. In conjunction with your audit of a component unit of the State of Rhode Island, the Office of the Auditor General, as the Group Auditor of the State's financial statements, is responsible for communicating the following information:

- The State's reporting entity includes all agencies and departments of State of Rhode Island listed in the diagram shown in *Attachment A (provided in component auditor communication when sent)* to this communication.
- The State's reporting entity also includes the component units listed in Attachment B to this communication. *Attachment B (provided in component auditor communication when sent)* also details the opinion units and related financial statements that include those entities.
- The component unit's audited financial statements will be incorporated into the financial statements of the State, as the reporting entity. We will rely upon the financial statements and make reference to the reports of the other auditors in our opinions on the opinion units contained within the State's financial statements. The Office of the Auditor General will be relying solely on the component auditor's opinion and will not accept any responsibility for the work performed by the component auditors.
- We will also rely upon and make reference to the reports of the other auditors in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with *Government Auditing Standards* and include any significant deficiencies and material weaknesses in internal control and material noncompliance reported by the component auditor.
- The State's Office of Accounts and Control has provided instructions regarding the State's financial reporting framework and related matters to all component units, which requires all component units to report their financial information in a State-specified format as supplementary information. Component auditors should include either a reference to this supplementary information in their opinion on the component unit's financial statements or by issuing a separate report with the supplementary information. Component auditors are responsible for ensuring that this supplementary information is fairly stated, in all material respects, in relation to the component unit's basic financial statements as a whole.
- Component auditor engagement personnel must be 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*.

- Component auditor engagement personnel must meet the continuing educational requirements of *Government Auditing Standards*.
- Component auditor firms must have 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 Office of the Auditor General, as the group auditor, with a copy of the most recent external quality control review report.
- As communicated by the Office of Accounts and Control, component unit financial statements must conform to generally accepted accounting principles for state and local government units.
- Component Unit audits must be performed in accordance with generally accepted auditing 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, component auditors whose components receive federal funding must ensure that their audits comply with the requirements of 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. We will communicate an estimate of the major program expenditure threshold for the State of Rhode Island in conjunction with the Single Audit. We will also provide forms to component auditors designed to assist us in evaluating federal program risk as required by the OMB's Uniform Grant Guidance. The Auditor General will coordinate with component auditors in relation to the specific federal programs required to be audited in conjunction with the State's 2023 Single Audit.
- All component auditors should consult with the Auditor General on any significant audit or accounting issues encountered during their audit.
- All component auditors have a responsibility to perform reasonable procedures to identify, assess, and respond to the risks of material misstatements arising from the component entity's failure to account for and disclose related party relationships, transactions, or balances. This responsibility includes transactions between the component and the State's reporting entity (including State agencies, departments, funds, and component units defined in *Attachments A and B (provided in component auditor communication when sent)*).
- The Office of the Auditor General has provided materiality guidance in Attachment C regarding the performance of component audit work being relied on in conjunction with the audit of the State's reporting entity. Component auditors should consult with the Auditor General in regards to any questions regarding the materiality levels established for component unit audits. Materiality levels established by component auditors should be materially consistent with those detailed in *Attachment C (provided in component auditor communication when sent)*.
- Component auditors should discuss any instances where, in their professional judgment, there is concern that an uncorrected misstatement in a component's financial statements could be significant to the State's reporting entity.
- All component auditors must submit Letters of Understanding and Management Representation Letters (with attached Schedules of Unbooked Adjustments, if applicable) obtained in conjunction with component audits to the Office of the Auditor General. Such information is required for the Auditor General to document his responsibilities as the group auditor.

- All component auditors must submit all required communications to those charged with governance in conjunction with component audits to the Office of the Auditor General.
- All components must notify Auditor General and the Director of Administration if they become aware of fraud, abuse, or illegal acts or indications of such acts affecting the component entity or the State.
- Component unit draft financial statements and audit reports will be provided to The Office of the Auditor General and the Office of Accounts and Control for review prior to issuance.
- Component auditor reports must conform to the illustrative examples included in the AICPA Audit Guides - *State and Local Governments* and *Government Auditing Standards and Single Audits*.

This letter documents our required communications as group auditor of the State's financial statements.

Your assistance to us in meeting our group auditor requirements is greatly appreciated. If, at any time, you have questions, concerns, or issues relating to your role as a component auditor, feel free to contact me at 222-2435 or at david.bergantino@rioag.gov

Sincerely,

David A. Bergantino, CPA, CFE
Auditor General

Our firm acknowledges receipt of this communication and agrees to comply with the requirements stated herein in our component audit for fiscal 20XX:

_____	_____	_____
Component Auditor Representative	Title	Date

Note: This letter will be modified annually to include confirmation of new significant accounting standards and other information required to be communicated for the coordination of the audit of the State's financial statements.

TITLE 35 - Public Finance - CHAPTER 35-7 - Post Audit of Accounts

§ 35-7-13 Audit of quasi-public agencies. – All quasi-public agencies including corporations, authorities, commissions, and boards created by the authority of the general assembly, executive order, or state law, excluding cities and their subdivisions, towns and their subdivisions, regional school districts and school committees, water districts, fire districts, and any other municipal corporations and their agencies, subject to post audit, are hereby required to obtain the approval of the director of administration and the auditor general prior to the employment of private auditors. Audit workpapers of the private auditors shall be made available upon request, at the completion of the audit, to the auditor general and/or the director of administration for their review. The audit report shall be furnished to the auditor general and the director of administration.

§ 35-7-14 Travel and entertainment expenses of quasi-public agencies. – Quasi-public agencies, as set forth in § 35-7-13, shall prepare and maintain documentation for all travel and entertainment expenses in sufficient detail to allow for post audit.

TITLE 22 - General Assembly - CHAPTER 22-13 - Auditor General

§ 22-13-6 Requests for auditing and accounting services. – (a) Every state department and agency which contemplates securing the services of an independent accounting firm to perform an audit of a federal assistance grant program shall first request the written approval of the auditor general.

(b) The request to the auditor general shall indicate the period of audit, the services to be rendered, the requirement for services (grant provisions, statutory requirements, etc.), the source(s) of funding, and any other pertinent information. The request shall be transmitted in writing to the auditor general on a form provided for that purpose at least ninety (90) days in advance of any contractual negotiations with independent public accountants by any state department or agency.

(c) Upon receipt of the request, the auditor general shall conduct an analysis of the request to determine the scope and requirements of the audit services requested in coordination with the audit responsibilities of all state audit agencies.

(d) The auditor general shall notify, in writing, the requesting state department or agency of the results of his or her analysis.

TITLE 35 - Public Finance - CHAPTER 35-6 - Accounts and Control

§ 35-6-37 Financial statements required from state departments, agencies, and instrumentalities. – The department of administration, from time to time, as it deems expedient or necessary, may require statements of financial condition and operations from the several state departments, agencies, and public authorities or corporations in such form and in such detail as it shall prescribe. The several state departments, agencies, and public authorities and corporations shall submit, as required by the state controller, a copy of audited financial statements for the most recent completed fiscal year to the state controller no later than ninety (90) days after the close of the state's fiscal year (June 30th). A waiver from this year-end schedule may be granted upon approval by the director of administration and the auditor general.

State of Rhode Island Component Units (as of June 30, 2023)

- Tobacco Settlement Financing Corporation
- RI Convention Center Authority
- Ocean State Investment Pool
- RI Housing and Mortgage Finance Corporation
- RI Commerce Corporation
- RI Resource Recovery Corporation
- RI Public Transit Authority
- University of Rhode Island
- Rhode Island College
- Community College of Rhode Island
- Central Falls School District
- RI Turnpike and Bridge Authority
- RI Higher Education Assistance Authority
- RI Industrial Facilities Corporation
- RI Industrial-Recreational Building Authority
- RI Airport Corporation
- Quonset Development Corporation
- I-195 Redevelopment District Commission
- The Metropolitan Regional Career and Technical Center
- HealthSource Rhode Island Trust
- Rhode Island Infrastructure Bank
- Rhode Island Health and Educational Building Corporation.

Related organizations of the State of Rhode Island include the Narragansett Bay Water Quality Management District Commission and the Rhode Island Student Loan Authority