REQUEST FOR PROPOSALS

TOWN OF NEW SHOREHAM, RI
OFFICE OF THE TOWN MANAGER

PROFESSIONAL AUDITING AND AGREED-UPON PROCEDURES SERVICES

Prepared for and in coordination with the
Office of the Town Manager

PROPOSAL DUE DATE/TIME: MAY 3, 2019 - NO LATER THAN 2:00 PM
REQUEST FOR PROFESSIONAL AUDITING AND AGREED-UPON PROCEDURES SERVICES

The Town of New Shoreham, Rhode Island (hereafter referred to as the TOWN), is seeking proposals from qualified firms of certified public accountants (hereafter referred to as the AUDITOR or APPLICANT or FIRM), to perform an audit of its financial statements for the fiscal year ending June 30, 2019, with the option of auditing its financial statements for each of the two subsequent fiscal years. Interested firms should respond to this request on, or before, the time due for submission. Each Applicant submitting proposals must be lawfully engaged in the practice of certified public accounting, in good standing, and with specific experience in the type of services requested herein within the State of Rhode Island.

Proposals must be received by the Office of the Town Manager, located at 16 Old Town Road, Block Island, RI 02807 no later than 2:00 PM on May 3, 2019 from firms, to be eligible for consideration by the Town. Each proposal shall be submitted in a sealed envelope which is clearly marked:

**RFP for**

Professional Auditing and Agreed-Upon Procedures Services

Copies of the RFP documents and all future addenda are available, at no charge, on the Town’s website at [www.new-shoreham.com](http://www.new-shoreham.com).

The Town reserves the right to reject any or all proposals or any part thereof, to waive any formality, informality, information and/or errors in the proposal, to accept the proposal considered to be in the best interest of the Town, or to solicit and purchase on the open market if it is considered in the best interest of the Town to do so.

Failure to submit all information as detailed in the RFP documents and/or submission of an unbalanced or incomplete proposal is sufficient reason to declare a proposal as non-responsive and subject to disqualification.
All requests for proposals are advertised, at the Town’s discretion, in various publications and are posted publicly as detailed below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Advertising Medium</th>
<th>Address</th>
<th>Phone/Fax</th>
<th>Email and Web Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Town of New Shoreham, RI</td>
<td>Posted on Town Website</td>
<td>16 Old Town Road, Block Island, RI 02807</td>
<td>(401) 466-3210</td>
<td><a href="http://www.new-shoreham.com">www.new-shoreham.com</a></td>
</tr>
<tr>
<td>City of Newport, RI</td>
<td>Bid House Website</td>
<td></td>
<td>(401) 845-5414</td>
<td><a href="mailto:emulligan@cityofnewport.com">emulligan@cityofnewport.com</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><a href="mailto:eprocurement@cityofnewport.com">eprocurement@cityofnewport.com</a></td>
</tr>
</tbody>
</table>

TOWN OF NEW SHOREHAM, RI

Edward L. Roberge, Town Manager

April 12, 2019

PROPOSAL DUE DATE/TIME: MAY 3, 2019 - NO LATER THAN 2:00 PM
REQUEST FOR PROPOSALS

PROFESSIONAL AUDITING AND AGREED-UPON PROCEDURES SERVICES

The Town of New Shoreham, Rhode Island (hereafter referred to as the TOWN), is seeking proposals from qualified firms of certified public accountants (hereafter referred to as the AUDITOR or APPLICANT or FIRM), to perform an audit of its financial statements for the fiscal year ending June 30, 2019, with the option of auditing its financial statements for each of the two subsequent fiscal years. The scope of services will include the Block Island School (“School”) and Block Island Land Trust (“BILT”). Interested firms should respond to this request on, or before, the time due for submission.

I. ENGAGEMENT OVERVIEW

1. GENERAL

The Town of New Shoreham, a municipal corporation in the state of Rhode Island, is seeking proposals from qualified firms of certified public accountants to perform an audit of its financial statements for the fiscal year ending June 30, 2019, with the option of auditing its financial statements for each of the two subsequent fiscal years. The scope of services will include the Block Island School (“School”) and Block Island Land Trust (“BILT”). Interested Applicants should respond to this request on, or before, the time due for submission.

The Town of New Shoreham is required to have an annual audit of its financial statements performed by an independent Certified Public Accounting Firm, following the close of the June 30th fiscal year. This annual audit is required by the Federal Government under the Single Audit Act of 1984, as amended by the Single Audit Amendments of 1996. It is also required by the State of Rhode Island [R.I.G.L. 45-10-4 and 45-10-5] and the Town of New Shoreham (Town Charter Section 1104).

The Town of New Shoreham Treasurer is responsible for establishing the specifications for each audit, recommending the selection of the audit firm to the Town Council, and measuring the performance of this firm against the predetermined specifications.

There is no expressed or implied obligation for the Town of New Shoreham to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

The School has implemented the State of Rhode Island Uniform Chart of Accounts (UCOA). The auditors engaged to perform the annual audit of the School shall also be engaged to report on their tests of compliance with the School UCOA requirements in an agreed-upon procedures compliance attestation format.
All inquiries concerning these specifications should be addressed to Amy Lewis Land, Finance Director at (401) 466-3208, financedirector@new-shoreham.com or Edward L. Roberge, Town Manager at (401) 466-3213, townmanager@new-shoreham.com.

During the evaluation process, the Town of New Shoreham reserves the right to request additional information or clarifications from Applicants, or to allow corrections of errors or omissions. The Town reserves the right to award in part or in full to serve the Town's best interest. The Town also retains the right to reject any and all proposals.

Any representations made with the submission will be relied upon and if proven to be false will be grounds for termination of the contract, if awarded. False representations will also be grounds for forfeiture of all payments under the contract. This will not limit the Town from seeking any other legal or equitable remedies.

It is understood that the contract between the Town and the audit firm shall require the auditor or the audit firm to release any and all information obtained in the course of the engagement to the Rhode Island State Auditor General (or his designee). This information includes but is not limited to financial data, analysis, audit documentation, and memorandum. Documentation of the independent auditors shall be made available to the Auditor General (or their designee) upon request. The request for such information by the Auditor General shall be responded to promptly. Failure to provide this information shall constitute a breach of contract, and the contract shall give the Auditor General standing in court of competent jurisdiction to enforce this provision.

It is expected that selection of a firm will be completed by June 15, 2019. Following the notification of the selected firm, it is expected a contract will be executed between both parties by August 1, 2019.

Continuation beyond the initial fiscal year will be at the discretion of the Town.

2. **SCOPE OF ENGAGEMENT**

In accordance with generally accepted auditing standards and government auditing standards, the selected auditors will conduct an audit of the Town of New Shoreham’s financial statements, including the government-wide financial statements, fund financial statements, notes to the financial statements, and certain accompanying information for the purpose of rendering an opinion as to the fair presentation of such financial statements and accompanying information in conformity with generally accepted accounting principles.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information as required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

Required Supplementary Information shall include:
The Town also desires the auditor to express an "in-relation-to" opinion on the supplementary financial statements and schedules based on the auditing procedures applied during the audit of the basic financial statements.

Supplementary financial statements, schedules and information shall include:

- Combining fund financial statements shall be presented as supplementary information for all non-major governmental funds. Each non-major fund (included within the Special Revenue Funds, Capital Projects Funds, Debt Service Funds, and Permanent Funds) shall be presented as separate columns in the combining fund financial statements. Similarly, combining financial statements shall also be presented for each of the other fund types when there is more than one internal service fund, enterprise fund, and fiduciary fund.

- Combining financial statements shall be presented for the General Fund when separate funds are maintained within the accounting system but the funds do not qualify as special revenue funds, in accordance with generally accepted accounting principles, and are merged with the General Fund for financial reporting purposes.

The auditor is not required to audit the supplementary schedule of expenditures of federal awards. However, the auditor is to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the financial statements.

If applicable, an audit of major programs shall be performed in accordance with the criteria outlined in OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements.

The selected auditors will be required to audit the Block Island School and the Block Island Land Trust, a component unit of the Town of New Shoreham.

Other schedules may be required by the Town and/or the State of Rhode Island Director of Revenue, Auditor General, and Department of Education or as required by the applicable section of the general laws such as, Rhode Island General Law Section (RIGL) 45-10-6 (Contents of Audit Report).

- The Tax Collector’s Annual Report shall be presented within Other Supplementary Information to meet the requirements of RIGL 45-10-6 for additional information to
the basic financial statements. The Tax Collector’s Annual report should be presented in accordance with the revised format requirements of the RI Department of Revenue - Division of Municipal Finance (available on the Division’s website). The auditors engaged to audit the municipality’s financial statements shall also report on the Tax Collector’s Annual Report, as supplementary information (“fairly presented in relation to the municipality’s basic financial statements”).

- Municipal Transparency Portal (MTP) - Enacted legislation amended Rhode Island General Laws §45-12-22.2 and §44-35-10 to improve required reporting by creating the Municipal Transparency Portal (MTP) which will represent a centralized location for municipal financial information. Each municipality shall include their Annual Supplemental Transparency Report, MTP2, within their annual audited financial statements. This requires one schedule that includes (1) municipal reportable government services and (2) all school services (consistent with RIDE UCOA requirements). The Annual Supplemental Transparency Report, MTP2, included within the annual audit report shall also include reconciliation to the amounts included in the fund level financial statements.

The auditors engaged to audit the municipality’s financial statements shall also report on the Annual Supplemental Transparency Report (including the reconciliations), MTP2, as supplementary information (“fairly presented in relation to the municipality’s basic financial statements”).

Auditors are not required to opine on the municipality’s determination of “reportable government services” (RGS) as defined in Section 2.1 of the Municipal Transparency Portal Implementation Guidance. The municipality will make the determination of “reportable government services” for inclusion in the various reports required to be submitted through the municipal transparency portal. However, auditors will be expected to review the reconciliations as part of the Annual Supplemental Transparency Report, MTP2, (required for inclusion in the audited financial statements as supplementary information) to assess the inclusion of amounts reported which are not within the municipality’s or school’s general fund.

The format of the required MTP schedules and related reconciliations, as well as, the typical timeline for filing of the annual municipal data report and coordination with annual financial statement audit, are detailed in the MTP Implementation Guidance (available on the Division of Municipal Finance website).

The Independent Auditor’s Report would typically include reference to the Annual Supplemental Transparency Report, MTP2, as supplementary information. See the Municipal Transparency Portal Implementation Guidance for additional information.
The State is implementing the new reporting using three phases of pilots. The Town is a Phase I pilot and implemented the above requirements for the fiscal year ended 2017.

3. **AUDITING STANDARDS DEFINED**

The audit shall be conducted in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants. The audit shall also be conducted in accordance with the standards for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. If a single audit is required, then the standards contained in the amended (July 1996) Single Audit Act of 1984 and the provisions of revised OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements shall also be followed.

4. **REPORTS TO BE ISSUED**

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue

A. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles based upon an audit performed in accordance with generally accepted auditing standards and Government Auditing Standards. The auditor shall also make reference to, but not opine on, required supplementary information consistent with reporting guidance in the applicable AICPA Audit Guide.

B. A report on supplementary financial statements, schedules and information, are fairly stated in all material respects in relation to the basic financial statements as a whole.

- The supplementary information shall include the Annual Supplemental Transparency Report (including the reconciliations), MTP2, and the Tax Collector’s Annual Report.

C. A report on internal control over financial reporting and on compliance and other matters based upon an audit of financial statements performed in accordance with Government Auditing Standards.

D. Reports and summaries related to federal financial assistance as required by OMB Guidance (the auditor should refer to applicable OMB guidance in effect and the applicable AICPA Audit Guide for reporting guidance) and a completed Form SF-SAC, “Data Collection Form for Reporting on Audits of State, Local Governments and Non-Profit Organizations” to be submitted in accordance with the current method of submission for Form SF-SAC and Single Audit reporting packages (per OMB public Notice), to the Federal Audit Clearinghouse Internet Data Entry System.
E. Other reports that may be requested by the Director of Revenue and/or Auditor General or as required by the applicable section of the general laws.

F. Upon completion of the audit, the Town requires a separately issued three-part management letter. The first part should pertain to municipal recommendations; the second part should focus on the school department and the third part on the Block Island Land Trust. The management letter should discuss any opportunities for strengthening internal controls and improving operational efficiency.
II. **SELECTION OF THE AUDITORS**

PROPOSALS will be examined and evaluated based on the factors presented below, responses to other items requested herein and fee factors indicated in the response. It is the responsibility of the APPLICANT to provide information, evidence or exhibits which clearly demonstrate the ability to satisfactorily respond to the RFP and the factors outlined herein. Proposals will be publicly opened on the date specified. Proposals will be available for inspection by competing proposers and the general public. An evaluation committee will be comprised of individuals knowledgeable about auditing and financial reporting matters.

Final selection of the Town’s audit firm requires the approval of the Town of New Shoreham Town Council and the Auditor General of the State of Rhode Island.

Factors to be considered shall include, but are not limited to, the following:

1. **TECHNICAL QUALIFICATIONS**

   A. The selected Certified Public Accounting Firm must meet each of the general standards promulgated by the Comptroller General of the United States as set forth in the revision of Government Auditing Standards (the “Yellow Book”).

   B. The auditor must meet the independence requirements of the American Institute of Certified Public Accountants and the independence requirements of Government Auditing Standards. The firm should provide an affirmative statement that it is independent of the Town of New Shoreham and its component units in accordance with these standards. This requirement must be complied with during the entire term of the audit.

   C. The firm must possess a Certified Public Accountant's license and permit issued by the State of Rhode Island Board of Accountancy. (An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in the State of Rhode Island.) This requirement must be complied with during the entire term of the audit.

   D. The proposal should state the size of the firm, the size of the firm’s governmental audit staff, the location of the office from which the work on this engagement will be performed. The firm should provide as much information as possible regarding the number, qualifications, experience and training, including continuing professional education of the partners, managers, specialists and staff personnel who would be assigned to the engagement. Information regarding the firm’s ability to provide incidental "non-audit" services should also be included. In accordance with Government Auditing Standards, if the firm provides non-audit services, it must evaluate whether providing the services creates independence impairment with respect to the audit of the Town.
E. The senior accountant in charge of fieldwork shall be a certified public accountant.

F. 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.

G. 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. 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 Town and the Auditor General.

H. The firm should provide a listing of current clients, as well as a summary of the most significant engagements performed in the last five years that are similar to the engagement described in this request for proposals. (Of specific interest is experience in small to medium sized governmental audits - budgets up to $25 million, with emphasis on municipal audits.) Finally, the firm should provide a listing of professional references.

I. The audit organization shall identify any sub-contractors, co-proposers, or other entity that will be used to provide the professional services sought by the request for proposal.

2. AUDIT APPROACH

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed to perform the required services. The following information should be included:

A. Proposed segmentation of the engagement.

B. Level of staff and estimated hours assigned for each segment.

C. Sample sizes and the extent to which statistical sampling is to be used in the engagement.

D. Use of software.

E. Type of analytical procedures to be used.

F. Approach to be taken to gain and document an understanding of the Town’s internal control structure.

3. FEE SCHEDULE
The sealed proposal should contain all pricing information relative to performing the audit engagement as described in this RFP. The total fees should be listed on the Bid Form provided in this package and should include all costs, both direct and indirect:

A. The firm’s fees for performing the Town’s audit for each of the three years.

B. The firm’s fees for performing the School audit for each of the three years.

C. The firm’s fees for performing the School UCOA Agreed-Upon Procedures for each of the three years.

D. The firm’s fees for performing the BILT audit for each of the three years.

E. The firm’s hourly fees for performing specialty work for each level of the professional staff.

F. The cost of a performance bond for each of the three years. (Note: This bond may be implemented at the Town’s discretion.)

4. PROFESSIONAL LIABILITY

The FIRM must provide the amount and type of professional liability insurance coverage maintained. 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. Additionally, the FIRM must provide a listing of any professional complaints pending or resolved against the firm or any of its partners with the state boards of accountancy, or any self-regulatory, professional or government authority including, but not limited to, the AICPA or the Rhode Island Board of Accountancy. Information regarding any lawsuits or claims against the firm, pending or resolved, should also be included.

5. PROPOSAL EVALUATION

Proposals will be evaluated using the following scoring weights resulting in a maximum score of 100 points:

<table>
<thead>
<tr>
<th></th>
<th>Maximum points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall qualifications and experience of the firm and the specific engagement</td>
<td>40</td>
</tr>
<tr>
<td>personnel to be assigned focusing on experiences with governmental entities and</td>
<td></td>
</tr>
<tr>
<td>the specific line of business or services provided by the entity to be audited</td>
<td></td>
</tr>
<tr>
<td>Overall audit approach and audit strategy described/outlined in the proposal and</td>
<td>30</td>
</tr>
<tr>
<td>firm capacity to perform the engagement within</td>
<td></td>
</tr>
</tbody>
</table>
the specified timeframe (prior experience of the firm in meeting timelines should be factored in here)

<table>
<thead>
<tr>
<th>Audit fees - See formula for points awarded for audit fees (*)</th>
<th>30</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Maximum evaluation points 100</strong></td>
<td>100</td>
</tr>
</tbody>
</table>

* Evaluation technique – audit fees

Audit fee score = (lowest qualified bid/bid for firm being evaluated) X 30 points

Example: Assuming 3 bids received were: (firm A) - $40,000, (firm B) - $46,000, (firm C) - $50,000

Firm A (the lowest bidder) awarded 30 points  $40,000/$40,000 X 30 points = 30
Firm B awarded 26 points  $40,000/$46,000 X 30 points = 26
Firm C awarded 24 points  $40,000/$50,000 X 30 points = 24

An evaluation grid will be prepared summarizing the scoring by each member of the evaluation committee and the composite ranking. If any firm is disqualified and therefore not evaluated, the reason for such action shall be documented.
III. **AUDIT SPECIFICATIONS**

1. **RESPONSIBILITIES OF THE TOWN**

A. The Town Treasurer and School Finance Director will close funds upon the completion of the fiscal year. These closings will include a series of adjusting journal entries which are intended to ensure that each fund is presented fairly and contains no material misstatements.

B. The Town Treasurer will provide adjusted trial balances for each municipal fund and the component unit. Work papers supporting all material balance sheet accounts will be available for auditing use and will be referenced in a convenient format. Work paper copies, source documents and general ledgers will be furnished as requested. The School Finance Director will provide trial balances for each school fund. Necessary supporting documents and schedules will be available at the School Department.

C. Control over financial statement presentation will remain with the Finance Department provided that the statements conform to generally accepted accounting principles. This control shall extend to the determination of report combinations, the selection of report line items, the formatting of combining statements, footnote schedules and supplemental data.

D. **Municipal Fund Structure and Management Information Systems**

The accounting function is automated, utilizing the Accufund governmental accounting software. Funds have been established in accordance with standards prescribed by GASB. The following table illustrates the type and number of funds currently used by the Town (inclusive of the School and Block Island Land Trust) for the year ended June 30, 2018:

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Number of Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>1</td>
</tr>
<tr>
<td>Major Special Revenue Fund (School)</td>
<td>1</td>
</tr>
<tr>
<td>Non-major Funds:</td>
<td></td>
</tr>
<tr>
<td>Permanent</td>
<td>1</td>
</tr>
<tr>
<td>Special Revenue</td>
<td>18</td>
</tr>
<tr>
<td>Proprietary Funds</td>
<td>2</td>
</tr>
<tr>
<td>Fiduciary Funds</td>
<td>3</td>
</tr>
<tr>
<td>Component Unit (BILT)</td>
<td>1</td>
</tr>
</tbody>
</table>

E. **School Accounting and Management Information Systems**

The School Department also utilizes the Accufund accounting system, though its accounting is autonomous from the municipal function. The School’s Finance Director is responsible for the integrity of the general ledger for the School General Fund and each of the many restricted funds currently in use. At fiscal year end, the School Department
is responsible for the preparation of the Annual Uniform Chart of Accounts Data Submission to the RI Department of Education. The following table illustrates the type and number of funds currently used by the School for the year ended June 30, 2018:

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Number of Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Revenue (Unrestricted)</td>
<td>1</td>
</tr>
<tr>
<td>Special Revenue (Restricted)</td>
<td>3</td>
</tr>
<tr>
<td>Agency Fund / Custodial Fund</td>
<td>1</td>
</tr>
</tbody>
</table>

2. RESPONSIBILITIES OF THE AUDIT FIRM

An annual audit shall be completed and final audit reports (inclusive of all audit communications) related to the financial statements shall be delivered to the municipality, State Auditor General and State Director of Revenue within six months after the close of the fiscal year for each year (as required by Section 45-10-5 of the General Laws). A copy of final written correspondence between the audit firm and those charged with governance (e.g. Statement on Auditing Standards – The Auditor’s Communication with Those Charged with Governance) shall also be delivered to the State Auditor General.

An examination is to be made in accordance with generally accepted auditing standards and government auditing standards, to determine whether the Town's financial statements are in compliance with generally accepted accounting principles. The reports to be issued include, but will not be limited to, the following:

A. Thirty (30) copies of the Complete Town of New Shoreham Audited Financial Statements and Supplemental Schedules, as described below:
   i. Independent Auditor’s Report
   ii. Management’s Discussion and Analysis (prepared by Town)
   iii. Basic financial statements
      i. Government-wide Financial Statements
         1. Statement of net position
         2. Statement of activities
      ii. Fund Financial Statements
         1. Balance sheet – governmental funds
         2. Reconciliation of governmental funds balance sheet to the statement of net position
         3. Statement of revenues, expenses and changes in fund balances – governmental funds
         4. Reconciliation of the governmental funds statement of revenues, expenses and changes in fund balances to the statement of activities
         5. Statement of net position – proprietary funds
         6. Statement of revenues, expenses and changes in fund net position – proprietary funds
         7. Statement of cash flows – proprietary funds
         8. Statement of fiduciary net position – fiduciary funds
9. Statement of changes in net position – fiduciary funds
   iii. Notes to basic financial statements
   iv. Required supplementary information to financial statements
   v. Supplementary information to financial statements

B. Thirty (30) copies of the Town of New Shoreham Independent Auditors’ Reports and Supplemental Schedule of Federal Financial Assistance required by the Single Audit Act of 1984 (as amended by the Single Audit Act Amendments of 1996) with Reports on Compliance and Internal Controls including but not limited to:
   i. 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
   iii. Schedule of Findings and Questioned Costs
   iv. Schedule of Expenditures of Federal Awards
   v. Notes to Schedule of Expenditures of Federal Awards
   vi. Data Collection Form

C. Thirty (30) Copies of the Town of New Shoreham/Block Island School/Block Island Land Trust Management Letter on Internal Controls and other Matters. The Management Letter should include comments, and/or recommendations beyond those included in the reports described above, on such matters as:
   i. Policies, procedures and practices employed by the municipality, School and Land Trust
   ii. Other matters, for example, control deficiencies that are not significant deficiencies or material weaknesses
   iii. Use of resources to provide a governmental service in a reasonable, judicious, economical, and efficient manner
   iv. Compliance with state laws pertaining to the Town and with rules and regulations established by the Town

D. Fifteen (15) Copies of the Block Island School audited financial statements including a report on the fair presentation of the financial statements in conformity with generally accepted accounting principles and 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 Accounting Standards.

E. Fifteen (15) Copies of the Block Island School final agreed-upon procedures report on the School Department’s compliance with the Uniform Chart of Accounts.

F. Fifteen (15) Copies of the Block Island Land Trust audited financial statements including a report the fair presentation of the financial statements, report on internal control over financial reporting and on compliance and other matters based on an audit of financial
statements performed in accordance with Governmental Accounting Standards, and any reports required under trust, loan and or grant agreements.

G. In conformance with changes in the General Laws of the State of Rhode Island, the audit firm will be responsible for other state mandated reports as requested by the Town, Director of Revenue, and the Auditor General, or as required by the applicable section of those general laws.

H. Final audit reports (inclusive of all audit communications) shall also be supplied in PDF format so that they might be transmitted electronically.

3. ADDITIONAL CONSIDERATIONS

A. The Town will expect adherence to a prescribed audit schedule. The Town will work with the firm to develop a mutually acceptable timetable. At a minimum, preliminary trial balances and all required supplementary schedules shall be available by October 15th. Fieldwork should be completed by December 1st and draft financial statements, single audit reports and management letters should be available by December 15th. Final audit reports (inclusive of all audit communications) related to the financial statements shall be delivered to the New Shoreham Town Council, State Auditor General, State Director of Revenue and Rhode Island Department of Education within six months after the close of the fiscal year for each year.

B. The Town will expect periodic meetings with the firm for the purpose of discussing audit progress, adherence to deadlines and proposed audit adjustments. Draft copies of all audit reports and the management letter shall be submitted to the Town prior to the exit conference so that there will be adequate time for review.

C. It is the responsibility of the Town’s management for the implementation of all pronouncements issued by promulgating authorities which may affect the content and presentation of the financial statements issued. The Town and audit firm should review new pronouncements formally during all entrance and exit conferences. In accordance with Government Auditing Standards, the auditor may provide technical advice based on their technical knowledge and expertise and if the firm provides non-audit services, it must evaluate whether providing the services creates independence impairment with respect to the audit of the Town.

D. If adjustments to accounts are discovered during the performance of various auditing tests, these adjustments should be proposed to the Treasurer or School Department when appropriate and in a timely manner. If the cumulative effect of the proposed entries is not determined to be material to the financial statements, the adjustments will be booked at the discretion of the Treasurer or School.

E. The Audit firm will notify the Town and School upon determining that a particular financial condition warrants a Management Letter comment. This will allow for
adequate time to review and respond to the issue, and to discuss its validity with the Audit firm.

F. The Auditor will allow the Town access to the audit documentation which detail account and report line item balances, proposed adjustments, report schedules, footnotes, cited deficiencies of any type and management letter comments. The auditors must make the same audit documentation available to the successor auditors upon completion of the term of this engagement.

G. Upon, the completion of each audit, the Town will receive one complete copy of audit adjustments for historical purposes.

H. It is understood that the contract between the municipality and the audit firm shall require the auditor or the audit firm to release any and all information obtained in the course of the engagement to the Rhode Island State Auditor General (or his designee). This information includes, but is not limited to financial data, analysis, audit documentation, and memorandum. The audit documentation of the independent auditors shall be made available to the Auditor General (or his designee) upon request. The request for such information by the Auditor General shall be responded to promptly. Failure to provide this information shall constitute a breach of contract, and the contract shall give the Auditor General standing in a court of competent jurisdiction to enforce this provision.

I. The School Department implemented the Uniform Chart of Accounts (UCOA) as promulgated by the Auditor General and Commissioner of Education in accordance with Rhode Island General Law 16-2-9.4. Each municipal school district, regional school district, collaborative, or charter school, which is required to adopt the UCOA, shall have additional compliance testing procedures designed to assess compliance with UCOA requirements and the entity’s effectiveness of internal control over compliance with those requirements. See Appendix 1 for the agreed-upon procedures. Please note that the agreed-upon procedures may be subject to subsequent modification. Fifteen (15) copies of the final agreed-upon procedures report on the School Department’s compliance with the Uniform Chart of Accounts shall be delivered to the New Shoreham School Department. Auditors should have performed the test work necessary to complete the UCOA Agreed-Upon Procedures before issuing the audit report. New Shoreham shall provide the agreed-upon procedures report along with the audited financial statements to the Rhode Island Department of Education and the Office of the Auditor General at the conclusion of the annual audit or communication of the results of the UCOA Agreed-Upon Procedures engagement can follow, but not later than 30 days after completion of the financial statement. The dollar cost of the bid should specifically identify the fee for the audit services and the fee for the agreed-upon procedures.
IV. PROPOSAL SPECIFICATIONS

1. PROPOSAL CONTENTS

The successful proposal should contain the following:

A. Name(s), Titles, Telephone numbers and email addresses of the Firm's Contacts.

B. The selected CPA firm must meet each of the general standards promulgated by the Comptroller General of the United States as set forth in the revision of Government Auditing Standards.

C. The firm should provide an affirmative statement that it is independent of the Town of New Shoreham as defined by generally accepted auditing standards. The firm should also provide an affirmative Statement that it is independent of all component units of the Town of New Shoreham as defined by those same standards.

D. The firm must possess a Certified Public Accountant's license and a permit issued by the State of Rhode Island Board of Accountancy.

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

F. 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.

G. 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. 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 Town and the Auditor General.

H. The firm must provide representation that its proposal encompasses all the requirements set forth in this request for proposal.

I. The firm must provide a profile which includes:
   a. The size of the firm
   b. The size of the firm's government accounting staff
   c. The location of the office from which the work on the engagement will be performed
   d. Approximate composition of the firm's practice by service type (i.e. audit, tax, general accounting, advisory) and by industry (i.e. non-profit, governmental, health care, manufacturing, other)
   e. Current client listing
f. Listing of the most significant engagements performed over the last five years, most especially municipal and school engagements
g. The amount and type of professional liability coverage - 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
h. List of any professional complaints pending or resolved against the firm or any of its partners with the state boards of accountancy, or any self-regulatory, professional or government authority including but not limited to the AICPA, or Rhode Island Board of Accountancy
i. Information regarding any lawsuits or claims against the firm, pending or resolved
j. A statement that there exist no client conflicts which would inhibit the ability to perform the audit in accordance with professional standards
k. Representation that the private auditor is independent under the requirements of the American Institute of Certified Public Accountants and Government Auditing Standards
l. Representation that the private auditor meets the continuing educational requirements of Government Auditing Standards
m. 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
n. 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
o. The audit organization shall provide a copy of their most recent external quality control review report to the municipality engaging the auditor and also submit the results of any subsequent review performed during the term of the contract
p. A representational copy of the Firm's audited statements which reflects the quality of the report
q. 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 AICPA; 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 Guidance 2 CFR part 200 - 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

J. Profile of the Professional Staff including:
a. Information regarding the number, qualifications, experience and training of the professional staff who would be assigned to the engagement
b. Description of the firm's formal training process and the continuing education requirements

K. The firm should provide an explanation of the planned audit approach including:
a. Expected time budget and completion date for the audit
b. Proposed segmentation of the engagement
c. Level of staff and estimated hours assigned for the engagement
d. Sample sizes and the extent to which statistical sampling is used
e. Use of EDP Software
f. Type of analytical procedures used
g. Approach to be taken to understand and evaluate the Town's internal control structure
h. Explanation of the firm's assessment of materiality

L. A completed Bid Form, summarizing the following:
   a. The firm's fees for performing the Town audit for each of the three years
   b. The firm's fees for performing the School audit for each of the three years
   c. The firm's fees for performing the BILT audit for each of the three years
   d. The firm's hourly fees for special work (for each level of the professional staff)
   e. The cost of a performance bond for each of the three years (Note: This bond may be implemented at the Town's discretion.)
   f. Agreement that the Audit firm shall release any and all information obtained in the course of the engagement to the Rhode Island State Auditor General (or his designee) including documentation of the independent auditors
V. GENERAL TERMS AND CONDITIONS

1. PREPARATION OF PROPOSALS

Proposals shall be submitted in a format suggested herein and must be signed by the APPLICANT or authorized representative. The person signing the PROPOSAL shall initial any corrections to entries made on the PROPOSAL forms.

Unless otherwise stated in the Request for Proposals (RFP) document, the APPLICANT agrees that the PROPOSALS provided shall be deemed open for acceptance for sixty (60) calendar days subsequent to submittal to the Town of New Shoreham.

Any questions or inquiries must be submitted in writing, and must be received by the Town Manager no later than seven (7) calendar days before the RFP’s due date to be considered. Any changes to the RFP requirements will be provided to all APPLICANTS of record either directly or through the advertisement sites listed earlier.

The APPLICANT shall not divulge, discuss or compare this PROPOSAL with the PROPOSAL of any other APPLICANT and shall not collude with any others on a PROPOSAL whatsoever.

2. SUBMISSION OF PROPOSALS

PROPOSALS must be submitted as directed in the RFP documents. PROPOSALS must be typewritten or printed in ink. PROPOSALS must be mailed or delivered in person. Documents that are faxed or e-mailed will not be accepted.

3. WITHDRAWAL OF PROPOSALS

PROPOSALS may be withdrawn prior to the opening date and time upon written, faxed, e-mailed or telegraphic request of the APPLICANT to the Town Manager. Negligence on the part of the APPLICANT in preparing this PROPOSAL shall not constitute a right to withdraw a PROPOSAL subsequent to the PROPOSAL opening. PROPOSALS may not be withdrawn for a period of sixty (60) days after the date of opening indicated herein or as modified by addenda.

4. APPLICANTS INTERESTED IN MORE THAN ONE PROPOSAL:

If more than one PROPOSAL is offered by any one party, or by any person or persons representing a party, all such PROPOSALS shall be rejected. A party who has quoted prices to an APPLICANT is not thereby disqualified from quoting prices to other APPLICANTS or from submitting a direct PROPOSAL in its own behalf.

5. RECEIPT AND OPENING OF PROPOSALS:
PROPOSALS shall be submitted prior to the time fixed in the RFP. PROPOSALS received after the time so indicated shall be returned unopened.

6. **LIMITATIONS:**

This RFP does not commit the Town to award a contract, to pay any costs incurred in the preparation of a response to this request, or to procure or contract for services or supplies. The Town reserves the right to accept or reject any or all PROPOSALS received as a result of this request, or to cancel in part or in its entirety this RFP, if it is in the best interest of the Town to do so.

7. **PROPOSAL EVALUATION:**

In an attempt to determine if an APPLICANT is responsible, the Town, at its discretion, may obtain technical support from outside sources. Each APPLICANT will agree to fully cooperate with the personnel of such organizations.

8. **AWARD OF CONTRACT:**

Any contract entered into by the Town shall be in response to the PROPOSAL and subsequent discussions. It is the policy of the Town that contracts are awarded only to responsive and responsible APPLICANT’s. In order to qualify as responsive and responsible, a prospective APPLICANT must meet the following standards as they relate to this request:

- Have adequate financial resources for performance or have the ability to obtain such resources as required during performance;
- Have the necessary experience, organization, technical and professional qualifications, skills and facilities;
- Be able to comply with the proposed or required time of completion or performance schedule;
- Have a demonstrated satisfactory record of performance; and,
- Adhere to the specifications of this PROPOSAL and provide all documentation required of this PROPOSAL.

A contract will be awarded to a responsive and responsible APPLICANT based on the qualifications and experience of the APPLICANT, their demonstrated ability to provide the services and support requested, and within an agreed upon timeframe and schedule for providing the requested services. The APPLICANT selected will be the most qualified for the services requested.
The Town reserves the right to waive any formality, informality, information and/or errors in the PROPOSALS submitted and the right to reject any or all PROPOSALS at its discretion and to accept the PROPOSAL which will be in the best interest of the Town; or to purchase on the open market if it is considered in the best interest of the Town to do so. In case of error in the extension of prices, the unit prices proposed shall govern and the unit prices in writing shall take precedence over the unit prices in figures. Also, in the event of a discrepancy between the total of the items and the lump sum total stated, the total of the items shall govern.

9. **MODIFICATIONS AFTER AWARD:**

The Town reserves the right to incorporate minor modifications, which may be required by it. The APPLICANT will incorporate these changes at no additional cost, but may protest such action and not be bound by any such request of it can prove that the timing or extent of the modifications implies a major effort on its part.

10. **CANCELLATION OF AWARD:**

The Town reserves the right to cancel the award without liability to the APPLICANT at any time before a contract has been fully executed by all parties and is approved by the Town.

11. **CONTRACT:**

Any Contract between the Town and the APPLICANT shall consist of (1) the Request for PROPOSALS (RFP) and any amendments thereto and (2) the APPLICANT’S PROPOSAL in response to the RFP. In the event of a conflict in language between documents (1) and (2) referenced above, the provisions and requirements set forth and referenced in the RFP shall govern. However, the Town reserves the right to clarify any contractual relationship in writing with the concurrence of the APPLICANT, and such written clarification shall govern in case of conflict with the applicable requirements contained in the RFP and the APPLICANT’S PROPOSAL. In all other matters, not affected by written clarification, if any, the RFP shall govern. The submitter is cautioned that this PROPOSAL shall be subject to acceptance without further clarification.

12. **EXECUTION OF AGREEMENT:**

The successful APPLICANT shall sign (execute) the necessary agreements for entering into the contract and return such signed agreements to the Town, along with the fully executed surety bonds, within ten (10) calendar days from the date mailed or otherwise delivered to the successful bidder.

13. **APPROVAL OF AGREEMENT:**

Upon receipt of the agreement that has been fully executed by the successful APPLICANT, the Town of New Shoreham shall complete the execution of the agreement in accordance with local laws or ordinances and return the fully executed agreement to the APPLICANT.
Delivery of the fully executed agreement, along with a Notice to Proceed and a Town purchase order, to the APPLICANT shall constitute the Town’s approval to be bound by the successful APPLICANT’s PROPOSAL and the terms and conditions of the agreement.

14. FAILURE TO EXECUTE AGREEMENT:

Failure of the successful APPLICANT to execute the agreement within ten (10) calendar days from the date mailed or otherwise delivered to the successful APPLICANT shall be just cause for cancellation of the award.

15. DISQUALIFICATION:

Awards will not be made to any person, firm and/or corporation that has defaulted upon a contract with the Town, the State of Rhode Island or the Federal Government within the past 5 years. Awards will not be made to any principal owner or officers that have a 10% or greater interest in a firm or corporation that has defaulted on a contract with the Town, the State of Rhode Island or the Federal Government within the past 5 years. Corporations must currently be in good standing with the Secretary of State Office in the state in which it is incorporated.

16. INSURANCE:

The successful APPLICANT shall procure and maintain in force insurance, in the amounts and coverage detailed by the PROPOSAL documents, acceptable to the Town, at the APPLICANT’s sole expense, with reputable and financially responsible insurance companies, acceptable to the Town and authorized for business in the State of Rhode Island, insuring against any and all public liability, including injuries or death to persons and damage to property, arising out of or related to the goods or APPLICANT’s performance hereunder and shall furnish to the Town certificates of such insurance and renewals thereof signed by the issuing company or agent upon the Town’s request. Such certificates shall name the Town of New Shoreham as additional insured. Such policies shall contain a clause prohibiting cancellation or modifications of the policy earlier than 30 days after written notice has been received by the Town. The Town’s examination of, or failure to request or demand, any evidence of insurance hereunder, shall not constitute a waiver of any requirement and the existence of any insurance shall not limit the APPLICANT’s obligation under any provision hereof.

If the agreement with the APPLICANT involves the performance of work by the APPLICANT’s employees at property owned or leased by the Town, the APPLICANT shall furnish such additional insurance as the Town may request in respect thereof. In any event, workers’ compensation insurance and unemployment compensation insurance, as required by laws of the State of Rhode Island, and general liability and property damage and automotive liability insurance shall, at a minimum, be provided. In no event shall such employees of the APPLICANT be deemed to be the employees of, or under the direction or control of the Town for any purpose whatsoever.
17. **DISAGREEMENTS AND DISPUTES:**

All disagreements and disputes, if any, arising under the terms of any agreement, either by law, in equity, or by arbitration, shall be resolved pursuant to the laws and procedures of the State of Rhode Island, in which state any agreement shall be deemed to have been executed. No action at law, or equity, or by arbitration shall be commenced to resolve any disagreements or disputes under the terms of any agreement, in any jurisdiction whatsoever other than the State of Rhode Island and Washington County.

18. **TERMINATION OF CONTRACT FOR CAUSE:**

If, through any cause, the APPLICANT shall fail to furnish in a timely and proper manner its obligations under any Contract, or if the APPLICANT shall violate any of the covenants, agreements or stipulations of any Contract, the Town shall thereupon have the right to terminate any Contract by giving written notice to the APPLICANT of such termination. In such event, all finished or unfinished work, services, plans, data programs and reports prepared by the APPLICANT under this Contract shall become the Town’s property and the APPLICANT shall be entitled to receive just and equitable compensation for any satisfactory work completed.

Notwithstanding the above, the APPLICANT shall not be relieved of liability to the Town for damages sustained by the Town by virtue of any breach of any contract, and the Town may withhold any payments until such time as the exact amount of damages due the Town is determined.

19. **TERMINATION FOR THE CONVENIENCE OF THE TOWN:**

The Town may terminate any contract at any time by giving written notice to the APPLICANT of such termination and specifying the effective date thereof, at least fifteen (15) days before the effective date of such termination.

In that event, all finished or unfinished work, services, documents and materials shall become the Town’s property. If any Contract is terminated by the Town as provided herein, the APPLICANT will be paid an amount which bears the same ratio to the total compensation as the services covered by any contract, less payments of compensation previously made.

20. **ASSIGNMENT PROVISION:**

The APPLICANT hereby agrees, if so requested by the Town, that it will assign to the Town of New Shoreham all cause of action that it may acquire under the anti-trust laws of Rhode Island and the United States as the result of conspiracies and/or a combination of contracts in restraint of trade which affect the price of goods or services obtained by the Town under any subsequent contract.

21. **OWNERSHIP OF REPORTS:**
All data, materials, plans, reports and documentation prepared pursuant to any contract between the Town of New Shoreham and the successful APPLICANT shall belong exclusively to the Town.

22. **INVOICING:**

Unless otherwise stated, invoices are to be submitted monthly upon delivery or pick-up to the user department or division. The invoice must include an itemization of all services and/or labor furnished, including unit list price, net price, extensions and total amount due.

23. **PAYMENT:**

Unless otherwise stated, payment will be made within thirty (30) days of the completion of the service, in an acceptable fashion, to the Town and receipt of invoice, whichever is later.

24. **TAX:**

The Town of New Shoreham is exempt from all State sales and Federal excise taxes. The Town’s tax exemption number will be provided to the successful APPLICANT upon request. Please bill less these taxes.

25. **FUNDING OUT:**

The Town of New Shoreham’s obligations to pay any amount due under a contract are contingent upon availability of funds for the purpose. The Town may terminate the contract, for non-appropriation of funds, and all payment obligations of the Town cease on the date of termination.

26. **ASSIGNMENT OR SUB-CONTRACTING:**

None of the services covered by the contract shall be assigned in full or in part, or sub-contracted without the prior approval of the Town.

27. **EXCLUSIVITY:**

This contract will be for the services described above; however, this agreement should not be considered exclusive. As deemed necessary, the Town reserves the right to obtain these services from any other APPLICANT.

28. **COSTS:**

Unless otherwise specified all costs listed are firm for the term of the contract and shall include all labor, material, transportation and discounts.

29. **FORCE MAJEURE:**
Neither party shall be liable for any inability to perform its' obligations under any subsequent agreement due to war, riot, insurrection, civil commotion, fire, flood, earthquake, storm or other act of God.

30. **NOTIFICATION:**

Notification of the parties shall be considered to have been constructively received when it is mailed via the United State Postal Service or delivered in hand to the parties as stated in the contract.

31. **SEVERABILITY:**

If any of the GENERAL TERMS AND CONDITIONS is held to be invalid or unenforceable, it will be construed to have the broadest interpretation which would make it valid and enforceable under such holding. Invalidity or unenforceability of a term or condition will not affect any of the other GENERAL TERMS AND CONDITIONS.

32. **PROVISION REQUIRED BY LAW DEEM INSERTED**

Each and every provision and clause required by law to be inserted in this RFP and any subsequent Contract shall be deemed to be inserted herein and this RFP and Contract shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party, the RFP and Contract shall forthwith be physically amended to make such insertion or correction.

33. **DISADVANTAGED BUSINESS ENTERPRISES**

The Town hereby notifies all APPLICANTS that it will affirmatively insure that in any contract entered into pursuant to this RFP, disadvantaged business enterprises will be afforded full opportunity to submit PROPOSALS in response to this request and will not be discriminated against on the grounds of race, color, national origin, religion, sex, age or disability in consideration for an award.

34. **NON-DISCRIMINATION**

Contracts for work resulting from this RFP shall obligate the APPLICANT and any subcontractors not to discriminate in employment practices on the grounds of race, color, national origin, religion, sex, age or disability. PROPOSALS as to non-discriminatory practices may be requested from the successful APPLICANT(s).

35. **ACCESS TO PUBLIC MEETINGS**

All Town of New Shoreham public meetings are accessible for persons with disabilities. Any person who feels that he or she may be unable to participate in a Town of
New Shoreham public meeting due to a disability should, to the extent possible, call (401) 466-3200 at least 48 hours prior to the meeting so that a reasonable accommodation can be arranged.

36. DEFINITIONS:

PROPOSAL shall also mean quotation, bid, offer, qualification and experience statement and services.

APPLICANTs shall also mean proposers, auditor, offerors, bidders, or any person or firm responding to a Request for Proposals.

37. GOVERNING LAW:

The Laws of the State of Rhode Island shall govern all contracts entered into by the Town of New Shoreham. Any disputes shall be resolved within the venue of the State of Rhode Island and Washington County.
TOWN OF NEW SHOREHAM

BID FORM

Professional Auditing and Agreed-Upon Procedures Services

WHEREAS, the Town of New Shoreham has duly asked for proposals for performance of services and/or supply of goods in accordance with the above-indicated specifications.

The person or entity below does irrevocably offer to perform the services and/or furnish the goods in accordance with the specifications which are hereby incorporated by reference in exchange for the proposal price below.

It is understood that the contract between the Town and the audit firm shall require the auditor or the audit firm to release any and all information obtained in the course of the engagement to the Rhode Island State Auditor General (or his designee).

### Proposed Fees for Audit Services

<table>
<thead>
<tr>
<th>Fiscal Year Ended</th>
<th>Fee for Municipal Audit</th>
<th>Fee for School Audit</th>
<th>Fee for UCOA Agreed-upon Procedures</th>
<th>Fee for BILT Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 30, 2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 30, 2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please do not include the cost of a performance bond in the above audit bid price.
Please list the cost of the performance bond separately below:

### Performance Bond Costs

<table>
<thead>
<tr>
<th>Fiscal Year Ended</th>
<th>Cost of Performance Bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2019</td>
<td></td>
</tr>
<tr>
<td>June 30, 2020</td>
<td></td>
</tr>
<tr>
<td>June 30, 2021</td>
<td></td>
</tr>
</tbody>
</table>
### Hourly Fee for Special "Non-Audit" Services

<table>
<thead>
<tr>
<th>Level</th>
<th>Hourly Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partner</td>
<td></td>
</tr>
<tr>
<td>Manager</td>
<td></td>
</tr>
<tr>
<td>Specialist</td>
<td></td>
</tr>
<tr>
<td>Supervisor</td>
<td></td>
</tr>
<tr>
<td>Staff</td>
<td></td>
</tr>
</tbody>
</table>

### Acknowledgement of Addendum

<table>
<thead>
<tr>
<th>Addendum Number</th>
<th>Signature of Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Applicant Contact Information

<table>
<thead>
<tr>
<th>Company Name</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company Address</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Applicant’s Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Applicant’s Name (Print)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Telephone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Email Address</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>
APPENDIX 1

Uniform Chart of Accounts (UCOA) – Annual Compliance Testing Requirements

OVERVIEW:

Each municipal school district, regional school district, collaborative, or charter school, which is required to adopt the Uniform Chart of Accounts (UCOA), shall have additional compliance testing procedures designed to assess compliance with UCOA requirements and the entity’s effectiveness of internal control over compliance with those requirements. The auditors engaged to perform the annual audit of the entity shall also be engaged to report on their tests of compliance with UCOA requirements in an agreed-upon procedures compliance attestation format.

A minimum sample of transactions shall be selected and tested for compliance with UCOA provisions. Additionally, selected UCOA compliance requirements shall be included within the agreed-upon procedures compliance work program.

The municipal school district, regional school district, collaborative, or charter school shall provide the agreed-upon-procedures report along with the entity’s audited financial statements to the Rhode Island Department of Education (RIDE) and the Office of the Auditor General by December 31 or at the conclusion of the annual audit if an extension has been approved by the Auditor General. For school districts, regional school districts, collaboratives, or charter schools which have adopted a fiscal year end other than June 30, the agreed upon procedures report shall also be provided by December 31 for the activity related to the year ended on the preceding June 30.

COMPLIANCE TESTING REQUIREMENTS:

Auditors shall follow the guidance included in the AICPA Codification of Statements on Standards for Attestation Engagements – AT Section 601 – Compliance Attestation – paragraphs .01 through .29. For practitioner’s reports dated on or after May 1, 2017, the guidance in the clarified attestation standards (SSAE No. 18) shall be followed – AT-C Section 105, Concepts Common to All Attestation Engagements; AT-C Section 215, Agreed-Upon Procedures Engagements; and AT-C Section 315, Compliance Attestation. Also beginning with fiscal 2017 engagements, the auditors shall comply with Government Auditing Standards requirements for agreed-upon procedures engagements; specifically, paragraphs 5.58 through 5.67.

1. A minimum sample of randomly selected expenditure transactions for the municipal school district, regional school district, collaborative, or charter school shall be tested for compliance with UCOA coding requirements.

Select a sample of 35, 45, or 60 (see below) transactions from the universe of all expenditures in the final UCOA format upload file for the fiscal year as reported to the Rhode Island Department of Education (RIDE). A detailed transaction level file should be obtained from the entity’s accounting system to correspond with the final UCOA upload file provided to RIDE for the preceding fiscal year.
RIDE will provide a Validation Totals Report to each school district, collaborative, and charter school to confirm the final upload file information. The sample of transactions to be tested for compliance with UCOA coding shall be selected randomly from the detailed transaction file for the fiscal year.

Alternatively, the auditor may obtain a preliminary fiscal year file from the reporting entity’s accounting system for purposes of selecting a sample of transactions to test. When a preliminary file is used for selecting the sample, the auditor will be required to reconcile changes from the preliminary file to the final validated upload file and determine the significance of any changes and assess the validity of the sample.

Sample size shall be determined as follows:

- Smaller school districts, regional school districts, collaboratives, or charter schools having aggregate fiscal year expenditures of less than $5 million shall utilize a minimum sample size of 35 transactions to be tested for UCOA coding compliance.

- School districts, regional school districts, collaborative, or charter schools, having aggregate fiscal year expenditures greater than $5 million but less than $50 million, shall utilize a minimum sample size of 45 transactions to be tested for UCOA coding compliance provided there are no significant deficiencies and material weaknesses in internal control over financial reporting related to the accounting and financial reporting practices as reported in the current and prior audit. School districts, regional school districts, collaboratives, or charter schools with expenditures greater than $5 million which also have significant deficiencies and material weaknesses in internal control over financial reporting related to the accounting and financial reporting practices as reported in the current and prior audit shall utilize a minimum sample size of 60 transactions.

- School districts, regional school districts, collaboratives, or charter schools, having aggregate fiscal year expenditures greater than $50 million, shall utilize a minimum sample size of 60 transactions to be tested for UCOA coding compliance.

Examine supporting vendor invoices, journal entries, and other supporting documentation to determine if the expenditure has been appropriately classified based upon UCOA classification requirements included in the Uniform Chart of Accounts guidance for the fiscal year. The segments of the account number to be tested for compliance shall include the following:

- Fund/Subfund
- Location
- Function
- Program
- Subject
- Object
- Job classification (for applicable personnel costs)

For personnel costs selected for testing, Location (school/department) and Job Classification shall be tested by tracing the employee to the entity’s assignment roster for the applicable school year.
All noncompliance found in the sample of expenditure transactions tested for compliance with UCOA classification requirements shall be reported. Each instance of noncompliance shall describe the transaction and the specific noncompliance observed.

2. UCOA accounts are used and UCOA methodologies are followed in the accounting system and records of each reporting entity. Determine if the entity’s systems and procedures support the following UCOA requirements:

- Total activity (revenue and expenditures) of the entity for the fiscal year as reported (uploaded) to the UCOA database as of the final upload date shall be reconciled to the total activity within each Fund/Subfund of the municipal school district, regional school district, collaborative, or charter school as reported in the final audited financial statements.

- The UCOA accounts and methodologies are maintained within the actual accounting systems and are not converted to UCOA requirements outside of the accounting system.

Determine if any variance exists in revenue or expenditures between the total amounts reported (uploaded) to the UCOA database and audited amounts reported within the Fund/Subfund on the financial statements of the municipal school district, regional school district, collaborative, or charter school. Any variances shall be reported. Transfers between funds on a GAAP basis (e.g., transfer of appropriations from the municipality’s general fund to the unrestricted school fund) are treated as revenues in the unrestricted school fund for UCOA reporting purposes.

Note: The reporting entity will be required to amend its UCOA upload file to include final amounts which reflect audit adjustments, if applicable.

Determine if the amounts reported (uploaded) to the UCOA database are present in form and content within the accounting system of the reporting entity by requesting a copy of the last report of coding errors identified by RIDE just prior to the final upload with zero errors. Trace to the corrections made to the school’s accounting system to address the errors. All errors shall be tested, up to a maximum of five errors if more than five errors are listed.

3. Costs for debt service and lease and rental of buildings must be recorded consistent with specific UCOA requirements. Amounts charged to Function 421 should be reconciled to the sum of expenditures considered debt service for financial reporting purposes and annual or longer term leases for rental of the main school facility (or facilities if the school has more than one location). Short-term leases should not be included in Function 421.

UCOA Rules to be Tested:

- Debt Service related to buildings or building and land leases is included in Function 421 (Debt Service); these are not charged to Function 321 (Building Upkeep, Utilities, and Maintenance).
- Expenditures for rental of the main facility (or facilities if the school has more than one location) must be charged to Function 421 (Debt Service). This provides a level of comparability between those that rent facilities and those that own them.
4. **Payroll costs are subject to various UCOA coding requirements.** Determine if the entity’s procedures for payroll related costs support the following UCOA requirements:

- **Benefit costs** are to be charged in the same manner as are the directly-related compensation accounts – i.e., to the same Fund/Subfund, Location, Function, Program, Subject, and Job Classification and in the same proportion when allocated to more than one Fund/Subfund. Alternatively, the Allocation Holding Accounts, Location 99999 and Subject 9900 may be used where allowed by the applicable Object Intersection Rule for the Benefit Object selected. Healthcare benefit costs are to be allocated consistent with the employees’ wages based on actual insurance premiums or, in the case of employers who are self-insured, based on working rates.

- The entity has made a determination as to whether any employee meets the conditions that would require allocation of salary and benefits to more than one Fund/Subfund, Location, Function, Program or Subject and has supporting documentation for that determination, (e.g., department heads, nurses who also teach, etc.)

- **Wages and related benefits for Short-term Substitute Teachers** (Job Classifications 1295-1299) are charged only to Subject 0000 when used in conjunction with Function 112 (Substitutes). For those same Job Classification accounts when used with Function 221 (Curriculum Development) and Function 222 (In-Services, Staff Development and Support), wages and related benefits are to be charged to the appropriate accounts for Fund/Subfund, Location, Program, and Subject which were used for the class for which the Substitute Teacher has been engaged to replace. For the Subject segment for example, use Subject 1500 for Middle or High School Math, 0011 for Elementary School Math, and 0200 for Art for all School types.

- **Long-term Substitute Teachers** (Job Classification 1294) are to be charged to the appropriate accounts for Fund/Subfund, Location, Program, and Subject which were used for the class for which the Substitute Teacher has been engaged to replace.

- **Wages and benefits for short-term substitute teacher support personnel** are to be charged to the appropriate accounts for Fund/Subfund, Location, Program, and Subject which are applicable to the activity to which they are assigned.

Determine whether the entity’s payroll system directly interfaces with the entity’s general ledger accounting system and whether it is designed to post directly to the appropriate UCOA account or if there are a significant amount of manual adjustments and journal entries to allocate payroll related cost to the appropriate UCOA account.

Determine if the entity has reasonable and sufficient procedures in place to meet the payroll and related benefit requirements of UCOA.
Review one payroll period posting to assess compliance with UCOA payroll allocation requirements (this may be satisfied through payroll transactions tested in the sample of transactions tested for compliance in compliance testing requirement No. 1).

If the entity is using the intra-fund UCOA Allocation Tool, allocations are performed within the UCOA database and therefore testing is not required for benefit allocations made within that Fund/Subfund.

<table>
<thead>
<tr>
<th>UCOA Rules to be Tested:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In all cases, compensation costs and related benefit costs for each employee must be accounted for in the same Fund/Subfund – they may not cross Funds. Districts may NOT</strong> account for the compensation in one Fund/Subfund and the benefits in another. For example, if 50% of an individual’s salary is charged to the General Fund and 50% to a Special Revenue Fund, then the allocations of Benefits MUST follow the exact same percentages. When related to a particular grant, if the grant is insufficient to cover all the costs, the same prorated amount for each category (compensation and benefits) shall be used up to the limit of the grant.</td>
</tr>
<tr>
<td><strong>Charges to the Location segment for Salary and Benefits for employees that perform multiple functions are to be recorded using the following guidelines:</strong> For employees who perform their job requirements at multiple locations and performance of those duties requires a minimum of 20% of their time to any given Location those costs must be charged to the applicable Location accounts accordingly. If however, the performance of duties at any given Location is less than 20% of their time, charges to those locations are not required, but are permissible.</td>
</tr>
<tr>
<td><strong>Charges to the Function segment for Salary and Benefits for employees that perform multiple functions are to be recorded using the following guidelines:</strong> If an employee has a “Hands-On” relationship to multiple activities being performed and performance of those duties requires a minimum of 20% of their time to any given activity (Function), those costs must be charged to the appropriate Function accounts accordingly. If however, the role is more of an oversight role of supervising or managing others who perform the “Hands-On” work, is less than 20% of their time, charges to those Functions are not required, but are permissible.</td>
</tr>
<tr>
<td><strong>For Department Heads, House Leaders, and System-wide Supervisors,</strong> that portion of regular salary for teaching periods is charged to object 51110 (Regular Salaries); for non-teaching periods, that prorated portion is charged to Object 51132 (Department Heads, House Leaders, and System-wide Supervisors). Stipends for these positions are to be charged to Object 51401 (Stipend – Other).</td>
</tr>
<tr>
<td><strong>For Nurse Teachers,</strong> even if face-to-face teaching occurs, charge to Function 216 (Student Health Services – Medical), not Function 111 (Instructional Teachers).</td>
</tr>
<tr>
<td><strong>Nurses and other non-standard instructors included in Function 216 (Student Health Services – Medical) who teach classes representing less than 10% of their time must code instruction time to Subject 2500 (Non-Instruction) unless the application of the rule would violate a rule or rules of a higher authority – refer to the Account Level Use Rules</strong></td>
</tr>
</tbody>
</table>
5. Professional Development costs are subject to various UCOA coding requirements. Determine if the entity has complied with the UCOA requirements for reporting Professional Development costs for four of the five Object accounts:

- **Object 51113** represents the portion of a teacher’s regular salary, as specified in a contract or agreement, for professional days.
- **Object 51302** represents additional payments made to a teacher for attending school-based professional development.
- **Object 51303** represents additional payments made to a teacher for attending District-based professional development.
- **Object 53301** represents third-party vendor costs (on-site or off-site) for providing professional development. For instruction-related personnel, the professional development costs should be posted to Function 222. For all other personnel, the professional development costs should be posted to the same Function account as the base wages.

A review of union contracts and the adopted budget will provide information related to professional development to be offered to teachers.

Review payroll records to verify compliance with UCOA rules for Objects 51113, 51302, and 51303. (This may be satisfied by testing one payroll record which includes postings to both Object accounts and which may have been selected in compliance testing requirement 1 or 4).

Select a sample size of 5 transactions posted to Object 53301 (if less than 5 total transactions, sample all transactions). Examine the supporting vendor invoice to identify the specific employee(s) receiving professional development services and trace the employee name to the payroll record to determine the Function account to which base wages (Object 51113) were charged. Verify the professional development costs were posted to the proper Function account based on the UCOA rules for the
Function Series. (Expenditures selected in Compliance Testing Requirement No. 1 may be also used to satisfy this compliance testing requirement.)

**UCOA Rules to be Tested:**

**DEFINITION: Object 51113 - Professional Days.** Full-time, part-time, and prorated portions of the costs for professional development days for employees of the District.

- Include in **Object 51113** (Professional Days) the amount prorated from **Object 51110** (Regular Salaries) the actual number of days included in applicable contracts and agreements relating to Professional Days or Professional Development or prorated based on the anticipated number of days if not specified in the contracts.

- For **Object 51113**, use Function 222 only for employees whose Regular Salary (Object 51110) is charged to the 100 and 200 Function Series. For all others, use the same Function account used for their Regular Salary in the 300, 400, and 500 Series. Functions 000, 411, 421, 422, 441, 997, 998, and 999 may not be used. For each employee, use the same Location, Program, Subject, and Job Classification account number as is used with **Object 51110** (Regular Salaries).

**DEFINITION: Object 51302 – Professional Development - School.** Amounts paid to District employees (in addition to regular salaries) for professional development that is related to School-based (and budgeted at the School level) professional development.

**DEFINITION: Object 51303 – Professional Development - Districts.** Amounts paid to District employees (in addition to regular salaries) for professional development that is related to District-based (and budgeted at the District level) professional development.

- For **Objects 51302 and 51303**, use Function 222 only for employees whose Regular Salary (Object 51110) is charged to the 100 and 200 Function Series.

- For all others, use the same Function account used for their Regular Salary in the 300, 400, and 500 Series.

- For Out-of-District Locations, use Function 431 only.

  Functions 000, 411, 421, 422, 441, 997, 998, and 999 may not be used.

- For employees whose Function account is in the 100 or 200 Series, 511, or 512, as used with **Object 51110** (Regular Salaries), use the specific Subject account for the subject they have received Professional Development known as the "Follow the Topic" Concept.

- If not Subject-specific, for General Education courses related to Instruction, use Subject 0000. For courses not related to Instruction, use Subject 2500.
For employees whose Function account is in the 300 or 400 Series, 521, 531, or 532, as used with Object 51110 (Regular Salaries), use Subject 2500 only.

DEFINITION: Object 53301 – Purchased Professional Development and Training Services. Services supporting the professional development and training of District personnel, including instructional and administrative employees. Also applies to fees paid to consultants who attend training sessions provided by the District.

For Object 53301, use Function 222 only for employees whose Regular Salary (Object 51110) is charged to the 100 and 200 Function Series.

For all others, use the same Function account used for their Regular Salary in the 300, 400, and 500 Series.

For Out-of-District Locations, use Function 431 only.

Functions 000, 411, 421, 422, 441, 997, 998, and 999 may not be used.

Use the specific Subject account for the Subject to which Professional Development Services are rendered ("Follow the Topic"). For General Education courses related to Instruction, use Subject 0000. For courses not related to Instruction, use Subject 2500. Subjects 9700, 9800, and 9900 may not be used.
### COMPLIANCE REPORTING REQUIREMENTS:

| Auditors shall follow the guidance included in the AICPA Codification of Statements on Standards for Attestation Engagements – AT Section 601 – Compliance Attestation – paragraphs .01 through .29. For practitioner’s reports dated on or after May 1, 2017, the guidance in the clarified attestation standards (SSAE No. 18) shall be followed – AT-C Section 105, *Concepts Common to All Attestation Engagements*; AT-C Section 215, *Agreed-Upon Procedures Engagements*; and AT-C Section 315, *Compliance Attestation*. Also beginning with fiscal 2017 engagements, the auditors shall comply with *Government Auditing Standards* requirements for agreed-upon procedures engagements; specifically, paragraphs 5.58 through 5.67. |
|
| The auditor shall provide a written report in accordance with the applicable sections of the Statements on Standards for Attestation Engagements and *Government Auditing Standards*, as highlighted above. |
|
| Refer to Exhibit 1 for the agreed-upon procedures and the format for reporting the procedures performed and results of testing. |
|
| Additionally, any noncompliance with UCOA requirements and the effectiveness of the entity’s internal control over compliance with UCOA requirements should be considered in drafting the *Independent Auditor’s 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*. |
|
| Management comments provided to the entity should be inclusive of any recommendations to improve compliance or controls over compliance with UCOA requirements. |
EXHIBIT 1 – Sample Reporting Template

REQUIREMENT 1:

A minimum sample of randomly selected expenditure transactions for the municipal school district, regional school district, collaborative, or charter school shall be tested for compliance with UCOA coding requirements.

PROCEDURES:

Obtain a copy the school entity’s signed acknowledgment of the UCOA File Validation Totals Report received from the RI Department of Education (RIDE). Obtain a detailed transaction level file from the school entity’s accounting system which corresponds with the final UCOA upload file provided to RIDE.

Describe procedures for selecting the sample, the sample size selected, and the tests performed in accordance with the criteria outlined on pages one and two of this document. Please note - If a preliminary fiscal year file is used for selecting the sample, reconcile changes from the preliminary file to the final validated upload and determine the significance of any changes and assess the validity of the sample.

RESULTS:

For each instance of noncompliance, enter the transaction detail in the table below. Highlight the account number segment that is not in compliance, as shown in the example below. Describe the purpose of each transaction, the error(s), and correction(s) immediately following the table. Rows may be added or deleted from the table, as necessary.

<table>
<thead>
<tr>
<th>Item</th>
<th>Fund/ Subfund</th>
<th>Location</th>
<th>Func</th>
<th>Prog</th>
<th>Subject</th>
<th>Object</th>
<th>Job Class (personnel costs only)</th>
<th>Date</th>
<th>Payee</th>
<th>Amt</th>
<th>Corrected per final UCOA file</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>10000000</td>
<td>05105</td>
<td>214</td>
<td>10</td>
<td>2500</td>
<td>51110</td>
<td>1712</td>
<td>03/15/12</td>
<td>Nurse Employees</td>
<td>$5,000.00</td>
<td>Yes</td>
</tr>
<tr>
<td>B</td>
<td>XXXXXXXX</td>
<td>XXXX</td>
<td>XX</td>
<td>XXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXXXXX</td>
<td>XXX</td>
<td>$XXXXX</td>
<td>Yes/No</td>
</tr>
<tr>
<td>C</td>
<td>XXXXXXXX</td>
<td>XXXX</td>
<td>XX</td>
<td>XXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXXXXX</td>
<td>XXX</td>
<td>$XXXXX</td>
<td>Yes/No</td>
</tr>
</tbody>
</table>

A – The regular salaries for nurse employees were charged to Function 214, but should have been charged to Function 216.

B -

C -

SCHOOL RESPONSE: (if applicable)
REQUIREMENT 2:

UCOA accounts are used and UCOA methodologies are followed in the accounting system and records of each reporting entity. Determine if total activity (revenue and expenditures) for the fiscal year as reported (uploaded) to the UCOA database, as of the final upload date, reconciles to the total activity within each Fund/Subfund as reported in the final audited financial statements and if the amounts reported (uploaded) to the UCOA database are present in UCOA form, content and amounts within the accounting system of the reporting entity.

PROCEDURES:

Subtotal the final UCOA upload file by revenues and expenditures under each Fund/Subfund and reconcile to the audited financial statements (GAAP-basis). The following template should be used for reporting the reconciliation between the UCOA upload file and the audited financial statements. Trust and Agency Funds are to be excluded from the reconciliation.

Please note – Transfers between funds on a GAAP basis (e.g., transfer of appropriations from the municipality’s general fund to the unrestricted school fund) are treated as revenues in the unrestricted school fund for UCOA reporting and should be reported as a proper reconciling item.

Request from RIDE a copy of the reporting entity’s last error report just prior to the school’s final UCOA file upload with zero errors. Trace the errors listed on the report to the corrections made within the accounting system for the same reporting period. (Please Note - If the error report lists more than five coding errors, a maximum sample of five errors shall be tested.)

RESULTS:

Variances between the UCOA upload file and audited financial statements shall be identified in the following reconciliation template.

Describe the results from tracing the UCOA coding errors identified in the upload process to the corrections posted in the accounting system. Specifically identify in detail any coding errors that were not corrected in the accounting system.

SCHOOL RESPONSE: (if applicable)
| Amounts from the audited financial statements (funds that include activity included in the total UCOA upload file): |
| Unrestricted School Fund | X | X |
| School special revenue funds | X | X |
| School capital project funds | X | X |
| School Enterprise funds (School Lunch operations) | X | X |
| Other: (identify fund) | X | X |
| Total | | |

| Adjustments/reconciling items: |
| Less: State share of teacher pension contribution - on-behalf payments | X | X |
| Less: State share of transportation - on-behalf payments | X | X |
| Add: Local appropriation to schools reflected as a transfer on financial statements and revenue per UCOA | X |
| Less: indirect cost recoveries included as revenue in unrestrained school fund | X |
| Less: GAAP recording of capital lease - capital outlay expenditures | X |
| Add: Use of fund balance reported as revenue in UCOA | X |
| Other reconciling items | | |
| Other reconciling items | | |

| Adjusted totals |

| UCOA - final upload file (including final audit adjustments) |
| specify upload date | |

| Adjustments/reconciling items: |

| Adjusted totals |

| Unreconciled variance |
| 0 | 0 |

Revised October 2016
**REQUIREMENT 3:**

Costs for debt service and lease and rental of buildings must be recorded consistent with specific UCOA requirements. Amounts charged to Function 421 should be reconciled to the sum of expenditures considered debt service for financial reporting purposes and annual or longer-term leases for rental of the main school facility (or facilities if the school has more than one location). Short-term leases should not be included in Function 421.

**PROCEDURES:**

Subtotal expenditures posted to Function 421 (Debt Service) in the final UCOA upload file and compare to the amounts reported in the audited financial statements for debt service payments and rental payments under long-term lease agreements for main school facilities. Determine the reasons for any variances.

**RESULTS:**

Describe results.

**SCHOOL RESPONSE:** (if applicable)

**REQUIREMENT 4:**

Payroll costs are subject to various UCOA coding requirements. Determine if the entity’s procedures for payroll related costs support the following UCOA requirements:

a. Benefit costs are to be charged in the same manner as are the directly-related compensation accounts – i.e., to the same Fund/Subfund, Location, Function, Program, Subject, and Job Classification and in the same proportion when allocated to more than one Fund/Subfund. Alternatively, the Allocation Holding Accounts, Location 99999 and Subject 9900 may be used where allowed by the applicable Object Intersection Rule for the Benefit Object selected. Healthcare benefit costs are to be allocated consistent with the employees’ wages based on actual insurance premiums or, in the case of employers who are self-insured, based on working rates.

b. The entity has made a determination as to whether any employee meets the conditions that would require allocation of salary and benefits to more than one Fund/Subfund, Location, Function, Program, or Subject and has supporting documentation for that determination, (e.g., department heads, nurses who also teach, etc.)

c. Wages and related benefits for **Short-term Substitute Teachers** (Job Classifications 1295-1299) are charged only to Subject 0000 when used in conjunction with Function 112 (Substitutes). For those same Job Classification accounts when used with Function 221 (Curriculum Development) and Function 222 (In-Services, Staff Development and Support), wages and related benefits are to be charged to the appropriate accounts for Fund/Subfund, Location, Program, and Subject which were used for the class for which the Substitute Teacher has been engaged to replace. For the Subject
segment for example, use Subject 1500 for Middle or High School Math, 0011 for Elementary School Math, and 0200 for Art for all School types.

d. **Long-term Substitute Teachers** (Job Classification 1294) are to be charged to the appropriate accounts for Fund/Subfund, Location, Program, and Subject which were used for the class for which the Substitute Teacher has been engaged to replace.

e. Wages and benefits for **short-term substitute teacher support** personnel are to be charged to the appropriate accounts for Fund/Subfund, Location, Program, and Subject which are applicable to the activity to which they are assigned.

**PROCEDURES:**

Determine whether the entity’s payroll system directly interfaces with the entity’s general ledger accounting system and whether it is designed to post directly to the appropriate UCOA account or if there are a significant amount of manual adjustments and journal entries to allocate payroll related cost to the appropriate UCOA account. Determine if the entity has reasonable and sufficient procedures in place to meet the payroll and related benefit requirements of the UCOA.

Review one payroll period posting to assess compliance with UCOA payroll allocation requirements (this may be satisfied through payroll transactions tested in the sample of transactions tested for compliance in compliance testing requirement No. 1). Describe sample selection process. (Please note - If the entity is using the intra-fund UCOA allocation tool, allocations are performed within the UCOA database and therefore testing is not required for benefit allocations made within that Fund/Subfund.)

**RESULTS:**

Describe payroll system and whether the system interfaces directly with the general ledger system and whether it is designed to post directly to the proper UCOA code or if there are a significant amount of manual adjustments and journal entries to allocate payroll costs. Conclude if the entity's procedures are reasonable and sufficient to meet the payroll and related benefit requirements of UCOA.

Describe results of compliance tests performed. Each instance of noncompliance shall describe the transaction detail (including dollar amount) and the specific noncompliance observed. Also, please note whether the error was corrected in the final upload file.

**SCHOOL RESPONSE:** (if applicable)

**REQUIREMENT 5:**

Professional Development costs are subject to various UCOA coding requirements. Determine if the entity has complied with the UCOA requirements for reporting Professional Development costs for four of the five Object accounts:

a. Object 51113 represents the portion of a teacher’s regular salary, as specified in a contract or agreement, for professional days.
b. Object 51302 represents additional payments made to a teacher for attending School-based professional development.

c. Object 51303 represents additional payments made to a teacher for attending District-based professional development.

d. Object 53301 represents third-party vendor costs (on-site or off-site) for providing professional development. For instruction-related personnel, the professional development costs should be posted to Function 222. For all other personnel, the professional development costs should be posted to the same Function account as the base wages.

PROCEDURES:

Review union contracts and adopted budget to identify professional development offered to teachers.

Review payroll records to verify compliance with UCOA rules for Objects 51113, 51302, and 51303. (This may be satisfied by testing one payroll record which includes postings to these Object accounts and which may have been selected in compliance testing requirement 1 or 4).

Describe procedures for selecting a sample of transactions posted to Object 53301 (Expenditures selected in Compliance Testing Requirement No. 1 may be also used to satisfy this compliance testing requirement). Examine the supporting vendor invoice to identify the specific employee(s) receiving professional development services and trace the employee name to the payroll record to determine the Function account to which base wages (Object 51113) were charged. Verify the professional development costs were posted to the proper Function account based on the UCOA rules for the Function Series.

Describe any additional procedures performed.

RESULTS:

Describe results of compliance tests performed. Each instance of noncompliance shall describe the transaction detail (including dollar amount) and the specific noncompliance observed. Also, please note whether the error was corrected in the final upload file.

SCHOOL RESPONSE: (if applicable)

* * * * *