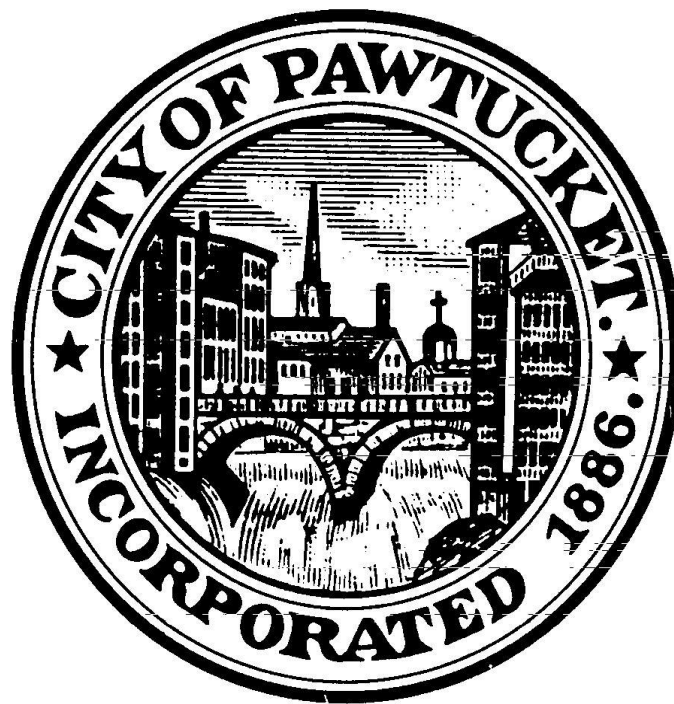


# CITY OF PAWTUCKET

## REQUEST FOR PROPOSALS



**CITY OF PAWTUCKET, RHODE ISLAND  
AUDIT AND AGREED-UPON PROCEDURES SERVICES**

**2024-2026**

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**REQUEST FOR PROPOSAL  
CITY OF PAWTUCKET, RHODE ISLAND  
AUDIT AND AGREED-UPON PROCEDURES SERVICES**

**Introduction**

The Pawtucket City Council will receive proposals for auditing service for the fiscal years July 1, 2023 through June 30, 2024, July 1, 2024 through June 30, 2025, and July 1, 2025 through June 30, 2026, for annual audits of the financial records of the City of Pawtucket, including the School Department, the Community Development Block Grant, the Pawtucket Redevelopment Agency, and the City's Federal Programs.

The School Department utilizes a Uniform Chart of Accounts (UCOA). The auditors engaged to perform the annual audit of the School Department shall also be engaged to report on their tests of compliance with the School UCOA requirements in an agreed-upon procedures compliance attestation format.

Continuation beyond the initial year will be at the discretion of the City. The City may reserve the right to reject the lowest bidder if it deems that it does not possess the personnel, experience, and other resources to complete the audit in accordance with the audit specifications/requirements. The City may also reject all bids.

The proposals will also include a separate audit report for the same time periods of the Pawtucket Water Supply Board. This report will include a table of contents, Independent Auditor's Report, Management's Discussion and Analysis, Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows, Notes to Financial Statements, Required Supplementary Information, and 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.

Chapter 5, Section 2-503 of the City Charter specifies that the City Council shall employ the services of a certified public accountant or a firm of certified public accountants, none of whom shall be officers or employees of the city, holding a certificate or certificates from the State of Rhode Island, or from any other state with whom the State Board of Accountancy has a reciprocal relationship, to make a detailed post audit of the financial records of the City of Pawtucket.

**Due Dates for Completion of Audit Delivery of Reports**

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). For Pawtucket the fiscal year ends June 30, the reports must be filed by December 31 of each year.

A copy of the final written correspondence, The Auditor's Communication with Those Charged with Governance, shall also be delivered to the State Auditor General.

## **Audit Standards**

1. The audit will be required to be conducted in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants.
2. The audit shall be conducted in accordance with the standards for financial audits set forth 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 (OMB Uniform Guidance) - Subpart F – Audit Requirements shall also be followed.

## **Qualifications of Auditor**

1. The firm selected for the audit shall be a firm of certified public accountants holding a valid permit in the State of Rhode Island or from another state having equal professional standards.
2. The private auditor must meet the independence requirements of the American Institute of Certified Public Accountants and the independence requirements of *Government Auditing Standards*.
3. The senior accountant in charge of fieldwork shall be a certified public accountant.
4. The audit organization shall identify any subcontractors, co-proposers, or other entity that will be used to provide the professional services sought by the request for proposal.
5. The audit organization and the individuals responsible for planning, directing, conducting substantial portions of the fieldwork, or reporting on government audits shall meet continuing educational requirements of *Government Auditing Standards* issued by the Comptroller General of the United States.
6. 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*.
7. The audit organization shall provide a copy of their most recent external quality control review report and submit the results of any subsequent review performed during the term of the contract to the City.

## **Audit Contract**

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 City from seeking any other legal or equitable remedies.

Any amendments to the contract for additional work will be negotiated in good faith. Provided, however, in the event that the parties cannot mutually agree on additional work to be performed and the cost for said work, then the city at its option may rescind the option period.

The audit firm should make recommendations for the City to comply with the Governmental Accounting Standards Board (GASB) Statements as they pertain to accounting for capital and capital improvements (fixed assets), and to continue the reporting format in compliance with applicable financial reporting standards. Audit firm will assist the Finance Director in complying with the Management, Discussion, and Analysis.

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 City of Pawtucket.

A copy of the auditor's report is due no later than December 31, following the close of the fiscal year for each of the three years to be included in the audit. If this is not accomplished by the auditing firm, a penalty shall be assessed in the amount of 1% per week for each week the audit is delayed.

The audit fee shall be inclusive of all expenses. The auditors may bill on a monthly basis for work performed (up to 90% of the contract price). The City requires that along with the bill, a work in progress report also be submitted. The City will retain 10% of the contract price until the auditors give the City all final reports. The dollar cost bid should specifically identify the fee for the audit services and the fee for the agreed-upon procedures. **SEE FEE PROPOSAL SHEET ATTACHED – EXHIBIT A**

### **Audit Scope Requirements**

The City of Pawtucket will provide the auditors with a trial balance and various departmental schedules. Based upon this data prepared and provided by the City to the auditors, the auditors shall prepare the financial statements.

The City of Pawtucket desires the auditor to express an opinion on the fair presentation of its basic financial statements, which will include government-wide financial statements, fund financial statements, and notes to the financial statements in conformity with generally accepted accounting principles.

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

Required Supplementary Information shall include:

- Management's Discussion and Analysis
- Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
- Schedules related to defined benefit pension plans and OPEB plans, if applicable

The City of Pawtucket 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.

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 (OMB Uniform Guidance) - Subpart F – Audit Requirements.

- The auditors shall audit major programs as required by OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance) - Subpart F – Audit Requirements and express an opinion on compliance for each major program.
- Major programs shall be determined in accordance with guidance provided in OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance) - Subpart F – Audit Requirements.
- 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.

Other schedules may be required by the City 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 (contact the Division for the most current template). 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 RI Division of Municipal Finance website: [Municipal Transparency Portal | RI Division of Municipal Finance](#)).

The Independent Auditor's Report shall include reference to the Annual Supplemental Transparency Report, MTP2, as supplementary information. See the Municipal Transparency Portal Implementation Guidance for additional information.

A representative of the firm will be expected to appear before the City Council and School Committee to present the findings of the audit and any requested work sessions within 45 days of issuing the report.

The firm will also provide consent letters to use audit reports as an appendix to disclosure documents such as preliminary official statements and final official statements for bond offerings, if needed.

The audited financial statements shall include the following:

**INTRODUCTORY SECTION**

List of City Officials  
Organizational Chart

**FINANCIAL SECTION**

Independent Auditors' Report  
Management Discussion and Analysis  
Basic Financial Statements:

Government-Wide Financial Statements

Statement of Net Position  
Statement of Activities

## Fund Financial Statements

Balance Sheet – Governmental Funds

Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities

Statement of Net Position – Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds

Statement of Cash Flows – Proprietary Funds

Statement of Net Position – Fiduciary Funds

Statement of Changes in Net Position – Fiduciary Funds

## Notes to the Financial Statements

Required Disclosures and Other Information

## Required Supplementary Information (RSI) to the Financial Statements

Budgetary Comparison Schedule – General Fund – Schedule

Revenues and Expenditures – Budget and Actual (Budgetary Basis)

Budgetary Comparison Schedule – General Fund – Schedule of Revenues –Budget and Actual (Budgetary Basis)

Budgetary Comparison Schedule – General Fund – Schedule of Expenditures –Budget and Actual (Budgetary Basis)

Budgetary Comparison Schedule – School Unrestricted Fund – Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis)

Notes to Required Supplementary Information – Budgetary to GAAP Basis Reconciliation

Schedule of Changes to City’s Net Pension Liability and Related Ratios – New Plan

Schedule of Changes to City’s Net Pension Liability and Related Ratios – Municipal Plan

Schedule of Pawtucket’s Proportionate Share of the Net Pension Liability – Teachers Plan

Schedule of Changes to City’s Pension Liability – Old Plan

Schedule of Employer Contributions – New Plan

Schedule of Employer Contributions – Municipal Plan

Schedule of Employer Contributions – Teachers Plan

Schedule of Investment Returns – New Plan

Schedule of Changes to City’s Net Other Postemployment Benefits Liability and Related Ratios

Schedule of Employer Contributions - Other Postemployment Benefits

Schedule of Investment Returns – Other Postemployment Benefits

Notes to Required Supplementary Information – Notes to Schedules

## Other Supplementary Information

Combining Balance Sheet – Non-major Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds

Combining Balance Sheet – City Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – City Special Revenue Funds

Combining Balance Sheet – HUD Restricted Funds



Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – HUD Restricted Funds  
Combining Balance Sheet – School Restricted Funds  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances –School Restricted Funds  
Combining Balance Sheet – Capital Projects Funds  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances – Capital Project Funds  
Combining Balance Sheet –Permanent Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Permanent Funds  
Combining Statement of Fiduciary Net Position – Pension and OPEB  
Combining Statement of Changes in Fiduciary Net Position – Pension and OPEB  
Statement of Fiduciary Net Position – Custodial Funds  
Statement of Changes in Fiduciary Net Position – Custodial Funds  
Annual Supplementary Transparency Report (MTP2)  
Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Municipal  
Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Education Department  
Notes to Other Supplementary Information – Notes to Annual Supplemental Transparency Report  
Tax Collector’s Annual Report

#### **STATISTICAL SECTION**

Schedule of Property Taxes Receivable  
Long-Term Debt – Governmental and Business Type Activity  
Schedule of Debt Service Requirements to Maturity – Governmental Activities  
Schedule of Debt Service Requirements to Maturity – Business Type Activities  
Computation of Legal Debt Margin

#### **SINGLE AUDIT SECTION**

- Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
- 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
- Schedule of Expenditures of Federal Awards and Notes Thereto
- Schedule of Finding and Questioned Costs
- Corrective Action Plan
- Summary Schedule of Prior Year Findings

Following the completion of the audit of the fiscal year's financial statements, the auditor shall report on:

1. 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.

2. 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 combining fund financial statements (and if applicable, General Fund combining financial statements), the Annual Supplemental Transparency Report (MTP2, including the reconciliations), and the Tax Collector's Annual Report.
  - If the supplementary schedule of expenditures of federal awards is issued with the financial statements, the auditor is to provide an "in-relation-to" opinion on that schedule, based on the auditing procedures applied during the audit of the financial statements.
3. 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*.
4. 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 complete SF-SAC Data Collection Form to be submitted in accordance with the current method of submission for Single Audit reporting packages (per OMB public Notice), to the Federal Audit Clearinghouse Internet Data Entry System.
5. The supplementary schedule of expenditures of federal awards (SEFA) - the auditor is to provide an "in-relation-to" opinion on the SEFA, based on the auditing procedures applied during the audit of the financial statements.
6. 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.

The auditors will prepare fifty (50) copies of the financial statements and one reproducible copy for additional distribution. Also, the City requires twenty (20) copies of the Agreed-Upon Procedures report on the School Department's compliance with the Uniform Chart of Accounts. The auditors will also provide a disk in PDF Format to allow for reproduction of the Audit Report on the City's Website.

The agreed-upon procedures report shall be provided 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 the revised timeline established by the Rhode Island Department of Education and the Office of the Auditor General.

The audit of the Pawtucket Water Supply Board shall make a detailed analysis of financial activity in preparation of a Balance Sheet, Statement of Revenues, and Expenditures, Statement of Changes in Fund Balance, Schedule of Revenues and Expenditures Budget and Actual, and a Statement of Cash Flow. A Schedule of Long-Term Debt Maturities and a Schedule of Authorized but Unissued Debt shall also be prepared. The auditor chosen may also be required to provide consultation on a variety of issues subsequent to the financial audit. Such work would be considered separate from the main audit and would be billable at a standard hourly rate.

The audit shall be accompanied by a certificate of the independent public accountant or firm of accountants regularly auditing the books of the City in accordance with Section 609 (Trust Indentures / Net Revenues) setting forth the Net Revenues for the preceding Fiscal Year.

In accordance with Government Auditing Standards, the firm providing non-audit services must evaluate whether providing the services creates an independence impairment either in fact or appearance with respect to the audit of the City.

The auditors will be required to issue twelve (12) separate bound copies of the Pawtucket Water Supply Board audit only and one reproducible copy for additional distribution in any “nearly final,” “preliminary” or “final” official statement produced to market bonds or notes of the Pawtucket Water Supply Board. The auditors will also provide a PDF Format to allow for reproduction of the Audit Report on the PWSB’s Website and for additional distribution.

Please keep all proposals within a limit of fifteen pages. A brief (2 page) executive summary should accompany each proposal.

### **Scope of Agreed-Upon Procedures Engagement For The Uniform Chart of Accounts**

The Pawtucket School Department implemented a Uniform Chart of Accounts 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 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.

Auditors should have performed the test work necessary to complete the UCOA Agreed-Upon Procedures before issuing the audit report. The agreed-upon procedures report, along with the audited financial statements, shall be provided to the Rhode Island Department of Education and the Office of the Auditor General at the conclusion of the annual audit or the revised timeline established by the Rhode Island Department of Education and the Office of the Auditor General.

Any amendments to the contract for additional work will be negotiated in good faith. Provided, however, in the event that the parties cannot mutually agree on additional work to be performed and the cost for said work, then the City at its option may rescind the option period.

SEE ATTACHMENT A FOR THE AGREED-UPON PROCEDURES. Please note that the agreed-upon procedures may be subject to subsequent modification.

### **Audit Reports**

1. Draft copies of all audit report (s) and the management letter shall be submitted to the Finance Director and City Council via the City Clerk of the City prior to the exit conference so that there will be adequate time for review.
2. Draft copies of all audit report (s) and the management letter for the Pawtucket Water Supply Board Financial Statements shall be submitted to the Chief Financial Officer of the PWSB.

## **Management Letter**

1. The audit specifications shall provide for the submission of a management letter upon completion of the audit to Director of Finance and City Council via the City Clerk of the municipality, with copies to the State Director of Revenue and the Auditor General.
2. The management letter should include comments, and/or recommendations beyond those included in the reports described above, on such matters as:
  - a. Policies, procedures, and practices employed by the municipality.
  - b. Control deficiencies that are not significant deficiencies or material weaknesses.
  - c. Use of resources to provide a governmental service in a reasonable, judicious, economical, and efficient manner.
  - d. Compliance with state laws pertaining to the municipality and the rules and regulations established by the municipality.

## **Additional Information to Be Provided To the Municipality**

The following information must be contained in a written representation by the audit firm to the City:

- The current status of the professional license of the firm, partner-in-charge, and senior accountant in charge of the fieldwork.
- Staffing information including:
  1. firm size
  2. number of staff allocated to the audit job,
  3. relevant qualifications and experience of each person assigned to the audit job.
- 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.
- a 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.
- information regarding any lawsuits or claims against the firm, pending or resolved.
- a statement of relevant experience including a list of municipal or other governmental audits performed in the last five years.
- expected time budget and completion date for the audit.

- a statement that there exist no client conflicts which would inhibit the ability to perform the audit in accordance with professional standards.
- representation that the private auditor is independent under the requirements of the American Institute of Certified Public Accountants and Government Auditing Standards.
- representation that any subcontractors, 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.
- representation that the private auditor of a municipality meets the continuing educational requirements of Government Auditing Standards.
- representation that the private auditor has an appropriate internal quality control system in place and has participated in an external Quality control review program as required by *Government Auditing Standards*. The firm will provide a copy of its most recent external quality control review report and also submit the results of any subsequent review performed during the term of the contract; and
- representation that the private auditor is familiar with generally accepted accounting principles for state and local government units and with the generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants; the standards for financial audits set forth in 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 (OMB Uniform Guidance) - Subpart F – Audit Requirements. The private auditor will conduct the audit and report in accordance with those standards.

#### **Access to Audit Information and Audit Documentation by Auditor General:**

As required by Section 45-10-4 of the RI General Laws, it is understood that the contract between the City 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. 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 competent jurisdiction to enforce this provision.

#### **Other**

Any change in the scope of audit service must be approved by the City Council prior to the work being completed.

The City reserves the right to pay the selected vendor via credit card or Electronic Funds Transfer (EFT) at its sole discretion.

The successful bidder should prepare a written contract, which embodies all of the terms of the RFP to be reviewed by the Law Department and ultimately approved by the City Council.

If you are interested in submitting a proposal for auditing and agreed-upon procedures services for the three fiscal years mentioned previously, please mark your package “PROPOSAL FOR AUDIT AND AGREED-UPON PROCEDURES SERVICES.” It should be sent to: Terrence E. Mercier, President, Pawtucket City Council, C/O Richard J. Goldstein, City Clerk, Pawtucket City Hall, 137 Roosevelt Avenue, Pawtucket, Rhode Island 02860.

Your proposal must be received at the above address NO LATER THAN 4:00 P.M., ON **U**, 2024. All proposals will be opened at a Finance Committee meeting of the Pawtucket City Council.

An evaluation committee will be comprised of individuals knowledgeable about auditing and financial reporting matters. Proposals will be evaluated using the following scoring weights resulting in a maximum score of one hundred points:

	Maximum points
Overall qualifications and experience of the firm and the specific engagement personnel to be assigned focusing on experiences with governmental entities and the specific line of business or services provided by the entity to be audited.	40
Overall audit approach and audit strategy described/outlined in the proposal and firm capacity to perform the engagement within the specified timeframe (prior experience of the firm in meeting timelines should be factored in here)	30
Audit fees - See formula for points awarded for audit fees (*) 30	30
<b>Maximum evaluation points 100</b>	<b>100</b>

\* Evaluation technique – audit fees

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

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

Firm A (the lowest bidder)	awarded 30 points	$\$40,000/\$40,000 \times 30 \text{ points} = 30$
Firm B	awarded 26 points	$\$40,000/\$46,000 \times 30 \text{ points} = 26$
Firm C	awarded 24 points	$\$40,000/\$50,000 \times 30 \text{ points} = 24$

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

**EXHIBIT A**

**FEE PROPOSAL SHEET**

The following format should be submitted with this request. Billing will need to be separate for the City, including its agencies, and the Pawtucket Water Supply Board.

FEE PROPOSAL

Submitted by: \_\_\_\_\_

	City Audit	Agreed-Upon Procedures – School UCOA	PWSB Audit	Grand Total
FY24	\$	\$	\$	\$
FY25	\$	\$	\$	\$
FY26	\$	\$	\$	\$
TOTAL	\$	\$	\$	\$



**EXHIBIT B:**

**ANTI-KICKBACK ACKNOWLEDGMENT**

**ALL BIDDERS/OFFERORS MUST ATTEST TO THE FOLLOWING:**

The vendor acknowledges, under the pains and penalties of perjury, that he/she has not been offered, paid, or solicited for any contribution or compensation, nor has he/she been granted a gift, gratuity, or other consideration, either directly or indirectly by any officer, employee or member of the governing body of the City of Pawtucket who exercises any functions or responsibilities in connection with either the award or execution of the project to which this contract pertains.

Further, the vendor acknowledges, under the pains and penalties of perjury, that he/she has not offered, paid, or solicited by way of any contribution or compensation, nor has he/she granted a gift, gratuity or other consideration either directly or indirectly to any officer, employee, or member of the governing body of the City of Pawtucket who exercises any functions or responsibilities in connection with either the award or execution of the project to which this project or contract pertains.

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**SIGNATURE OF BIDDER/OFFEROR**                      **DATE**

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**TITLE**    **COMPANY**

**Title of RFP or BID:**  
**Request for Proposal Audit and Agreed-Upon Procedures Services**

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**ATTACHMENT A:**

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

**EXECUTIVE SUMMARY:**

The Office of the Auditor General (OAG) and the RI Department of Education (RIDE) agree to and acknowledge that the procedures (enclosed herein) are appropriate to meet our purposes. The agreed-upon procedures (AUP) that were effective for fiscal 2022 engagements will continue to be effective for fiscal 2023 engagements. Please note, the only revisions made to this document were an update to the OAG contact information below and technical updates to the reconciliation template. The reconciliation template is only applicable for school districts that do not have a fiscal year end of June 30, 2023, charter schools, collaboratives. This reconciliation is not applicable for school districts that present a three-way reconciliation (i.e., financial statements/municipal transparency portal/UCOA) in the audited financial statements as supplementary information.

Please submit a copy of the UCOA Agreed-Upon Procedures Report to both the OAG and RIDE:

**OAG**

[lori.gelfuso@rioag.gov](mailto:lori.gelfuso@rioag.gov)

Lori Gelfuso  
Office of the Auditor General  
33 Broad Street, Suite 201  
Providence, RI 02903  
(401) 222-2435

**RIDE**

[Santiago.Guerrero@ride.ri.gov](mailto:Santiago.Guerrero@ride.ri.gov)

Santiago Guerrero, Ph.D.  
RI Department of Elementary & Secondary Education  
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## OVERVIEW:

Each municipal school district, regional school district, collaborative, State school, 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, State school, 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, State schools, 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-C Section 105, *Concepts Common to All Attestation Engagements*; AT-C Section 215, *Agreed-Upon Procedures Engagements*; and AT-C Section 315, *Compliance Attestation*. The auditors shall comply with the 2018 Revision of *Government Auditing Standards* requirements for agreed-upon procedures engagements; specifically, paragraphs 7.78 through 7.85.

### **1. A minimum sample of randomly selected expenditure transactions for the municipal school district, regional school district, collaborative, State school, 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, State school, 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, State schools, 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, collaboratives, State schools, 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, State schools, 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, State schools, 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 name 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, State school, 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. A transfer of appropriations from the municipality's general fund to the unrestricted school fund is treated as revenue in the unrestricted school fund for UCOA reporting purposes and should be reported as a proper reconciling item.

**Please Note:**

- *The reporting entity will be required to amend its UCOA upload file to include final amounts which reflect audit adjustments, if applicable.*
- *For school districts with a fiscal year end of June 30, the reconciliation between the audited financial statements and the UCOA file is not required to be presented in the AUP reporting package because a three-way reconciliation between the audited financial statements, the Municipal Transparency Portal (MTP) schedules, and the UCOA file would be presented in the audited financial statements as other supplementary information. It shall be noted in the AUP report that the three-way reconciliation is presented in the audit report. All other school entities (i.e., school districts with a fiscal year end other than June 30, charter schools, State schools, and collaboratives) shall continue to include the reconciliation in the AUP report.*

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. Tuition costs are subject to various UCOA coding requirements. Determine if the entity has complied with the UCOA requirements for reporting tuition costs:**

- **Tuition costs may be charged to one of eight different expenditure object codes in the 55600 series, depending to whom the tuition payment is made (e.g., another school district within the State, a charter school, a private school, etc - refer to the gray box for details). In addition to tuition charges, the billings from an outside provider may also include costs for personal aides and other similar charges. Such charges are part of the services being provided to the student and should be captured in the same Object account for Tuition costs. This maintains consistency in application of costs of this nature.**
- **For all Tuition accounts in the Object 55600 series, the Location will always be an Out-of-District account which will be limited to Location Types 07, 08, 10, 11, and 13.**
- **An Out-of-District Location is defined not by the geographic boundaries, but by who "owns" the Non-Public/Private School. By definition, all entities to which Tuition is paid are Out-of-District Locations. Accordingly, only Function 431 (Public, Parochial, Private, and Charter School Pass-Throughs) may be used with the Tuition Object codes in the 55600 series.**
- **The Tuition Object 55600 series may be used with any Fund Type except 40 (Debt Service Funds) and 90 (Custodial Funds).**
- **For Special Education students, Program 20 is used for students who are district-placed or program 50 for students who are parentally-placed in the alternative location. For non-Special Education students, Program codes 30, 40, 50, or Program 10 series should be used. Program code 30 should be used for tuition payments (and other associated costs) for students to attend Career and Technical programs in other Districts or Charter Schools.**
- **Any Subject codes can be used with Tuition costs except 2701, 2702, 2703, 9700, 9800, and 9900. Subject Series 2100 is used for Special Education and 1400 series with Career and Technical programs.**
- **Only Job Classification code 0000 should be used with tuition payments.**

Obtain an extract from the accounting system of all transactions posted to the 55600 series object codes (tuition expenditures):

- Select a random sample of 10 transactions. If tuition payments are posted to Program 10 (General Education), at least half of the sample (or five) shall be selected from Program 10. Transactions tested in Compliance Testing Requirement No. 1 may also be used to satisfy the compliance testing requirement for tuition payments if the selected transaction was posted to a tuition object code in the 55600 series.
- Examine the billing invoices (and any additional supporting documentation submitted by the provider) to determine if the expenditure was appropriately coded based upon UCOA rules for tuition payments. The segments of the account number to be tested include the following: object, location, fund, function, program, subject, and job classification codes. Particular attention shall be focused on the program segment and whether career and technical programs are appropriately coded as Program Code 30.

All noncompliance found in the sample transactions tested for compliance with UCOA classification requirements shall be reported. Each instance of noncompliance shall describe the transaction, including the dollar amount and the specific noncompliance observed.

**UCOA Rules for Tuition Costs:**

**Object and Location Types:** Use the following object code and location type for tuition costs:

<b><u>Object</u></b>	<b><u>Location Type</u></b>	<b><u>Description</u></b>
55610	Type 07	Tuition to Other School Districts within the State
55620	Type 13	Tuition to Other School Districts outside the State
55630	Type 08	Tuition to Non-Public/Private Schools
55640	Type 118XX	Tuition to Educational Service Agencies (Collaboratives) within the State
55650	Type 119XX	Tuition to Educational Service Agencies (Collaboratives) outside the State
55660	Type 10	Tuition to Charter Schools
55680	Type 07	Tuition to Other School Districts for Voucher Payments
55690	Types 07 - 11	Tuition – Other ( <b>Presently, Object 55690 has no identified locations and should not be used unless authorized by RIDE</b> )

**Fund:** The above tuition object codes may be used with any Fund Type except 40 and 90.

**Function:** Use Function 431 only

**Subject:** Use any Subject except 2701, 2702, 2703, 9700, 9800, and 9900. Use Subject Series 2100 for Special Education. Refer to the General Function/Subject Rules and the required Location Type/Subject Rules for guidance on determining the proper Subject account(s) to use with Function and Location accounts, respectively.

**Job Classification:** Use Job Classification 0000 only

**Program:** For Special Education Students:

- Program 20 - for Students who are District-Placed (refer to UCOA Manual for the categories of services included in Special Education)
- Program 50 - for Students who are Parentally-Placed in the alternative location

For Non-Special Education Students:

- Program 10 Series - General Education
- Program 30 - Career & Technical

- Program 40 - Bilingual/ESL
- Program 50 - Non-public schools

**Program Segment Rules:**

**DEFINITION: Program 10 - Regular Elementary/Secondary Education Programs.** Program 10 (and subprograms 11-15) accounts include activities that provide students in pre-kindergarten through grade 12 with learning experiences to prepare them for further education or training and for responsibilities as citizens, family members, and workers.

- *Program 10 series also include alternative education programs that focus on the educational needs of students at risk of failing or dropping out of school because of academic, behavioral, or situational factors. It is also used for programs associated with gifted and talented students, and Performance Based Graduation requirements.*
- *Regular programs are distinguished from special education programs that focus on adapting curriculum or instruction to accommodate a specific disability and from career/technical programs that focus on career skills.*

**DEFINITION: Program 30 - Career and Technical Education (CTE) Programs.** CTE programs include activities delivered through traditional comprehensive and career-technical high schools, recognized charter schools, or campus-based classrooms that prepare students to meet challenging academic standards as well as industry skill standards while preparing students for broad-based careers and further education beyond high school in certain career cluster areas (refer to the UCOA Manual for a listing and description of the 16 career cluster areas).

**Guidance on Using Program Accounts** - *The facts should be analyzed to determine the proper Program Account to be used in this order:*

- *Determine if the “specialized” Program accounts are applicable – if the activities are best addressed by the use of Program accounts such as Special Education (Program 20), Career and Technical Education (Program 30), or Programs 40 or 50, they should be used.*
- *Where none of the specialized accounts apply and the facts indicate that direct or indirect activities are related to General Education, Program 10 (including Program 11-15 as applicable) should be used.*

*Effective July 1, 2020, all Career and Technology Education (CTE) programs and classes are required to use Program 30 only with Subject 1400 Series accounts (Career and Technical Education), provided however, Programs 62 and 63 must be used with Subject 1400 series accounts when related to Summer School or After School locations to fulfill the requirements of the Dual Identification Concept. Use of Program 10 series accounts with Subject 1400 series are no longer permitted.*

*These requirements apply whether the class is located in a Career and Tech Center or in a regular high school and irrespective if a program or class is “RIDE-approved”.*

**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.
- Wages and related benefits for pre-school teachers are charged to the appropriate 09xxx location code.

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 coding requirements of UCOA.

Determine if pre-school is offered by the entity.

Review one payroll period posting to assess compliance with UCOA payroll allocation requirements and appropriate location code for pre-school teachers (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.



**UCOA Rules to be Tested:**

- ❖ *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 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.*
- ❖ *Charges to the Location segment for Salary and Benefits for employees that perform multiple functions are to be recorded using the following guidelines: 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.*
- ❖ *Charges to the Function segment for Salary and Benefits for employees that perform multiple functions are to be recorded using the following guidelines: 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.*
- ❖ *For Department Heads, House Leaders, and System-wide Supervisors, 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).*
- ❖ *For Nurse Teachers, even if face-to-face teaching occurs, charge to Function 216 (Student Health Services – Medical), not Function 111 (Instructional Teachers).*
- ❖ *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 and Requirements for the precedence order of UCOA Rules. Those that teach **more** than 10% of their time must record instruction time to Subject 0000 (General Education).*
- ❖ *For Short-Term Substitute Teachers (Job Classifications 1295-1299) with Function 112, use only Subject 0000 for all compensation and directly-related benefit accounts.*

- ❖ *For Long Term Substitute Teachers (Job Classification 1294) with Function 112, use the Subject for the job for which the Substitute has been engaged to teach for all compensation and directly-related benefit accounts.*
- ❖ *For all Substitute Teachers (Job Classifications 1294-1299) with Functions 221 and 222, use the appropriate Subject that is assigned to the Teacher for which the Substitute has been engaged to replace, for all compensation and directly-related benefit accounts. However, when a Substitute Teacher teaches multiple subject in a given day (e.g. Math and English), Subject 0000 may be used in place of the specific subject for which they are subbing. Use of this exception should be limited.*
- ❖ *Preschools (in District), i.e., Preschools that "belong" to the District. A Pre-school is defined as including only pre-school age groups. Mandatory Method Rule: If a Kindergarten class is included with a Pre-school location, that location will be considered to be an Elementary school (Location Type 03) for purposes of the UCOA. All other Preschools are considered Non-Public/Private Schools (Location Type 08) or a Location Type 09 (Preschools in District).*

**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 these 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 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-C Section 105, *Concepts Common to All Attestation Engagements*; AT-C Section 215, *Agreed-Upon Procedures Engagements*; and AT-C Section 315, *Compliance Attestation*. The auditors shall comply with the 2018 Revision of *Government Auditing Standards* requirements for agreed-upon procedures engagements – specifically, paragraphs 7.78 through 7.85.

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.

## SAMPLE REPORT

### Independent Accountant's Report

*[Appropriate Addressee]*

We have performed the procedures enumerated in Exhibit 1 on *(Name of Entity)*'s compliance with the Uniform Chart of Accounts during the fiscal year ended June 30, 20xx and *(Name of Entity)*'s internal control over compliance with the aforementioned compliance requirements as of June 30, 20xx. The *(Name of Entity)* is responsible for compliance with the Uniform Chart of Accounts during the fiscal year ended June 30, 20xx and for internal control over compliance with the aforementioned compliance requirements as of June 30, 20xx

The *(Name of Entity)* has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of determining compliance with the specified Uniform Chart of Accounts requirements and internal control over compliance with the Uniform Chart of Accounts during the fiscal year ended June 30, 20xx. Additionally, the Rhode Island Department of Education and the Rhode Island Office of the Auditor General have agreed to and acknowledged that the procedures are appropriate to meet their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are described in Exhibit 1.

We were engaged by *(Name of Entity)* to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to agreed-upon procedures engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance and internal control over compliance with specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of *(Name of Entity)* and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

*[Additional paragraphs may be added to describe other matters.]*

*[Signature of practitioner's firm]*

*[City and state where the practitioner's report is issued]*

*[Date of practitioner's report]*

## EXHIBIT 1 – Sample Reporting Template

### REQUIREMENT 1:

A minimum sample of randomly selected expenditure transactions for the municipal school district, regional school district, collaborative, State school 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 two and three 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:

Specify the date of the UCOA file tested: \_\_\_\_\_.

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.

Item	Fund/ Subfund	Location	Func	Prog	Subject	Object	Job Class (personnel costs only)	Date	Payee	Amt	Corrected per final UCOA file
A	10000000	05105	214	10	2500	51110	1712	03/15/12	Nurse Employees	\$5,000.00	Yes
B	XXXXXXXXXX	XXXXXX	XXX	XX	XXXX	XXXX	XXXX	XXXXXXXX	XXX	\$XXXXXX	Yes/No
C	XXXXXXXXXX	XXXXXX	XXX	XX	XXXX	XXXX	XXXX	XXXXXXXX	XXX	\$XXXXXX	Yes/No

**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. Fiduciary Funds are to be excluded from the reconciliation. Transfer of appropriations from the municipality's general fund to the unrestricted school fund are treated as revenue in the unrestricted school fund for UCOA reporting and should be reported as a proper reconciling item.

*Please note – For school districts with a fiscal year end of June 30, the reconciliation between the audited financial statements and the UCOA file is not required to be presented in the AUP reporting package because a three-way reconciliation between the audited financial statements, the Municipal Transparency Portal (MTP) schedules, and the UCOA file would be presented in the audited financial statements as other supplementary information. It shall be noted in the AUP report that the three-way reconciliation is presented in the audit report. All other school entities (i.e., school districts with a fiscal year end other than June 30, charter schools, State schools, and collaboratives) shall continue to include the reconciliation in the AUP report.*

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:**

**For school districts with a fiscal year end of June 30, please make the following statement:**

A three-way reconciliation between the audited financial statements, the Municipal Transparency Portal schedules, and the UCOA file is presented in the audit report of the municipality (or the regional school) as supplementary information.

**For school districts with a fiscal year end other than June 30 and other school entities:**

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

**For all school entities:**

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)

## UCOA - Agreed-upon Procedures - reconciliation template

### UCOA annual upload file reconciled to audited financial statements

	Revenues	Expenditures/Expenses
<b>Amounts from the audited financial statements (funds that include activity included in the total UCOA upload file):</b>		
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: <i>(identify fund)</i>	X	X
Other: <i>(identify fund)</i>	X	X
<b>Total</b>		
<b>Adjustments/reconciling items:</b>		
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 unrestricted school fund	X	X
Less: GASB recording of capital outlay expenditures for leases and subscription-based information technology arrangements (SBITAs)		X
Add: Use of fund balance reported as revenue in UCOA	X	
Other reconciling items (FASB/GASB differences - e.g., depreciation expense, bond principal payments)		
Other reconciling items		
<b>Adjusted totals</b>		
<b>UCOA - final upload file (including final audit adjustments) specify upload date _____</b>		
<b>Adjustments/reconciling items:</b>		
<b>Adjusted totals</b>		
<b>Unreconciled variance</b>	<b>0</b>	<b>0</b>
<i>Revised December 2023</i>		



### **REQUIREMENT 3:**

Tuition costs are subject to various UCOA coding requirements. Determine if the entity has complied with the UCOA requirements for reporting tuition costs:

- a. Tuition costs may be charged to one of eight different expenditure object codes in the 55600 series, depending to whom the tuition payment is made (e.g., another school district within the State, a charter school, a private school, etc.). In addition to tuition charges, the billings from an outside provider may also include costs for personal aides and other similar charges. Such charges are part of the services being provided to the student and should be captured in the same Object account for Tuition costs. This maintains consistency in application of costs of this nature.
- b. For all Tuition accounts in the Object 55600 series, the Location will always be an Out-of-District account which will be limited to Location Types 07, 08, 10, 11, and 13.
- c. An Out-of-District Location is defined not by the geographic boundaries, but by who “owns” the Non-Public/Private School. By definition, all entities to which Tuition is paid are Out-of-District Locations. Accordingly, only Function 431 (Public, Parochial, Private, and Charter School Pass-Throughs) may be used with the Tuition Object codes in the 55600 series.
- d. The Tuition Object 55600 series may be used with any Fund Type except 40 (Debt Service Funds) and 90 (Custodial Funds).
- e. For Special Education students, Program 20 is used for students who are district-placed or program 50 for students who are parentally-placed in the alternative location. For non-Special Education students, Program codes 30, 40, 50, or Program 10 series should be used. Program code 30 should be used for tuition payments (and other associated costs) for students to attend Career and Technical programs in other Districts or Charter Schools.
- f. Any Subject codes can be used with Tuition costs except 2701, 2702, 2703, 9700, 9800, and 9900. Subject Series 2100 is used for Special Education and 1400 series with Career and Technical programs.
- g. Only Job Classification code 0000 should be used with tuition payments.

### **PROCEDURES:**

Obtain an extract from the accounting system of all transactions posted to the 55600 series object codes (tuition expenditures):

- Select a random sample of 10 transactions. If tuition payments are posted to Program 10 (General Education), at least half of the sample (or five) shall be selected from Program 10. Describe procedures for selecting the random sample. Transactions tested in Compliance Testing Requirement No. 1 may also be used to satisfy the compliance testing requirement for tuition payments if the selected transaction was posted to a tuition object code in the 55600 series.
- Examine the billing invoices (and any additional supporting documentation submitted by the provider) to determine if the expenditure was appropriately coded based upon UCOA rules for tuition payments. The segments of the account number to be tested include the following: object, location, fund, function, program, subject, and job classification codes. Particular attention shall be focused on the program segment and whether career and technical programs are appropriately coded as Program Code 30.

### **RESULTS:**

Describe procedures for selecting the sample and describe how many transactions were selected from each program code.

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 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.
- f. Wages and related benefits for pre-school teachers are charged to the appropriate 09xxx location code.

#### **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.

Determine if pre-school is offered by the entity.

Review one payroll period posting to assess compliance with UCOA payroll allocation requirements and when applicable, with the appropriate location code for pre-school teachers (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.

Indicate whether the school entity has a pre-school program.

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)

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