



CITY OF PROVIDENCE, RHODE ISLAND

Department: Office of the Internal Auditor

RFP Title: Professional Auditing & Agreed -Upon Procedures and Services (FY2025, FY2026, FY2027)

Opening Date: April 7, 2025

Addendum #: 1

Issue Date: March 20, 2025

The purpose of this addendum is to provide written responses to submitted bidder questions.

ADDENDUM 1
Professional Auditing & Agreed-Upon Procedures and Services
(FY2025, FY2026, FY2027)

Finances/Financial System

- 1) If a 3rd party servicer is used in significant financial processes and controls, are SSAE18 SOC 1 reports available for these vendor(s)?**

No SOC report necessary since we handle things almost entirely in-house

- 2) What is the total number of federal programs expected in FY2025, and please provide an estimate of federal program expenditures for each?**

46 grants in FY2024, 5 major. Due to time limitations, the second half of this question is intentionally unanswered.

- 3) What is the estimated total number of governmental, proprietary and fiduciary funds expected to be reported in FY2025.**

Nine (9) major funds in FY2024 ACFR

- 4) Please provide copies of 2024 Single Audit reporting package, as we could not locate a copy on the City's website.**

It is not yet issued.

- 5) Please comment on the nature and status of previously reported audit findings and internal control deficiencies, if any.**

Asset listing versus ACFR showed a \$14,9M difference due to a software upgrade many years ago. The variance has not changed and the ACFR amount has been deemed to be correct.

Questions related to Internal Control and Financial Reporting

- 1) Are internal controls and procedures adequately documented and key controls identified? Do the City and School Department have centralized controls or decentralized?**

Yes. They are identified and documented. The execution of the controls was centralized, but since the State takeover, they have been decentralized.

- 2) Who prepares the financial statements, including all schedules included in the notes to financial statements and supplementary information?**

The Controller's Office, with assistance from the Finance Director of Water, the Controller of PPSD, and the outside accountants handling PPBA.

- 3) There is no #3**

- 4) Is there an internal audit function carried out within the operations of the City and School Department, and if so, to what extent?**

Yes. The Internal Auditor has an office of three employees. There is a tipline that they respond to, as well as requests from councilors and anomalies in reports. As long as the Schools are in the State's control, the authority is with the State to audit.

5) Are IT and Cybersecurity Risks actively managed and monitored on a formal basis?

Yes

6) Have any external IT reviews been performed? Such reviews include penetration testing, cybersecurity reviews and related risk assessments.

Yes, Yes

Additional information and other

1) Please indicate any significant involvement of external management experts (actuaries, engineers, consultants, fiscal agents, etc.) with roles in the internal control or financial reporting functions. Have there been any delays in prior audits due to coordination between the management experts and your independent auditor?

Our actuaries certify our pension and prepare our actuarial valuations. Their involvement has never caused us any material delays.

2) When will the various pension and post-retirement benefit actuarial reports be ready?

Our pension and OPEB GASB reports typically are published around 10/31 each year. This spring we expect to have our experience study as well.

3) Please indicate the extent of audit adjustments being proposed by your independent auditor and accepted by management for recognition in the financial statements.

Almost all of the proposed audit entries relate to GASB 67/68 (Net Pension Liability), 75 (OPEB), and 87 (Leases).

4) Have there been any disagreements between management and your independent auditor during their tenure?

None that I am aware of.

5) Please provide the fees paid for audit services (financial statement and single audit, if applicable) for each of the past three years and indicate if there were any billings above contracted amounts for out-of-scope or additional services not contemplated at contract award.

Financial Statements & Single Audit \$191,100, \$200,664, \$208,890. Contract was amended to add GASB 87 and GASB 96. A forensic audit and an departmental internal controls assessment were performed in additional amounts of \$114,293 and \$26,040 respectively.

6) When does the City anticipate being 100% audit ready for the FY2025 engagement?

100% ready is difficult to measure. Our preliminary trial balance is ready in early September, but our Fixed assets typically take us through the end of October. Water usually fall on that same timeline. School and PPBA have been late with their preliminary trial balances.

7) Why are you contemplating a change in audit firms?

Routine practice to rebid the contract every three years.

8) Is the incumbent firm eligible/being asked to propose?

Yes

9) Are you aware of any fraud that has occurred for the period under audit? If yes, please explain.

No

10) Are you aware of any significant litigation that you are subject to for the period under audit? If yes, please explain.

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11) There was no question #11

12) Are there any consulting needs you anticipate needing or that that you expect from the selected audit firm (subject to independence limitations)?

Potentially

13) What financial information does the Finance Committee/Budget Board/Audit Committee receive? How frequently are these reports prepared and provided?

The Finance Department provides a five-year budget projection annually to the City Council. The Council decides what gets referred to the Finance Committee. The Finance Department provides monthly operating and cash flow reports to the internal auditor.

14) How long has the current CFO and controller and/or main audit contact person been employed with the organization?

30+ years, 5 years, 24 + years, respectively

15) Are you open to having the selected firm performing interim work testing in anywhere between April – July?

No

16) Please list any other reports or attest projects you expect the selected firm to provide, if any.

Unknown at this time.

17) Are there any significant new contracts entered into in FY 2025? If yes, please describe.

All contracts go through the Board of Contract and Supply.

18) Are any significant capital projects expected to be placed in service in FY 2025?

All Capital projects are funded through the Capital Improvement Plan(s)

19) Do you desire the selected firm to always be present at your office while conducting the audit, or is a hybrid on-site/remote approach acceptable?

Hybrid has been working fine for us, no reason to change it. Lus, we do not have the space to have auditors on site full time.

20) **There was no question #20**

21) For audits such as yours, our legal department reviews your master agreement and other such contractual documents and red-lines provisions for suggested changes. Are you open for such suggestions?

The law department has in the past, but does not mean that they will accept them.