

**REQUEST FOR PROPOSALS:
To Provide Auditing and Agreed Upon Services**

**The Urban Collaborative Accelerated Program (UCAP) School
75 Carpenter Street
Providence, Rhode Island 02903
401-272-0881**

RFP Issued: December 5, 2023

Responses Due: December 13, 2023 by 5:00 p.m. EST

SECTION I: GENERAL INFORMATION

INTRODUCTION

It is the responsibility of the Board of Superintendents to formulate financial policies and review operations and activities on a periodic basis. This responsibility is shared through delegation with UCAP's Executive Director and the Finance and Operations Team. UCAP's Executive Director, with oversight of the Board, is responsible for the coordination of the following: Annual budget presentation, management of an Endowment and other fund investments as applicable, selection of the outside auditors, and approving revenue and expenditure objectives in accordance with the Board approved long-term plans.

UCAP's accounting system is in accordance with the Rhode Island Department of Education's ("RIDE") Uniform Chart of Accounts ("UCOA"). The auditors engaged to perform the annual audit of UCAP shall also be engaged to report on their tests of compliance with the RIDE UCOA requirements in an agreed-upon procedures compliance attestation format.

This RFP has been prepared in accordance with R.I. Gen. Laws §45-55-1 *et seq.*, Award of Municipal Contracts, for purchasing and procurement and the Rhode Island Code of Ethics regarding purchasing and procurement. Additionally, this RFP has been prepared in accordance with the revised Guidelines for Quasi-Public Entity Audit Bids and Specifications issued by the Director of Administration and the Auditor General in August 2023. UCAP is not a quasi-public entity.

PURPOSE

In accordance with UCAP's Financial Management Policy, UCAP will have an audit of its financial statements annually, within four (4) months of the end of each fiscal year. The audit shall be completed by a firm of Independent Certified Public Accountants. The Executive Director and Finance and Operations Team shall have direct responsibility in overseeing the implementation of the Annual Financial Audit. The Executive Director and Finance and Operations Team shall recommend to the Board of Superintendents ("Board") for approval, the selection of a firm to perform the annual audit.

UCAP 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. UCAP may also reject all bids.

ISSUING OFFICER, CONTACTS AND LOBBYING

UCAP is issuing this RFP. The Issuing Officer identified below is the sole point of contact regarding this RFP. No contact with any other employee of UCAP is permitted with respect to this RFP, any proposal submitted in response to the RFP, or the contract to be awarded under this RFP. This prohibition applies from the date of release of this RFP until a contract is executed, unless otherwise requested by the Issuing Officer. This prohibition includes, but is not limited to, any lobbying efforts directed at any UCAP officer or employee who might reasonably be considered to have influence over the process and outcome. Violations of this one-contact

provision may result in immediate disqualification from this and any future business opportunities with UCAP.

The Issuing Officer for this RFP is:

Lynn Prentiss, Executive Director
75 Carpenter Street
Providence, RI 02903
RFP2023@ucap.org

SECTION II: AUDIT SPECIFICATIONS AND SCOPE OF WORK

AUDIT STANDARDS

1. The audit shall 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 contained in Government Auditing Standards issued by the Comptroller General of the United States. If a single audit is required then the standards contained in the amended (July 1996) Single Audit Act of 1984 and the provisions of revised OMB Circular A-133, Audits of States, Local Government and Non-Profit Organizations, must be followed.

AUDIT DUE DATES

An annual audit shall be completed and final audit reports (inclusive of all audit communications outlined below) related to the financial statements shall be delivered to UCAP within four (4) months after the close of the fiscal year for each year. UCAP's fiscal year ends June 30. Therefore, reports must be filed by December 31 of each year.

AUDITOR QUALIFICATIONS

To be considered for selection, the following minimum qualifications must be met:

1. The firm selected for the audit shall be a firm of certified public accountants holding a valid practice permit in the State of Rhode Island.
2. The senior accountant in charge of the fieldwork shall be a certified public accountant.
3. The audit organization and the individuals responsible for planning, directing, conducting substantial portions of the fieldwork, or reporting on government audits shall meet the continuing educational requirements of Government Auditing Standards issued by the Comptroller General of the United States.
4. The audit organization shall have an appropriate internal quality control system in place and participate in an external quality control review program as required by Government Auditing Standards.
5. The audit organization shall provide a copy of their most recent external quality control review report and also submit the results of any subsequent review performed during the term of the contract to UCAP.

6. The audit firm shall have at the time of proposal, and throughout the period of engagement, professional liability insurance coverage of not less than \$1 million.
7. The Respondent has a company policy and practice of equal opportunity and non-discrimination based on race, creed, sexuality, or gender.

The Respondent has a continuing obligation to disclose information throughout the RFP process should any qualifications or situations change that might render the Respondent unqualified.

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 UCAP 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 UCAP as its option may rescind the option period.

The audit firm should make recommendations for UCAP to comply with the Governmental Accounting Standards Board (GASB) Statements as they pertain to accounting for capital and capital improvements (fixed assets), and also 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.

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 due date and penalty are not applicable to audit reports of past fiscal years required under this RFP.

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). UCAP requires that along with the bill, a work in progress report also be submitted. UCAP will retain 10% of the contract price until the auditors give UCAP 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

UCAP will provide the auditors with a trial balance and various departmental schedules. Based upon this data provided by UCAP to the auditors, the auditors shall prepare the financial statements, which shall include the following schedules as well as any other schedules requested by UCAP, and/or the Director of Revenue and/or the Auditor General 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 within Other Supplementary Information shall meet the requirements of RIGL 45-10-6 for additional information to the basic financial statements. The Supplementary Information will consist of: *a Balance Sheet, a Statement of Revenues, Expenditures and Changes in Fund Balance, and a Budget and Actual*

Statement.

A representative of the firm will be expected to appear before UCAP Council and Board to present the findings of the audit and any requested work sessions.

The firm will also provide consent letter to use audit report 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 UCAP Board of Supervisors
UCAP Organizational Chart

FINANCIAL SECTION

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

School-Wide Financial Statements

Statement of Net Position
Statement of Activities

Fund Financial Statements

Balance Sheet – UCAP Funds
Reconciliation of UCAP Funds Balance Sheet to Statement of Net
Position Statement of Revenues, Expenditures, and Changes in
Fund Balances
Reconciliation of UCAP 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)
Schedule of Funding Progress
Schedule of Changes to UCAP's Net Pension Liability and Related Ratios
Schedule of Employer Contributions
Notes to Required Supplementary Information

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 – UCAP Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – UCAP Special Revenue 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 Changes in Assets and Liabilities – Investment Funds

STATISTICAL SECTION

Tax Collector's Annual Report 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 Required by OMB
- 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

In addition, the audit firm will also have to complete the following for UCAP:

1. Perform an audit on all school activity savings and checking accounts, and certificates of deposits for each fiscal year, to ensure proper accounting procedures are being applied.
2. Perform Compliance Reporting to ensure the Special Education Department, Title I program, and any other major federal funds are in compliance with all Federal Laws and

Regulations.

3. Perform an audit on the School Lunch Program.

The auditors will prepare twenty-five (25) copies of the financial statements and one reproducible copy for additional distribution. Also, UCAP requires twenty (20) copies of the Agreed-Upon Procedures report on UCAP'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 UCAP's Website.

The agreed-upon procedures report shall be provided along with the audited financial statements to RIDE and the Office of the Auditor General at the conclusion of the annual audit or the revised timeline established by RIDE and the Office of the Auditor General.

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

Please keep proposals within a limit of fifteen (15) pages. A brief (2 page) executive summary should accompany each proposal.

THE UNIFORM CHART OF ACCOUNTS

The audit of UCAP's records must conform to Federal and Rhode Island laws, and the guidelines established by the State Board of Regents of Education. UCAP implemented a new 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. This will require additional testing for each fiscal year.

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

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 UCAP as its option may rescind the option period.

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

AUDIT DELIVERABLES

Audit Reports

Draft copies of all audit report (s) and the management letter shall be submitted to the Executive Director and Board prior to the exit conference so that there will be adequate time for review.

Management Letter

The audit specifications shall provide for the submission of a management letter upon completion of the audit to the Executive Director and Board.

The management letter should include comments, and/or recommendations beyond those included in the reports described above, on such matters as:

- Policies, procedures, and practices employed by the municipality.
- Control deficiencies that are not significant deficiencies or material weaknesses.
- Use of resources to provide educational service in a reasonable, judicious, economical, and efficient manner.
- Compliance with state laws pertaining to the school and the rules and regulations established by RIDE.

Additional Information to Be Provided

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

- The current status of the professional license of the firm, partner-in-charge, and senior accountant in charge of the fieldwork;
- Staffing information including:
 - firm size,
 - number of staff allocated to the audit job,
 - relevant qualifications and experience of each person assigned to the audit job;
- The amount and type of professional liability coverage;
- 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, school, or other governmental audits performed in the last five years;
- references of other/past school clients (*if available, not required*);
- 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 including those in Interpretation 10 Rule 101 of the AICPA Code of Professional Ethics and Government Auditing Standards;
- representation that the private auditor of a public charter school 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 the Auditor General with a copy of its most recent external quality control review report including letter of comment; 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; Government Auditing Standards issued by the Comptroller General of the United States; the Single Audit Act of 1984 as amended in July 1996 and the provisions of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - 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

It is understood that the contract between UCAP 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 REQUIREMENTS

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

UCAP reserves the right to pay the selected vendor via credit card, check, 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 and ultimately approved by UCAP's Board.

If you are interested in submitting a proposal for auditing and agreed-upon services for the three fiscal years mentioned previously, please; mark you package "PROPOSAL FOR AUDIT AND AGREED- UPON PROCEDURES SERVICES". It should be sent to: The UCAP School c/o Lynn Prentiss, 75 Carpenter Street, Providence, RI 02903.

Your proposal must be received at the above address NO LATER THAN 5:00 P.M., ON December 13, 2023. All proposals will be opened by the Executive Director and a member of the UCAP Finance Team.

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 100 points:

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

* Evaluation technique – audit fees

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

Example: Assuming 3 bids received were: (firm A) - \$10,000, (firm B) - \$12,000, (firm C) - \$14,000

Firm A (the lowest bidder)	awarded 30 points	$\$10,000/\$10,000 \times 30 \text{ points} = 30$
Firm B	awarded 26 points	$\$12,000/\$12,000 \times 30 \text{ points} = 26$
Firm C	awarded 24 points	$\$14,000/\$14,000 \times 30 \text{ points} = 24$

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.

FEE PROPOSAL

Submitted by: _____

	UCAP Audit
FY24	\$
FY25	\$
FY26	\$
TOTAL	\$

EXHIBIT B-Uniform Chart of Accounts (UCOA) – Annual Compliance Testing

OVERVIEW:

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

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

The municipal school district, regional school district, collaborative, or charter school shall provide the agreed-upon-procedures report along with the entity's audited financial statements to the Rhode Island Department of Education and the Office of the Auditor General at the conclusion of the annual audit or not later than six months after fiscal year-end. For those school districts, regional school districts, collaboratives, or charter schools which have adopted a fiscal year end other than June 30, the agreed upon procedures report shall be provided by December 31 for the activity related to the year ended on the preceding June 30.

COMPLIANCE TESTING REQUIREMENTS:

Auditors shall follow the guidance included in the AICPA Codification of Statements on Standards for Attestation Engagements – AT Section 601 – Compliance Attestation – paragraphs .01 through .29

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

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

Sample size shall be determined as follows:

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

EXHIBIT B-Uniform Chart of Accounts (UCOA) – Annual Compliance Testing

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

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

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

For personnel costs selected for testing, Location (school/department) and Job Classification shall be tested by tracing the employee to the entity's assignment roster for the applicable school year.

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

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

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

EXHIBIT B-Uniform Chart of Accounts (UCOA) – Annual Compliance Testing

Note: When variances are reported between the UCOA upload file and the audited financial statements, the entity may be required to amend its UCOA upload file to include final amounts which reflect audit adjustments.

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

UCOA Rules to be Tested:

- ❖ *Debt Service related to buildings or building and land leases is included in Function 421 (Debt Service); these are **not** charged to Function 321 (Building Upkeep, Utilities, and Maintenance).*
- ❖ *Expenditures for rental of the main facility (or facilities if the school has more than one location) must be charged to Function 421 (Debt Service). This provides a level of comparability between those that rent facilities and those that own them.*
- ❖ *Annual or Longer term Leases must be charged to Function 421 (Debt Service). Short-term leases and rentals should be charged to Function 321 (Building Upkeep, Utilities and Maintenance).*
- ❖ *Short-term or revolving credit debt is included in Function 332 (Business Operations); these are **not** charged to Function 421 (Debt Service).*

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 charged in the same manner as direct wages – e.g., 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. Healthcare benefit costs are 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 for Short-term substitute teachers are charged to Subject 0000. Wages for short-term substitute teacher support personnel and long-term substitute teachers should follow the Location, Program, and Subject accounts as used with the employees whom they are replacing.**

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

EXHIBIT B-Uniform Chart of Accounts (UCOA) – Annual Compliance Testing

to the appropriate UCOA account. Determine if the entity has reasonable and sufficient procedures in place to meet the payroll and related benefit requirements of the UCOA.

Review one payroll period posting to assess compliance with UCOA payroll allocation requirements (this may be satisfied through payroll transactions tested in the sample of transactions tested for compliance in compliance testing requirement No. 1).

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.*
- ❖ *Allocation 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 the multiple activities being performed and performance of those duties requires a minimum of 20% of their time, 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, then no charges must be made for these activities, even if the amount of time expended exceeds 20% of the employee's time.*
- ❖ *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).*
- ❖ *Wages for Short-term substitute teachers (Job Classifications 1295-1299) in Object 51115 (Salaries – Substitutes) when used with Function 112 (Substitute Teachers) is charged to Subject 0000. With Functions 221 and 222, use the appropriate Subject that is assigned to the Teacher for which the Substitute has been engaged to replace. Wages for Long-term substitute teachers (Job Classification 1294) should follow the Location, Program, and Subject accounts as used with the teacher whom they are replacing.*

EXHIBIT B-Uniform Chart of Accounts (UCOA) – Annual Compliance Testing

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 three 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 after-hours school-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 and 51302. (This may be satisfied by testing one payroll record which includes postings to both Object accounts and which may have been selected in compliance testing requirement 1 or 4).

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

UCOA Rules to be Tested:

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

- ❖ Include in **Object 51113** (Professional Days) the amount prorated from Object 51110 (Regular Salaries) the actual number of days included in applicable contracts and agreements relating to Professional Days or Professional Development or prorated based on the anticipated number of days if not specified in the contracts.
- ❖ For **Object 51113**, use Function 222 only for employees whose Regular Salary (Object 51110) is charged to the 100 and 200 Function Series. For all others, use the same Function account used for their Regular Salary in the 300, 400, and 500 Series. Functions 000, 411, 421, 422, 441, 997, 998, and 999 may not be used. For each employee, use the same Location, Program, Subject, and Job Classification account number as is used with Object 51110 (Regular Salaries).

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

EXHIBIT B-Uniform Chart of Accounts (UCOA) – Annual Compliance Testing

- ❖ **Object 51302** (Professional Development – School) - only that Professional Development that is paid on an hourly basis.
- ❖ For **Object 51302**, 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 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.

- ❖ 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. 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.

EXHIBIT B-Uniform Chart of Accounts (UCOA) – Annual Compliance Testing

COMPLIANCE REPORTING REQUIREMENTS

Auditors shall follow the guidance included in the AICPA Codification of Statements on Standards for Attestation Engagements – AT Section 601 – Compliance Attestation – paragraphs .01 through .29

The auditor shall provide a written report in accordance with the applicable sections of the Statements on Standards for Attestation Engagements as highlighted above.

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.

A sample report follows:

Independent Accountant's Report on Applying Agreed-Upon Procedures

We have performed the procedures enumerated in Exhibit 1, which were agreed to by the Rhode Island Department of Education (RIDE), solely to assist RIDE in evaluating the (entity's) compliance with the Uniform Chart of Accounts during the fiscal year ended June 30, 20xx and the effectiveness of the (entity's) internal control over compliance with the aforementioned compliance requirements as of June 30, 20xx. Management is responsible for the (entity's) compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Rhode Island Department of Education, the *Entity*, and the Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

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

EXHIBIT 1

REQUIREMENT 1:

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

PROCEDURES:

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

Describe procedures for selecting the sample, the sample size selected, and the tests performed. Please note - If an interim file is used for selecting the sample, reconcile changes from the interim file to the final upload and determine the significance of any changes and whether additional testing is warranted.

RESULTS:

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

Item	Fund/ Subfund	Location	Function	Program	Subject	Object	Job Class (personnel costs only)	Date	Payee	Amount	Corrected per final UCOA file
A	10000000	05105	214	10	2500	51110	1712	03/15/12	Nurse Employees	\$5,000.00	Yes
B	XXXXXXXX	XXXXX	XXX	XX	XXXX	XXXX	XXXX	XX/XX/XX	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$X,XXX,XXX.XX	Yes/No
C	XXXXXXXX	XXXXX	XXX	XX	XXXX	XXXX	XXXX	XX/XX/XX	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	\$X,XXX,XXX.XX	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)

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

REQUIREMENT 3:

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

PROCEDURES:

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

RESULTS:

Describe results.

SCHOOL RESPONSE: (if applicable)

REQUIREMENT 4:

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

- a. Benefit costs are charged in the same manner as direct wages – e.g., 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. Healthcare benefit costs are 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 for Short-term substitute teachers are charged to Subject 0000. Wages for short-term teacher support personnel and long-term substitute teachers should follow the Location, Program, and Subject as used with the employees whom they are replacing.

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

PROCEDURES:

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

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

RESULTS:

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

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

SCHOOL RESPONSE: (if applicable)

REQUIREMENT 5:

Professional Development costs are subject to various UCOA coding requirements. Determine if the entity has complied with the UCOA requirements for reporting Professional Development costs for three 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 after-hours school-based professional development.
- c. 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.

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

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 and 51302. (This may be satisfied by testing one payroll record which includes postings to both Object accounts and which may have been selected in compliance testing requirement 1 or 4).

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)