



TOWN OF COVENTRY, RHODE ISLAND INVITATION FOR BID

ANNUAL AUDIT AND AGREED-UPON PROCEDURES SERVICES

The Town of Coventry, Rhode Island, invites qualified independent Certified Public Accountants, licensed to practice in the State of Rhode Island, to submit proposals to conduct an audit and agreed-upon procedures services in accordance with the specification below.

The audit shall be conducted in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits set forth in Government Auditing Standards issued by the Comptroller General of the United States, and the standards contained in the amended (July 1996) single Audit Act of 1984 and the provisions of revised OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements, must also be followed.

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

Sealed proposals will be received by the Town Clerk, Town of Coventry Town Hall, 1670 Flat River Road, Coventry, Rhode Island 02816 until **4:00 P.M. on July 1, 2024**, at which time they will be publicly opened and read aloud on same day in the Council Chambers, Coventry Town Hall.

An original and three (3) copies of each proposal should be submitted in a sealed envelope to the attention of the Town Manager, Daniel O. Parrillo, Jr. Plainly marked on the exterior of the envelope should be: YOUR COMPANY NAME and plainly marked on the exterior of the envelope “Audit and Agreed-Upon Procedures Proposals.”

Questions should be directed to Robert J. Civetti, CPA, Finance Director at FinanceDirector@CoventryRI.Gov or Christopher DeVerna, CPA, Director of Finance Coventry Public School at DevernaChristopher@CoventrySchools.Net. All communications must be by email to the foregoing. Ensure any email correspondence include “Audit and Agreed-Upon Procedures Proposals” as the subject line.

The Town reserves the right to reject the lower bidder if it deems that it does not possess the personnel, experience, and/or other resources to complete the services in accordance with the specifications. It may also reject all bids. In either case, the reasons for the action shall be documented.

Town of Coventry

The Town of Coventry, incorporated in 1741, encompasses an area of 62.3 square miles. The Town has a population of 35,688 according to the 2020 U.S. Census

A copy of the most recent audit report is available on the Town's website at www.coventryri.gov. The Town is currently in the process of completing the fiscal 2023 audit which is expected to be issued by the end of July 2024.

The Town operates with a fiscal year starting July 1st through June 30th and adopted a budget for fiscal 2024, in the amount of \$116,631,636. This budget includes \$37,410,392, for municipal expenditures and \$79,221,244, for education. Approximately 67% of the fiscal 2024 budgeted revenues are derived from property taxes and PILOT fees. On May 7, 2024, the Town Council approved the fiscal 2025 operating budget in the amount of \$121,213,619. The fiscal 2025 budget represents an increase of approximately 3.93% from fiscal 2024.

Both Town and School Department utilize the Keystone Solutions accounting system to maintain the general ledger accounting records and process payroll. The Town and the School Department maintain separate databases in Keystone and manage the payroll and accounting functions separately.

AUDIT ENGAGEMENT

Federal Awards

The Town of Coventry expends federal awards and an audit must meet the requirements of the Single Audit Act and OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements. Please refer to the above referenced OMB Guidance regarding applicability for the Town of Coventry and its requirements. Please note that the circumstances could change between fiscal years regarding the expenditure of federal awards and therefore the applicability determination must be made each fiscal year.

Due Dates for Completion of Audit and Delivery of Reports

The annual audit must be completed and final audit reports (inclusive of all audit communications) related to the financial statements shall be delivered to the municipality and presented to the Town Council for approval and acceptance at the first Council meeting in December. The audit reports must be submitted to State Auditor General, Department of Municipal Finance, and the Rhode Island Department of Education within six months after the close of the fiscal year as required by Section 45-10-5 of the Rhode Island General Laws. A copy of the final written correspondence between the audit firm and those charged with governance (e.g. Statement on Auditing Standards – The Auditor's Communication with Those Charged with Governance) as well as any Management Comments and Recommendation correspondence must also be delivered to the State Auditor General.

Qualifications of Auditor

1. The firm selected for the audit shall be a firm of certified public accountants holding a valid license 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 and the independence requirements of *Government Auditing Standards*.
3. The senior accountant in charge of the fieldwork shall be a certified public accountant.
4. The audit organization and the individuals responsible for planning, directing, and 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.
5. 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.
6. The audit organization shall provide a copy of their most recent external quality control review report and also submit the results of any subsequent review performed during the term of the contract to the municipality engaging the auditor. A copy of the peer review/external quality control review report must be provided with the annual engagement letter.
7. The audit organization shall identify any sub-contractors, co-proposers, or other entity that will be used to provide the professional services sought by the invitation for bid.

Audit Contract

1. The audit contract is for three fiscal years, subject to the annual renewal by the Town. Each year will be treated as a separate engagement, and as such, the audit organization will be required to submit annual audit engagement letter to the Town Manager for approval and the UCOA Agreed-Upon Procedure engagement letter to the Superintendent for approval. The contract period shall not exceed three years.
2. Audit contracts shall specify an audit fee for each year. The audit fee shall be inclusive of all expenses.
3. Continuation beyond the initial fiscal year of the three-year contract will be at the discretion of the Town.

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

Audit Standards

1. The audit shall be conducted in accordance with auditing standards generally accepted in the United States of America.
2. The audit shall also 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. As a single audit is required, the standards contained in the amended (July 1996) single Audit Act of 1984 and the provisions of revised OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements, must also be followed.

Audit Scope

1. The Town 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.
2. 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
3. The Town also desires the auditor to express an "in-relation-to" opinion on the supplementary financial statements and schedules based on the auditing procedures applied during the audit of the basic financial statements.

Supplementary financial statements, schedules and information shall include:

- Combining fund financial statements shall be presented as supplementary information for all non-major governmental funds. Each non-major fund

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

- Combining financial statements shall be presented for the General Fund when separate funds are maintained within the accounting system but the funds do not qualify as special revenue funds, in accordance with generally accepted accounting principles, and are merged with the General Fund for financial reporting purposes.
4. If applicable, an audit of major programs shall be performed in accordance with the criteria outlined in OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements.
- The 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.
5. Other schedules may be required by the Town and/or the State of Rhode Island Director of Revenue, Auditor General, and Department of Education or as required by the applicable section of the general laws such as, Rhode Island General Law Section (RIGL) 45-10-6 (Contents of Audit Report).
- The Tax Collector’s Annual Report shall be presented within Other Supplementary Information to meet the requirements of RIGL 45-10-6 for additional information to the basic financial statements. The Tax Collector’s Annual report should be presented in accordance with the revised format requirements of the RI Department of Revenue - Division of Municipal Finance (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 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.

Audit Reports

1. Draft copies of all audit report(s) and the management letter correspondence shall be submitted to the Town Manager, Town's Finance Director, Superintendent of Schools, and School's Director of Finance prior to final issuance so that there will be adequate time for review and comment.

2. Following the completion of the audit of the fiscal year's financial statements, the auditor shall report on:
 - a. The fair presentation of the financial statements in conformity with generally accepted accounting principles based on an audit performed in accordance with generally accepted auditing standards and Government Auditing Standards. The auditor shall also refer to, but not opine on, required supplementary information consistent with reporting guidance in the applicable AICPA Audit Guide.
 - b. Supplementary financial statements, schedules and information being 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.
 - c. 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.
 - d. Reports and summaries related to federal financial assistance as required by OMB Guidance (the auditor should refer to applicable OMB guidance in effect and the applicable AICPA Audit Guide for reporting guidance) and 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.
 - e. 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.
 - f. Other reports requested by the municipality, Director of Revenue, and/or Auditor General or as required by the applicable section of the general laws.

Management Letter

1. Upon completion of the audit, a management observation and recommendation letter (if applicable) shall be provided to the Members of the Town Council, the Town Manager, Finance Director, School Committee, Superintendent, and School Director of Finance with a copy to the Auditor General.

2. The management observation and recommendation 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. weaknesses in the internal controls that are not “significant deficiencies”;
 - c. use of resources to provide a governmental service in a reasonable, judicious, economical, and efficient manner,
 - d. Compliance with state laws pertaining to the municipality and with rules and regulations established by the municipality.

Additional Information To Be Provided To the Town and the Auditor General

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

1. current status of the professional license of the firm, partner-in-charge, and senior accountant in charge of the field work;
2. staffing information including;
 - a. firm size,
 - b. number of staff allocated to the audit job,
 - c. relevant qualifications and experience of each person assigned to the audit job;
3. 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.;
4. 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;
5. information regarding any lawsuits or claims against the firm, pending or resolved,
6. a statement of relevant experience including a list of municipal or other governmental audits performed in the last five years;
7. expected time budget and completion date for the audit;
8. a statement there exist no client conflicts which would inhibit the ability to perform the audit in accordance with professional standards;
9. representation that the private auditor is independent under the requirements of the American Institute of Certified Public Accounts and *Government Auditing Standards*.
10. representation the private auditor of a municipality meets the continuing educational requirements of *Government Auditing Standards*;
11. representation any sub-contractors, co-proposers, or any other entity providing professional services under the engagement will be subject to, and will have met, all the same applicable requirements as the proposer;
12. representation 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 Town and Auditor General with 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

13. representation 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 Accounts; 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 - Subpart F – Audit Requirements and will conduct the audit and will report in accordance with those standards.

Access to Audit Information and Documentation by Auditor General

As required by Section 45-10-4 of the RI General Laws, it is understood the contract between the Town of Coventry 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 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 designee) upon request. The request for such information by the Auditor General shall be responded to promptly. Failure to provide this information shall constitute a breach of contract, and the contract shall give the Auditor General standing in a court of competent jurisdiction to enforce this provision.

SCOPE OF AGREED-UPON PROCEDURES ENGAGEMENT FOR THE UNIFORM CHART OF ACCOUNTS

The Coventry School Department implemented the 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. 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.

See Attachment A for the agreed-upon procedures. Please note that the agreed-upon procedures may be subject to subsequent modification.

Auditors should have performed the test work necessary to complete the UCOA Agreed-Upou Procedures before issuing the audited financial statements. 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.

Proposal

The proposal should include the following:

1. **Transmittal Letter** – Briefly state the firm’s understanding of the work to be performed including the proposed fees, specifically identifying the fee for audit services and the fee for the agreed-upon procedures. Specify the total hours required to complete each project. This letter must be signed by an officer or Principal who is authorized to negotiate for and contractually bind the firm.
2. **Professional Experience** – Describe the firm’s municipal audit experience in the last three years, especially in the State of Rhode Island. Describe the firm’s participation in professionally sponsored quality control review and attach evidence of the successful completion of this process in the appendix of the proposal.
3. **Resumes** -- Identify the Partners/Principals, Managers, Supervisors and the staff who are to perform the services. Provide resumes/employment histories of the individuals responsible for signing the financial statements and supervising the engagement.
4. **References** – Provide contact information for at least five finance/management personnel who your firm has been engaged to conduct audits in accordance with generally accepted accounting principles and Government Auditing Standards over the past 5 years.
5. **Approach to Engagements** – Describe the proposed work plan designed to accomplish the scope of required services. This plan should identify procedures to be used, the segments of each engagement, a time table for completion of the engagements, and time estimates by staff level for each segment of the engagements.
6. **Fee Schedule** – Identify the all-inclusive maximum fees for each year required for performing the audit of the financial statements of the Town of Coventry for the fiscal years ending June 30, 2024, 2025, and 2026 and the annual agreed-upon procedures engagement. The dollar cost bid should specifically identify the fee for the audit services and the fee for the agreed-upon procedures separately. In addition, list hourly rates for other consulting/accounting services that may be needed during the term of the contract. In accordance with Government Auditing Standards, if the firm provides non-audit services, it must evaluate whether providing the services creates independence impairment with respect to the audit of the Town of Coventry. The proposed fee must be included on the dollar cost bid form (Attachment C) included in this invitation for bid.

Other Requirements

The audit firm will be required to provide twenty (20) bound copies of all reports and communications along with a PDF of each document which will be published on the Town's website. The audit firm will also be required to submit all reports and documents electronically to all State of Rhode Island Office of the Auditor General, Rhode Island Department of Municipal Finance, and the Rhode Island Department of Education.

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.

Attachment B, Proposer Warranties, must be completed and included in the proposal submitted by the audit firm.

The audit firm is also responsible for completing and filing the Data Collection Form with the Federal Audit Clearinghouse which is required to be submitted, along with a copy of the audited financial statements and the Uniform Guidance reports within 9 months of the end of the fiscal year. Failure to complete the filing requirements within 9 months of the end of the fiscal year will require the auditors to consider the Town to be a high-risk auditee for compliance reporting purposes.

The firm will be responsible for all costs associated with the generation and mailing of confirmation letters, legal letter, and other communications. The dollar cost bid proposal submitted is to be all inclusive.

A representative from the audit firm will review all proposed audit entries, findings, comments and recommendations with the Town's Finance Director and the Director of Finance for the Coventry Public Schools prior to the issuance of any reports and communications. The Town's Finance Director and School's Director of Finance will provide management responses to all findings and recommendations. These responses/corrective action plans will be included in the schedule of findings and questions costs and the management recommendations letter, as applicable.

A representative of the audit firm will be expected to appear before the Town Council to present the audited financial statements, compliance reports in accordance with the Uniform Guidance, and all communications of findings and recommendations. A representative of the audit firm may also be asked to present the reports and results of the agreed-upon procedures engagement to the members of the School Committee.

The successful bidder will be required to provide the Town with a Certificate of Insurance for liability in the amount of \$1,000,000.00 and Worker's Compensation Insurance. Copies of these certificates should be provided as part of the annual engagement letter.

Timeline

The audit firm is expected to commence the audit annually in September. However, preliminary testing, processing of confirmation letters, and documentation of controls may commence in late July or early August to assist with efficiency and effectiveness of the audit (preliminary work can commence in June annually for periods after fiscal 2024). A draft of the financial statements is expected to be delivered to the Town's Finance Director and School's Director of Finance by approximately November 22nd annually so that it can be reviewed and commented on prior to presentation of the draft to the Town Council at their first meeting in December.

Evaluation

Proposals will be reviewed by a committee and each proposal will be evaluated based on the following criteria:

- Municipal audit experience
- Qualification of firm
- Timetable of the engagements completion
- Fees for audit and agreed-upon procedures

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) - \$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.

The Town reserves the right to reject any and all proposals and accept the one which it deems to be in the best interest of the Town.

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

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

RIDE

Santiago.Guerrero@ride.ri.gov

Santiago Guerrero, Ph.D.
RI Department of Elementary & Secondary Education
255 Westminster Street
Providence, RI 02903
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ATTACHMENT A

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

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.

ATTACHMENT A

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

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

ATTACHMENT A

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

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.**

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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.

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UCOA

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

<u>Object</u>	<u>Location Type</u>	<u>Description</u>
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 (Presently, Object 55690 has no identified locations and should not be used unless authorized by RIDE)

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.

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- *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**

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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.

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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.*

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- ❖ *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.)

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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**.*

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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.

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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]

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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	XXXXXXXX	XXXXX	XXX	XX	XXXX	XXXX	XXXX	XXXXXX	XXX	\$XXXXX	Yes/No
C	XXXXXXXX	XXXXX	XXX	XX	XXXX	XXXX	XXXX	XXXXXX	XXX	\$XXXXX	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)

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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)

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UCOA - Agreed-upon Procedures - reconciliation template		
UCOA annual upload file reconciled to audited financial statements		
	Revenues	Expenditures/Expenses
<i>Amounts from the audited financial statements (funds that include activity included in the total UCOA upload file):</i>		
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
Total		
<i>Adjustments/reconciling items:</i>		
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		
Adjusted totals		
<i>UCOA - final upload file (including final audit adjustments) specify upload date _____</i>		
<i>Adjustments/reconciling items:</i>		
Adjusted totals		
Unreconciled variance	0	0
<i>Revised December 2023</i>		

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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.

ATTACHMENT A

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

- 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.

ATTACHMENT A

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

- 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.

ATTACHMENT A

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

- 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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ATTACHMENT B

***Town of Coventry, Rhode Island
Proposer Warranties***

Proposer warrants that it is willing and able to comply with State of Rhode Island laws with respect to foreign (non-state of Rhode Island) corporations.

- A. Proposer warrants that it will maintain in full force at all times professional liability to include errors and omissions in the minimum amount of \$1 million per occurrence and supply evidence of the same to the Town, listing the Town as additional insured. In addition, the proposer shall also supply evidence of Workers Compensation insurance at the State of RI minimum required levels.
- B. Proposer warrants that it will not delegate or subcontract its responsibilities under agreement without the express written permission of the Town of Coventry, Rhode Island.
- C. Proposer warrants that all information provided in connection with this proposal is true and accurate. Proposer further understands that 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 municipality from seeking any other legal or equitable remedies.
- D. Proposer warrants that there are no client conflicts that would inhibit the ability to perform the audit in accordance with professional standards.
- E. Proposer warrants that it is independent under the requirements of the American Institute of Certified Public Accountants and Government Auditing Standards.

Signature of Firm Representative: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____



ATTACHMENT C

**Town of Coventry, Rhode Island
Dollar Cost Bid Form**

	Town Hours	School Hours	Uniform Guidance Hours	Total Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partner/Principal							
Manager							
Supervisor							
Senior							
Staff							
Administrative/Other							
Out of Pocket Costs							
Total							

Audit of Annual Financial Statements Fiscal 2024 - \$ _____
 Uniform Guidance Compliance Audit Fiscal 2024 - \$ _____
 UCOA Agreed-Upon Procedures Engagement Fiscal 2024 * - \$ _____
Total all-inclusive price – fiscal 2024 engagement \$ _____

Audit of Annual Financial Statements Fiscal 2025 - \$ _____
 Uniform Guidance Compliance Audit Fiscal 2025 - \$ _____
 UCOA Agreed-Upon Procedures Engagement Fiscal 2025 * - \$ _____
Total all-inclusive price – fiscal 2025 engagement \$ _____

Audit of Annual Financial Statements Fiscal 2026 - \$ _____
 Uniform Guidance Compliance Audit Fiscal 2026 - \$ _____
 UCOA Agreed-Upon Procedures Engagement Fiscal 2026 * - \$ _____
Total all-inclusive price – fiscal 2026 engagement \$ _____

Total all-inclusive fee for three years – Fiscal 2024-2025 \$ _____

Billing rates for additional services provided outside the scope of the proposed engagements:

	Standard Hourly Rate	Proposed Hourly Rate
Partner/Principal	\$	\$
Manager	\$	\$
Supervisor	\$	\$
Senior	\$	\$
Staff	\$	\$
Administrative	\$	\$
Other	\$	\$

The hourly rates and fees quoted above should be all-inclusive and not represent a percentage of the standard hourly rates and fees or as a deduction from the total all-inclusive maximum price.

* - UCOA Agreed-Upon Procedures Engagement will be billed to and paid by the Coventry School Department.