State of Rhode Island and Providence Plantations
Council on Postsecondary Education
OFFICE OF THE POSTSECONDARY COMMISSIONER
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Enclosure 8c
June 22, 2016

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TO: Members of the Council on Postsecondary Education

FROM: Jim Purcell, Ed.D, Commissioner for Postsecondary Education

DATE: June 14, 2016

RE: **Approval of a two-year External Audit Contract for independent Certified Public Accountants for the Division of Higher Education Assistance.**

The Rhode Island Council on Postsecondary Education requires the engagement of a firm of Certified Public Accountants to audit the financial statements of the Division of Higher Education Assistance. The audit is limited to the activities of the Guaranty Agency and the reserve funds that are held by the Division. As the Council is aware, all activities related to the 529 fund (the CollegeBoundfund) are now located in the Office of the General Treasurer and no longer fall under the purview of DHEA. The certified public accountants will also perform A-133 Single Audit.

State Purchasing has informed us that five Certified Public Accounting Firms responded to our Request for Proposal (RFP). Those firms include BerryDunn, CBIZ Tofias – Mayer Hoffman McCaffrey, Marcum LLP, O'Connor & Drew P.C., and RSM US LLP. A technical review committee consisting of the Deputy Director of DHEA, Program Director – DHEA, Supervising Accountant, and the Associate Commissioner of Finance & Management has reviewed the five responses, scoring proposals based upon certain criteria and have made a recommendation as to which firm should be awarded the two-year contract. The audit contract will cover the two fiscal years ending June 30, 2016 and 2017.

The technical review committee unanimously recommends the selection of O'Connor & Drew, P.C. after reviewing the written proposals.

The review criteria included:

The basic financial statements and required supplementary information will be completed and the final audit reports (inclusive of all audit communications) will be delivered to the Council on Postsecondary Education, the Office of the Postsecondary Commissioner, the State Controller, the Director of Administration, and the Auditor General (2 copies) by September 30th of each year for inclusion in the State's Annual Financial Report.

2. Management letters and the A-133 Single Audit Reports will be completed and the final reports (inclusive of all audit communications)will be delivered to the Council on Postsecondary Education and the Office of the Postsecondary Commissioner, the State Controller, the Director of Administration, and the Auditor General (2 copies) by November 30th of each year.

Also, the standards that must be met included:

1. The audit will be conducted in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants.

2. The audit will be conducted in accordance with generally accepted auditing standards for financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States. The standards contained in the amended (July 1996) Single Audit Act of 1984 and the provisions of revised OMB Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*, must also be followed.

Based upon the recommendation of the technical review committee and the pending approval of the selection of the auditor by the Office of the Auditor General and State Accounts and Controls,

I recommend:

THAT the Council on Postsecondary Education approves this recommendation that a two-year audit contract be awarded to O'Connor and Drew, P.C. for the fiscal years ending June 30, 2016 and 2017.

AND further, acknowledges that the award is subject to review and approval by the Department of Administration and the State Auditor General as required by state statute.