

THE CITY OF PROVIDENCE  
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

# RESOLUTION OF THE CITY COUNCIL

No. 420

Effective: ~~Approved~~ July 16, 1984

RESOLVED, That the City Council hereby selects Peat, Marwick, Mitchell & Co., 40 Westminster Street, Providence, RI 02903 to complete the audit of City departments and funds in accordance with their proposal submitted to the Committee on Finance of the City Council with federal and other funds or departments reported both jointly and separately where required for the following years at fees not to exceed the following respectively:

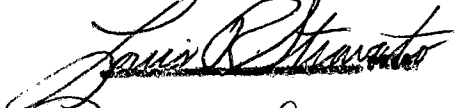
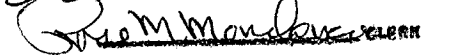
1984 - \$ 115,000.00

1985 - \$ 120,000.00

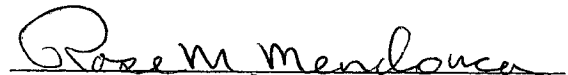
1986 - \$125,000.00

IN CITY COUNCIL  
JUL 5 1984

READ AND PASSED

  
 CLERK

Effective without the Mayor's  
signature July 16, 1984.



THE COMMITTEE ON

FINANCE

Approves Passage of

The White Revolution

Ree M. Monahan

Clerk  
July 5, 1984

July 19, 1984

Harry J. Baird  
Peat, Marwick, Mitchell & Co.  
40 Westminster Street  
Providence, RI 02903

Dear Mr. Baird,

Enclosed is certified copy of Resolution No. 420,  
effective July 16, 1984, which is self-explanatory.

Very truly yours,

Rose M. Mendonca,  
City Clerk.

RMM/jma  
Enclosure



Peat, Marwick, Mitchell & Co.  
Certified Public Accountants  
40 Westminster Street  
Providence, Rhode Island 02903  
401-421-6600

Harry J. Baird  
Managing Partner

July 20, 1984

Rose M. Mendonca  
City Clerk  
City Hall  
Providence, Rhode Island 02903

Dear Mrs. Mendonca:

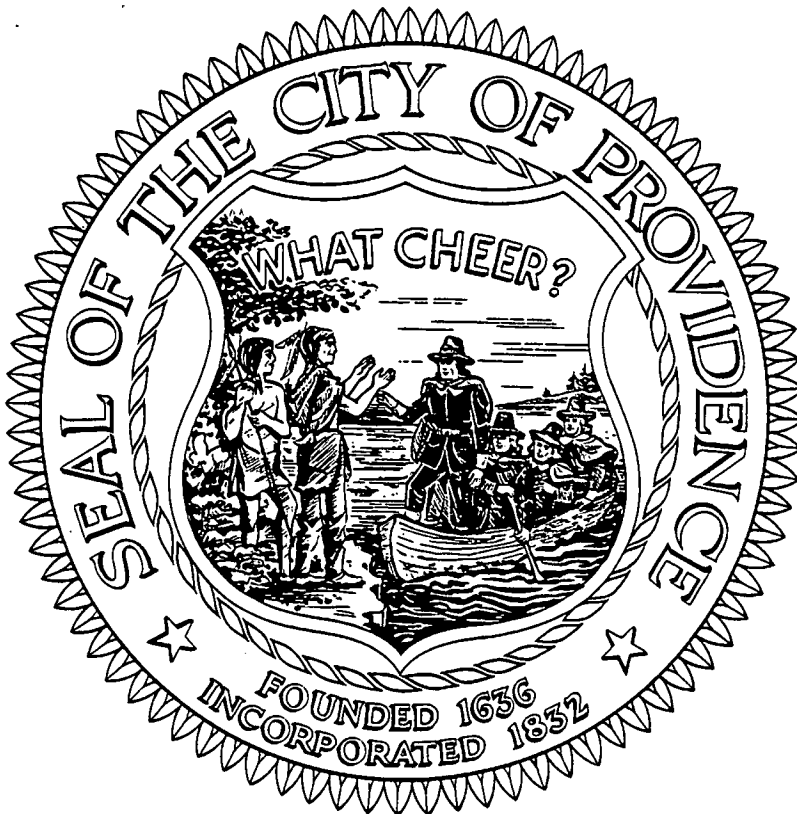
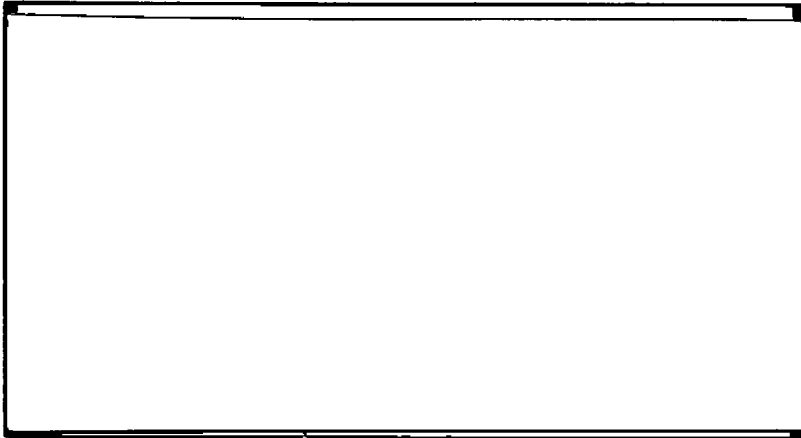
This is to inform you that we are in receipt of your letter dated July 19, 1984; and by virtue of this letter, we accept the appointment as auditors for the City of Providence in accordance with our proposal effective July 16, 1984.

Very truly yours,

PEAT, MARWICK, MITCHELL & CO.

Harry J. Baird, Managing Partner

HJB:CCG



CITY OF PROVIDENCE  
PROPOSAL FOR  
PROFESSIONAL SERVICES



Peat, Marwick, Mitchell & Co.  
Certified Public Accountants  
40 Westminster Street  
Providence, Rhode Island 02903

June 28, 1984

Mrs. Carolyn F. Brassil, Chairperson  
City Council  
Committee on Finance  
City of Providence, Rhode Island

Dear Mrs. Brassil:

We are pleased to submit our proposal to serve as independent auditors for the City of Providence. Although we believe this proposal contains all the information that you requested, we would be pleased to submit any additional materials that you may desire.

We have carefully considered the requirements of your request for proposal. We feel that Peat Marwick is best qualified to serve you for the following reasons:

- Our extensive local and national experience provides us with the necessary resources to expand the traditional financial audit into a single audit.
- Our size and organizational structure allows us to immediately commit the professional staff necessary to ensure that the audit is completed timely and efficiently.
- Our client service team is comprised of highly trained, skilled individuals. All supervisory personnel have had previous experience with other Rhode Island municipalities, including the City of Providence.
- Recurring audits can be done in less time and be less disruptive to the City's accounting staff because of the audit team's knowledge of the City and familiarity with the City's accounting system.



Mrs. Carolyn F. Brassil, Chairperson  
City Council  
Committee on Finance  
City of Providence  
June 28, 1984  
2.

#### Our Firm

Peat Marwick is the leading public sector auditing and consulting firm in the country. We have more than 350 government services specialists who provide audit and consulting services to over 1,500 governmental clients nationally. Approximately 120 partners in the Firm devote a majority of their time to governmental services.

Of particular relevance is our strong leadership position in auditing large cities. In the past two years we have been appointed auditors for ten of the twenty largest cities in the United States. In addition, we have completed over forty single audits, including the City of Hartford. Our Boston office is currently performing a single audit of the City of Boston.

Our national government practice is important to the City of Providence because it provides an up-to-date source of information, ideas, expertise and experience to the Providence office. This wide range of skills and expertise can be brought to bear on specific problems whenever the need arises.

#### Providence Office

The Providence office is one of the largest public accounting firms in the area. Our staff includes over eighty professional members. A substantial number of these individuals have experience in our government services practice.

Our size is important to you as an indication of our ability to respond to the City's needs with the necessary talent and resources. It also provides the flexibility to easily meet the City's timely reporting requirements.

Peat Marwick has provided audit and financial consulting services to Rhode Island municipalities for many years. Clients of the Providence office include the following cities and towns:

Newport  
Lincoln  
North Kingstown  
South Kingstown

Scituate  
East Greenwich  
Narragansett





Mrs. Carolyn F. Brassil, Chairperson  
City Council  
Committee on Finance  
City of Providence  
June 28, 1984  
3

In addition to regular audits, we have performed special engagements for some of the above governmental units and others, including local fire districts. The specific engagements which we have conducted are in the following areas:

- Installation of management information systems.
- Installation of program budgeting systems for school districts and other governmental units.
- Compilation of statistics of Title I comparability reports.
- Indirect cost allocation systems to be used when applying for Federal grants.
- Projection of pupil enrollment in various alternatives regarding increasing the capacity of a school district.
- A study reviewing and recommending improvements in the operation of a municipal garage.
- A plan for the taking of an asset inventory and future control procedures pursuant thereto.
- Actuarial studies for municipal pension plans.

We have also performed single audits on the school departments of our clients, including the City of Providence. This has allowed us to develop experience to perform single audits effectively and completely.

#### Client Service Team

The City of Providence will be an important client to Peat Marwick and the quality of the personnel we will assign to the engagement reflects that importance. We believe that the team we have assembled for the audit will provide the highest quality of professional services available. The responsibilities of key professionals who will participate in the audit are summarized below.



Mrs. Carolyn F. Brassil, Chairperson  
City Council  
Committee on Finance  
City of Providence  
June 28, 1984  
4

Audit Partner - Harry J. Baird, Managing Partner of the Providence office, will have overall responsibility for the engagement, which includes meeting with City officials, resolving technical issues, and reviewing audit results and conclusions. Mr. Baird has served a similar role on other municipal engagements, including the City of Providence over the past three years.

Audit Partner - School Department - Daniel F. Schmitt will have overall responsibility for the financial and compliance audits of the School Department. Mr. Schmitt was the audit partner for the School Department in fiscal 1983.

Audit Partner - Providence Civic Center - John T. O'Neill will have responsibility for the audit of the Civic Center. Mr. O'Neill has had previous experience on similar engagements in the past.

Engagement Manager - David V. Devault, a Senior Manager, will be responsible for the planning, the implementation of audit techniques and the review of the audit fieldwork. Mr. Devault has been deeply involved in the government services practice and in the previous audits of the City of Providence.

Engagement Manager - School Department - Matthew C. Davis will be responsible for the planning, the implementation of audit techniques and the review of the audit fieldwork. Mr. Davis performed a similar role in the fiscal 1983 audit.

Engagement Manager - Providence Civic Center - Alan W. Ross, a Senior Manager, will be responsible for the planning, the implementation of audit techniques and the review of the audit fieldwork. Mr. Ross has had extensive experience in both the commercial and public sectors.

Engagement Senior - Ronald H. Robertson, Supervising Senior Accountant, will be responsible for the day to day operation of the audit and the supervision of staff personnel. He has had significant experience in municipal audits including the 1983 audit of the City of Providence.



Mrs. Carolyn F. Brassil, Chairperson  
City Council  
Committee on Finance  
City of Providence  
June 28, 1984  
5

Additional seniors will be assigned from the following list of seniors who have all had previous municipal experience.

Dominic P. Dascoli  
Jeffrey N. Willar  
Peter F. Fogarty

Kevin M. Leeman  
Leonard A. Gifford  
Peter F. Makowiecki

In addition, several other members of our professional staff will be utilized to supplement the above mentioned audit team. Members of our staff regularly attend our Firm's government training seminars in order to gain the necessary expertise for this specialized industry.

#### Scope of Engagement

We propose to make an examination of the general fund and all special funds of the City, including the Civic Center, the Water Supply Board, CETA, the Mayor's Office for Community Development, and the School Department.

In addition, we will perform a single audit of the applicable Federal grants (it is our understanding that a compliance audit for the CETA funds is not required).

#### Conduct of the Examination

Our examinations will be conducted in conformity with generally accepted auditing standards and in accordance with the auditing and reporting standards prescribed by the Rhode Island Auditor General, the General Guide to Auditing and Reporting for Rhode Island School Districts, and OMB Circular A-102, Attachment P, as well as the specifications listed in your "Request for Proposals for Audit Services." Our examination will include such tests of the accounting records and other auditing procedures as we consider necessary in the circumstances.

Our audit approach will consist of three phases; planning, testing and report preparation. During the planning phase we establish the direction that the audit will take. This includes the evaluation and testing of internal controls. The primary purpose for this review is to determine the extent of the audit tests we must perform in order to formulate an opinion



Mrs. Carolyn F. Brassil, Chairperson  
City Council  
Committee on Finance  
City of Providence  
June 28, 1984  
6

on the financial statements. The testing phase would encompass audit tests of balances and transactions as considered necessary in the circumstances. The following dates reflect the anticipated scheduling of your engagement and can be modified to suit your needs.

<u>Phase</u>	<u>Dates</u>
Planning	July 15 - August 15
Testing	August 16 - November 15
Report preparation	November 16 - November 30
Report delivery	December 15

We will make every attempt to complete the audit at an earlier date, if possible.

It is expected that required assistance from City personnel include the following:

1. Detailed trial balances by fund
2. Bank reconciliations for all cash accounts
3. Supporting schedules for significant general ledger balances
4. Clerical procedures, as needed

These requirements will be discussed and agreed upon during the planning phase of the audit.

In connection with an audit, we will issue a management letter. This letter will include recommendations that will provide you not only with compliance exceptions, but also with insights helpful in maintaining and improving the quality and efficiency of the City's operations. We will also provide the City with the one hundred printed copies of the audit report as required by the "Request for Proposals for Audit Services."

#### Fees

Our fee estimates (including expenses) are as follows. It is our practice to submit progress bills as the work progresses.



Mrs. Carolyn F. Brassil, Chairperson  
City Council  
Committee on Finance  
City of Providence  
June 28, 1984  
7

	<u>Financial</u>	<u>Compliance</u>	<u>Total</u>
June 30, 1984:			
Providence Civic Center	\$ 16,000	-	16,000
Water Supply Board	12,000	-	12,000
Mayor's Office for Community Development	7,500	4,500	12,000
CETA	5,000	-	5,000
Providence School Department	12,000	8,000	20,000
All others, including General Fund	<u>45,000</u>	<u>5,000</u>	<u>50,000</u>
	\$ <u>97,500</u>	<u>17,500</u>	<u>115,000</u>
June 30, 1985:			
Providence Civic Center	16,500	-	16,500
Water Supply Board	12,500	-	12,500
Mayor's Office for Community Development	7,700	4,800	12,500
CETA	5,500	-	5,500
Providence School Department	12,500	8,500	21,000
All others, including General Fund	<u>46,500</u>	<u>5,500</u>	<u>52,000</u>
	\$ <u>101,200</u>	<u>18,800</u>	<u>120,000</u>
June 30, 1986:			
Providence Civic Center	17,000	-	17,000
Water Supply Board	13,000	-	13,000
Mayor's Office for Community Development	8,000	5,000	13,000
CETA	6,000	-	6,000
Providence School Department	13,000	9,000	22,000
All others, including General Fund	<u>48,000</u>	<u>6,000</u>	<u>54,000</u>
	\$ <u>105,000</u>	<u>20,000</u>	<u>125,000</u>



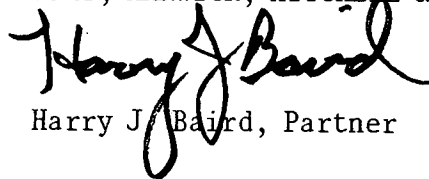
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City of Providence  
June 28, 1984  
8

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Our past record demonstrates our ability to conduct a quality, cost effective audit. We believe Peat Marwick is the most qualified firm with the local expertise and trained staff necessary to satisfy the City's overall needs. We appreciate the opportunity to submit this proposal and look forward to again working with the City of Providence. If you would like to discuss any aspect of our proposal in detail, please call.

Very truly yours,

PEAT, MARWICK, MITCHELL & CO.

  
Harry J. Baird, Partner