

RESOLUTION OF THE CITY COUNCIL

No. 424

Approved July 9, 1980

RESOLVED, That the City Council of the City of Providence does hereby accept and approve the accounting firm of Laventhol & Horwath, 40 Westminister Street, Providence, Rhode Island, 02903, for the rendering of independent accounting services to the City of Providence in accordance with its proposal submitted to the Committee on Finance, and

BE IT FURTHER RESOLVED, That the City Council hereby approves the acceptance of the bid of Laventhol & Horwath, in an amount not to exceed Thirty-Two Thousand, Three Hundred Fifty Dollars (\$32,350.00) for the fiscal year ending June 30, 1980 and that said report be submitted back to the City Council.

IN CITY COUNCIL
JUL 2 1980

READ AND PASSED

Ralph Liguori PRES.
Rose M. Menabuen CLERK

APPROVED

MAYOR

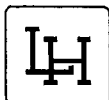
Giuseppe Cincif
JUL 9 1980

THE COMMITTEE ON
FINANCE

Approves Passage of
The Within Resolution

Rice M. Mendonca
Chairman
June 26, 1980

LAVENTHOL & HORWATH



CERTIFIED PUBLIC ACCOUNTANTS

40 WESTMINSTER STREET
PROVIDENCE, RI 02903
(401) 421-4800

A MEMBER OF
HORWATH & HORWATH INTERNATIONAL
WITH AFFILIATED OFFICES WORLDWIDE

May 27, 1980

Committee on Finance
City Council
City of Providence
Providence, Rhode Island 02903

Gentlemen:

We are happy to have had the opportunity to serve as the City of Providence's auditors for the fiscal year ended June 30, 1979 and are pleased to submit this proposal to perform an audit of the City's financial statements for the fiscal year ending June 30, 1980.

By way of background, Laventhol & Horwath is an internationally known accounting firm with offices in most major cities in the United States, as well as other offices throughout the world. Our Providence office is located at 40 Westminister Street, Providence, Rhode Island. We have structured our service so that our clients can be provided the benefits of our extensive financial and business experience in addition to the examination of financial statements. Our philosophy of practice is considerably different than that of other major firms. Although we are a national accounting firm in practice as well as reputation, our roots are in the small to medium-sized business community. Such clients typically demand a level of personal service beyond the audit function alone. Every one of our clients has assigned to it two partners, both of whom are familiar with all aspects of that client's needs. The practice partner has direct personal responsibility for all segments of that client's business, while there is a back-up partner available for consultation when necessary.

Our firm has extensive experience in governmental accounting, management assistance and auditing assignments for states and municipalities. The following is a list of municipalities in Rhode Island for which we have performed auditing services during the past three years:

1. City of Providence, Rhode Island
Annual Audit
Providence School Department
Community Development Block Grant Program
Housing Assistance Program
Local Public Works Grant Program
2. City of Cranston, Rhode Island:
Community Development Block Grant Program

3. City of Warwick, Rhode Island - School Department:
Annual Audit (Form 31R)
Pupil Summary Data Form
4. Town of West Warwick, Rhode Island:
Local Public Works Grant Program
Water and Sewer Facilities Grant Program

Because of our extensive experience and familiarity with the accounting and management needs of cities and towns and because of our knowledge of the accounting systems and procedures employed by the City of Providence, we feel particularly well qualified to again undertake an audit of the City of Providence.

We propose to perform an examination of the financial statements of the several funds of the City of Providence for the fiscal year ending June 30, 1980. Our examination will be made in accordance with generally accepted auditing standards, the American Institute of Certified Public Accountants' industry audit guide "Audits of State and Local Governmental Units" and "Uniform Accounting and Reporting Standards" issued by the Rhode Island Auditor General. Our examination will include such tests of the accounting records and such other auditing procedures as we consider necessary in the circumstances. Our examination will be for the purpose of expressing an opinion on the financial statements and such supplementary schedules as you may require. It is not contemplated that we shall make a detailed examination of all transactions or that we shall necessarily discover fraud, should any exist. We shall, however, promptly inform you of findings that appear to us to be unusual or abnormal.

Our examination will include reviews of the City's internal controls, accounting policies, and accounting procedures. In addition to the reviews necessary to perform an audit in accordance with generally accepted auditing standards, we will commit an additional \$2,000 of staff time, computed at our standard rates, to be used for performing a more in-depth review in any area of the City's financial operations which you may desire. Upon completion of our examination and review procedures, we will issue a management letter which will include our findings and recommendations concerning internal controls, economies and efficiencies in the use of financial resources, compliance with local and state laws, adherence to policies and any other matters which may come to our attention.

In staffing this engagement, we would utilize substantially the same personnel assigned to the engagement during the previous fiscal year who have acquired a great deal of experience and knowledge of the City's accounting systems and operations. Utilization of these experienced staff personnel will enable us to perform our audit more effectively and efficiently and will allow us to carry out a more meaningful and in-depth review of the City's operations than would be possible during an initial engagement.

In performing our examination, we would expect assistance from Finance Department and other City personnel in the preparation of confirmation letters and basic audit schedules and in pulling paid invoices and other documents for our inspection in connection with the performance of our audit verification procedures.

Our fees for this engagement, including out-of-pocket expenses, will be \$32,350 which will be payable upon completion of our examination and submission of our report and management letter. These fees include our availability to provide accounting counseling to you as you may reasonably require during the year.

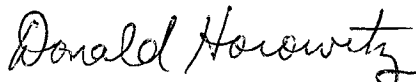
As part of our services, we will hold a pre-audit conference with the Committee on Finance to discuss the scope of our audit and any areas of concern which you may wish to have us review during the examination, including the area in which you will want us to perform our additional review procedures. In addition, we would be happy to meet with you from time to time during the course of our examination to discuss the progress of the audit and any preliminary findings which we may have made. These meetings could be held on a regular monthly basis if you so desire.

Upon completion of our audit, we will also hold a post-audit conference with your Committee to review the results of our audit and drafts of the financial statements and management letter before they are published in final form.

We wish to express our appreciation for being invited to submit this proposal and will be happy to provide you with any additional information that you may require. We look forward to having the opportunity to be of continued service to the City of Providence.

Very truly yours,

LAVENTHOL & HORWATH

A handwritten signature in cursive script that reads "Donald Horowitz".

Donald S. Horowitz, Partner
Certified Public Accountant

DSH/bjw

July 9, 1980

Laventhol & Horwath
40 Westminister Street
Providence, RI 02903

Dear Sir:

Enclosed is certified copy of Resolution No. 424, passed by the City Council July 2, 1980 and approved by His Honor the Mayo on July 9, 1980, the same being self explanatory.

Very truly yours,

Rose M. Mendonca,
City Clerk.

RMM/jma
Enclosure