

RESOLUTION OF THE CITY COUNCIL

No. 265

Approved June 11, 1990

RESOLVED, That the City Council hereby selects Ernst & Young, 50 Kennedy Plaza, Providence, Rhode Island 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:

June 30, 1990	-	\$125,000
June 30, 1991	-	\$133,000
June 30, 1992	-	\$140,000

AND BE IT FURTHER RESOLVED, That the hourly rates for Ernst & Young's professional staff for additional work through December 31, 1990 are as follows:

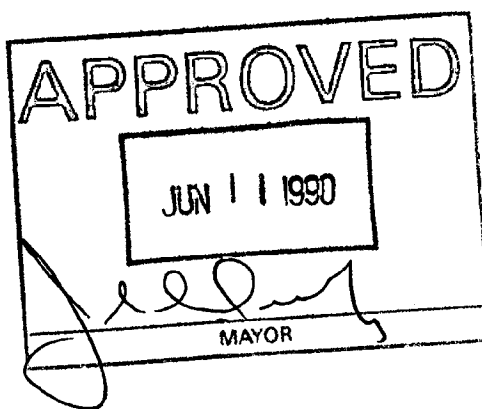
Staff Auditor	\$ 50.00
Senior Auditor	\$ 80.00
Senior Engineer	\$130.00
Partner	\$190.00

IN CITY COUNCIL

JUN 7
READ AND PASSED


PRES.


CLERK



THE COMMITTEE ON
FINANCE

Approves Passage of
The Within Resolution

Rosamondouca
Clerk Chairman

May 15, 1990

Rose M. Mendonca
City Clerk

Clerk of Council

Clerk of Committees



DEPARTMENT OF CITY CLERK
CITY HALL

Michael R. Clement
First Deputy

Jean M. Angelone
Second Deputy

June 13, 1990

Ernst and Young
50 Kennedy Plaza
Providence, R. I. 02903

Dear Sir:

Enclosed is certified copy of Resolution No. 265,
approved June 11, 1990.

The said resolution having been passed by the City
Council, is self-explanatory.

Very truly yours,

Rose M. Mendonca
City Clerk

RMM/bp

Enc.

Rose M. Mendonca
City Clerk



Michael R. Clement
First Deputy

Clerk of Council

Jean M. Angelone
Second Deputy

Clerk of Committees

DEPARTMENT OF CITY CLERK
CITY HALL

June 11, 1990

Hon. Anthony Piccirilli
Auditor General
180 Norwood Avenue
Cranston, R. I. 02905

Dear Mr. Piccirilli:

Enclosed herewith is Resolution No. 265 approved
June 11, 1990, having been passed by the City Council at
its meeting held June 7, 1990.

Very truly yours,

A handwritten signature in cursive script, reading "Rose M. Mendonca".

Rose M. Mendonca
City Clerk

RMM/bp

Enc.

Rose M. Mendonca
City Clerk

Clerk of Council

Clerk of Committees



DEPARTMENT OF CITY CLERK
CITY HALL

Michael R. Clement
First Deputy

Jean M. Angelone
Second Deputy

June 11, 1990

Mr. John J. Kane, Director
Department of Administration
One Capitol Hill
Providence, R. I. 02908-5890

Dear Mr. Kane:

Enclosed herewith is Resolution No. 265 approved
June 11, 1990, having been passed by the City Council at
its meeting held June 7, 1990.

Very truly yours,

A handwritten signature in cursive script, reading "Rose M. Mendonca".

Rose M. Mendonca
City Clerk

RMM/bp

Enc.

*Mila - copy
for Finance files -
Please send me a
copy at home*

September 17, 1992

Mr. Joseph Chiodo
City Controller
City of Providence
City Hall
Providence, RI 02903

Dear Joe:

As we discussed, below you will find the allocation of the audit fee for the year ending June 30, 1992. Consistent with prior years, I have developed the following based on the time expected to be incurred for the respective audited financial statements.

The allocation is as follows:

General Purpose Financial Statements	36%	\$ 50,400
Department of Public Schools	24	33,600
Water Supply Board	19	26,600
Civic Center Authority	8	11,200
Special Revenue Funds of the Department of Planning and Development	11	15,400
Providence Economic Development Corporation	<u>2</u>	<u>2,800</u>
	<u>100%</u>	<u>\$ 140,000</u>

Similar to last year, we will bill you as time is incurred. To keep it simple, we will bill you \$35,000 for September, \$35,000 for October, \$35,000 for November and \$35,000 after the reports are issued, in December. The total of \$140,000 is the amount approved by the City Council on June 11, 1990.

Mr. Joseph Chiodo

Page 2
September 17, 1992

I have enclosed a schedule of how I will invoice the various component units which is consistent with prior years.

I have also enclosed our invoice for September. As we discussed, I would appreciate receiving this payment before September 30, 1992, the end of our fiscal year.

If you have any questions, please call me at 457-6912.

Very truly yours,



Charles H. Saunders, Jr.
Senior Manager

CHS:am
Enclosures

cc: ✓David Dillon
Frank Corrente

INVOICES/AMOUNTS

	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
General Fund	\$ 35,000	\$ 15,400			\$ 50,400
Department of Public Schools		19,600	\$ 14,000		33,600
Water Supply Board			21,000	\$ 5,600	26,600
Civic Center Authority				11,200	11,200
Special Revenue Funds of the Department of Planning and Development				15,400	15,400
Providence Economic Development Corporation	<u> </u>	<u> </u>	<u> </u>	<u>2,800</u>	<u>2,800</u>
	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$140,000</u>

PROPOSAL TO SERVE
CITY OF PROVIDENCE

Ernst & Young

Ernst & Young

One Old Stone Square
Providence, Rhode Island 02903
Telephone: (401) 331-7000

April 30, 1990

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

We appreciate the opportunity to present this proposal to serve the City of Providence as auditors. Our proposal is for the annual audit of the City's financial statements for the years ending June 30, 1990, 1991, and 1992.

Our audit will be made in accordance with generally accepted auditing standards, and will include such tests of the accounting records and such other auditing procedures as we consider necessary in the circumstances, and will be directed to expressing an opinion on the fairness of presentation of the financial statements in conformity with generally accepted accounting principles.

In addition, our audit will be made in accordance with the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organization, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and the provisions of OMB Circular A-128, Audits of State and Local Governments.

As a result of our audit the following reports will be issued: general purpose financial statements and schedules, single audit report, State of Rhode Island Form 31R, pupil accounting report, and management letter for fiscal years ended June 30, 1990, 1991 and 1992.

We will perform our work to enable us to deliver all necessary reports by December 31 of the following fiscal year.

As a firm, Ernst & Young has an extensive municipal practice, and we are continually updated by our National Office on changes and new audit techniques and requirements in the governmental area. By combining our National resources with our local office commitment and experience, we can provide the City of Providence with outstanding and timely service.

The remainder of this proposal provides information on why Ernst & Young is best qualified to serve you, including a description of our audit approach, client service team, Providence office, and proposed professional fees.

OUR AUDIT APPROACH

The Ernst & Young Audit Approach offers you these key features:

A systematic approach to planning that involves our most experienced people--people who understand your operating environment. In this way, we gain a detailed understanding of your operations.

Early and ongoing communication with you. We keep you informed of accounting and reporting developments and anticipate potential audit problems. As a result, last-minute surprises are avoided and disruption of your personnel is minimized.

Full utilization of your internal systems and procedures. We work to avoid unnecessary disruptions to normal operations and to ensure maximum utilization of your resources.

Evaluation of your internal controls from a business perspective by focusing on what the accounting system is designed to do in each operating component and then seeing how well the controls function. This directs us to areas of greatest risk--and allows us to minimize time in other areas.

Analytical review procedures to see that financial and operating trends and relationships make sense. Effective use of these procedures lessens the amount of time-consuming detail testing required in a conventional audit.

In summary, the Ernst & Young Audit Approach means efficient and effective auditing. And it gives our audit team an overall view of your entire operation so they can make timely, practical suggestions for dealing with your financial, operating and administrative challenges. This will result in a comprehensive and meaningful management letter, one that goes beyond the normal accounting comments.

OUR SERVICE TEAM

The team we have selected will provide the City of Providence with ongoing quality service. Each of the members of this team will bring to Providence municipal experience, a strong technical background, and dedication to provide outstanding client service.

Partner--Alfred J. Corso

Fred will be the coordinating partner on the audit engagement. He has been a member of our Providence office for more than twenty years and is the Office Accounting and Auditing Consultant. Fred has been responsible for several of the office's major audit engagements, including Old Stone Corporation, Rogers Corporation and John Brown, Inc. In addition, he was the independent partner for the City of Warwick audit and a member of the audit team that audited several other municipalities.

Technical Advisor--Thomas M. Blake

Tom, a partner in our Boston office, will serve as technical advisor to the City of Providence and our team. Tom has directed the government service practice of the Boston office. He is familiar with all aspects of fund accounting, grant auditing, public sector financing and controls needed in the government environment. Tom has directed the single audits of over 20 different cities, towns, school districts, etc. Currently, he is a member of the Financial Committee of the Town of Boxford, active in a number of other community groups, is a frequent speaker on municipal accounting practices and systems, is a speaker at the Massachusetts Treasurers and Collectors annual meeting, the New England Water Works Association and the Intergovernmental Audit Forum.

Senior Manager--Charles Saunders

Chuck will report to Fred Corso and be responsible for the planning, coordination, and conduct of all accounting and auditing services. Chuck has significant experience in providing services to municipalities. Since joining Ernst & Young in 1981, Chuck has served on the following municipal audits: Town of North Smithfield, Town of Lincoln, Town of Coventry and the Town of Middletown. Prior to joining Ernst & Young, Chuck spent over four years working for the City of Warwick, two years as an accountant in the finance department and two plus years as the City's internal auditor.

Chuck's major clients include Allendale Mutual Insurance Company, American Universal Insurance Company and Ann & Hope, Inc.

Supervisory Senior--Sandra Conte

Sandra will serve as supervisory senior for the engagement. Prior to joining Ernst & Young in 1988, she served as the Treasurer for the City of Warwick. In addition, she had three and one half years of experience working as a senior on both the City of Warwick and City of East Providence engagements.

THE PROVIDENCE OFFICE

We are particularly proud of our record of service to our clients. Our practice is organized for one purpose--to serve our clients. It is exceptionally well qualified to meet your needs. We have been, and continue to be, a leader in providing accounting, auditing and consulting services to organizations in the Providence area.

The Providence office practice serves a number of different industries. Our clients include:

Rhode Island Public Buildings Authority	Bristol County Water Authority
Old Stone Corporation	Ann & Hope, Inc.
A. T. Cross Company	Carol Cable Company
The Moore Company	Dimeo Enterprises
Allendale Mutual Insurance Company	GTECH Corporation
Outlet Communications, Inc.	Textron, Inc.
Rogers Corporation	Kent County Water Authority
The Miriam Hospital	

We presently have a full-time staff of over 160 people, making us the largest accounting firm in Southeastern New England. In addition, our Boston/Providence consulting group includes 35 management consultants available to serve you. With the resources of Ernst & Young at your disposal, the City of Providence can be assured that it will receive the highest quality professional services possible.

We are committed to the Providence area, and we take pride in being able to quickly respond to our clients' needs. As a result we are often selected to perform large special projects where considerable urgency is involved.

ERNST & YOUNG AUDIT TIMETABLE

We will provide the City of Providence with timely and effective service. The following timetable is based on our understanding and discussions with management regarding the availability of information. In future years we would begin the planning phase in August.

Planning--The planning phase of the audit would begin as soon as practicable after being appointed. This includes:

- Meeting with management to discuss initial planning, identify major issues, and hear management's thoughts/concerns.
- Review prior accountants' audit work papers.

Program Development--The program development phase of the audit would begin shortly after completing the planning phase, at the City's convenience. This includes:

- Documenting accounting systems, performing initial risk analysis, and evaluating internal controls, including computer controls.
- Performing overall analytical review procedures.

Execution--Because of the size of our office and our experienced municipal auditors, we can assure total flexibility to meet your needs in scheduling the timing of our audit procedures.

Our goal is to provide responsive service with a minimum disruption to the on-going operation of the City.

PROFESSIONAL FEES

Our professional fees, including expenses, will be:

Fiscal year ending June 30, 1990	\$125,000
Fiscal year ending June 30, 1991	\$133,000
Fiscal year ending June 30, 1992	\$140,000

Our fees assume that we receive the same level of assistance provided to the auditors in the past and have been adjusted only for inflation in 1991 and 1992. Should any unforeseen event occur that materially affects our fee estimate, we will immediately discuss it with you before proceeding.

Hourly rates for Ernst & Young professional staff for additional work through December 31, 1990 are as follows:

Staff Auditor	\$ 50
Senior Auditor	\$ 80
Senior Manager	\$130
Partner	\$190

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We want to serve as your independent auditors. We are committed to providing timely, quality service and effective communication with City management throughout the year. We thank you for the opportunity to present this proposal and look forward to meeting with you to discuss our approach for servicing the City of Providence. In the meantime, if you have any questions, please contact Fred Corso at (401) 331-7000.

Very truly yours,

Ernst & Young

Ernst & Young

Harry A. Schult
Office Managing Partner

50 Kennedy Plaza, Providence, Rhode Island 02903
Office: (401) 457-3700 Direct: (401) 457-3800
Fax: (401) 274-4580 Home: (401) 683-5176

CITY OF PROVIDENCE
SINGLE AUDIT
ERNST & YOUNG

- * Introduction - Harry Schult
- * Team members - Fred Corso
- * Government Experience - Tom Blake
- * Timetable - Chuck Saunders
- * Fees - Fred Corso

GOVERNMENTAL QUALIFICATIONS AND EXPERIENCE

Ernst & Young is firmly committed to serving public sector clients and supporting them in a variety of ways.

- o We sponsor government industry conferences.
- o Lead industry seminars.
- o Active in industry support and professional groups.
- o Prepare industry-specific publications.

Our Public Sector Services practice is made up of professionals skilled in the auditing, accounting and budgeting methods today's state and local governments use.

- o They have many years of public sector experience.
- o Several of them were formerly policy makers, senior executives or department heads in government.
- o They keep close tabs on the industry they serve through a variety of professional networks.
- o They are frequent guest speakers for the U.S. Conference of Mayors, National League of Cities and other public interest groups.
- o Work closely with such professional organizations as the Governmental Accounting Standards Board, Governmental Finance Officers Associations, National Association of State Auditors, Comptrollers and Treasurers, National State Auditors Association, National Association of State Comptrollers, Council of State Government Accountants and the American Institute of Certified Public Accountants.
- o Provide "leading edge" articles for major industry publications.

Our Public Sector Services practice and the commitment and involvement of its leaders is your assurance that our knowledge is always state-of-the-art and that our professionals can do more than respond to your needs; they can anticipate them.

Publications Program

To keep our clients fully informed, we issue various bulletins, newsletters and other publications on topics of current interest to our government practice. For example:

- o "Financial Reporting Briefs," a series of pamphlets produced periodically to explain current reporting requirements, accounting matters, auditing standards and various other subjects applicable to the public and private sectors.

- o "Public Sector Update and Government Information Releases," is designed to keep our staff and government clients informed about matters of current interest.

Education and Training

To stay current on auditing and accounting methods, government regulations and other industry information, we have developed an outstanding in-house educational program.

Municipal Clients The Providence Office Has Served

City of Warwick
City of Cranston
Town of Coventry
Town of Lincoln
Town of Middletown
Town of North Smithfield
Town of North Kingstown

Significant New England Municipal Clients

State of Maine
State of New Hampshire
State of Vermont
City of Manchester, New Hampshire
City of Worcester, Massachusetts
City of New Bedford, Massachusetts
City of Stamford, Connecticut
Boston Public Schools