

THE CITY OF PROVIDENCE
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RESOLUTION OF THE CITY COUNCIL

No. 406

Approved July 8, 1981

RESOLVED, That the City Council of the City of Providence does hereby accept and approve the accounting firm of Peat, Marwick, Mitchell & Co., 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 Peat, Marwick, Mitchell & Co., in an amount not to exceed Fifty-Three Thousand Dollars (\$53,000.00) for the fiscal year ending June 30, 1981 and that said report be submitted back to the City Council.

IN CITY COUNCIL

JUL 2 1981
READ AND PASSED

Ralph Fagnano PRES.
Rose M. Mendonca CLERK

APPROVED
James O. Camp
MAYOR

JUL 8 1981

THE COMMITTEE ON

FINANCE

Approves Passage of
The Within Resolution

Jose M. Mendez

Chairman

June 23, 1981



Peat, Marwick, Mitchell & Co.

40 Westminister Street
Providence, Rhode Island 02903

June 15, 1981

CONFIDENTIAL

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

We are pleased to submit this proposal to serve as independent certified public accountants for the City of Providence for the year ending June 30, 1981.

In this proposal, we highlight information which is indicative of Peat, Marwick, Mitchell & Co.'s qualifications to provide auditing services to the City of Providence. These qualifications are based upon our extensive local and national experience in providing auditing, as well as accounting services to numerous governmental organizations and grantees of Federal and State funds. We are currently engaged by many governmental agencies and various not-for-profit organizations as auditors and/or consultants, including organizations within the State of Rhode Island.

We recognize the significance of our proposed association with the City of Providence, and are prepared to commit the necessary resources to assure the City of quality and timely performance. In engagements involving specialized areas, we stress the importance of having local expertise backed by firm-wide specialists who devote full time to these particular areas. We have prepared an audit project team with appropriate expertise and believe we are uniquely qualified to serve the City in this important undertaking.

PERSONNEL

If selected as auditors, I, as partner in charge of the Providence office, would assume overall responsibility for the engagement. David Devault, audit supervisor, would be responsible for the planning, implementation of audit techniques, review of all field work, reporting and our management letter presenting an evaluation of the accounting system, along with recommendations for improvement. We would assign one of our experienced senior accountants to conduct the field work and supervise staff level personnel. In addition, the Providence office of Peat, Marwick, Mitchell & Co. currently has a professional staff of fifty-five individuals, several of which would be used to supplement the above-mentioned audit team.



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GOVERNMENTAL EXPERIENCE

We currently serve as auditors for the Towns of East Greenwich, Scituate, and Hopkinton, as well as their respective School Departments.

In addition to regular audits, we have performed specific engagements for some of the above governmental units and others, including the Harmony and Weekapaug Fire Districts. The specific engagements which we have conducted are in the areas of installation of program budgeting systems for school districts and other governmental units; compilation of statistics for Title I comparability reports; indirect cost allocation systems to be used when applying for Federal grants; projection of pupil enrollment in various school districts; preparation of a study reviewing the costs of various alternatives regarding increasing the capacity of a school district; a plan for the taking of an asset inventory and future control procedures pursuant thereto; actuarial accounting for city-operated pension plans; special cash audits, and other engagements.

Furthermore, we have conducted numerous examinations of Federally-funded programs and agencies under State and local government control, and under private administration. Examples include the Providence CETA Administration, Warwick Community Action, Inc., CHILD, Inc., State of Rhode Island Department of Mental Health, Retardation and Hospitals' Development Disabilities Programs...

AREAS OF SPECIALIZATION

As a diversified, world-wide accounting firm, Peat, Marwick, Mitchell & Co. has trained specialists in all major areas of profit and not-for-profit organizations. Some of the specializations germane to managing public dollars would be -

1. Program Budgeting
2. Management Information Systems
3. Financial Feasibility Studies
4. Installation and Evaluation of Accounting Systems

THE EXAMINATION

Our examination shall be conducted in accordance with the Uniform Accounting and Reporting Standards for Rhode Island municipalities as promulgated by the Office of the Auditor General, and in accordance with the specifications listed in your "Request for Audit Services". Our examination shall include such tests



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of the accounting records and such other auditing procedures as we consider necessary in order for us to express an opinion as to the accuracy and fairness of the financial statements submitted and the adequacy of the accounting system and internal control procedures.

Although the primary objective of an audit is to provide independent assurance that financial results are presented fairly and objectively, we believe that there are other ways in which the City of Providence may benefit from this audit, namely:

- . Independent, objective and imaginative thinking will be brought to bear.
- . The City will have greater assurance that system controls and procedures are functioning as intended, and are being maintained in a manner consistent with the most advanced techniques of financial management.
- . Public confidence in the integrity and efficiency of the City will be enhanced.

To the extent the City maintains and makes available the required information, the report on the examination will be prepared in accordance with the National Council on Governmental Accounting Statement 1.

TYPES OF SERVICES OTHER THAN
AUDITS WHICH WILL BE PROVIDED

As an integral part of any audit examination, we conduct a review of the critical accounting systems. As a result of this review, a management letter is prepared summarizing our findings and recommendations.

In addition, we would be more than willing to aid in the implementation of any recommendations. The fee for such service would be dependent on the nature and extent of the work.

FEE ESTIMATE

Our fee for conducting the examination is \$53,000, including expenses. It is our normal practice to submit progress bills as the work progresses.

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Peat, Marwick, Mitchell & Co.

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This engagement is a major undertaking, and we have the resources and the experience to effectively carry out this examination. We look forward to working with the City of Providence.

Very truly yours,

PEAT, MARWICK, MITCHELL & CO.


Harry J. Baird, Partner

HJB:CCG

July 10, 1981

Harry J. Baird, Partner
Peat, Marwick, Mitchell & Co.
40 Westminister Street
Providence, Rhode Island 02903

Dear Mr. Baird,

Enclosed is certified copy of Resolution No. 406,
approved July 8, 1981 accepting your proposal submitted
for accounting services to be rendered to the City of
Providence.

Very truly yours,

Rose M. Mendonca,
City Clerk.

RMM/jma
Enclosure

No. 407
Approved: July 8, 1981