

THE
**RHODE ISLAND TURNPIKE
AND BRIDGE AUTHORITY**
REQUEST FOR PROPOSALS

AUDIT SERVICES

CONTRACT #13-6

March 2013

Earl J. Croft III, Executive Director
Rhode Island Turnpike and Bridge Authority
1 East Shore Road (P.O. Box 437)
Jamestown, Rhode Island 02835
Telephone (401) 423-0800 – Fax (401) 423-0830

RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY

REQUEST FOR PROPOSALS

**AUDIT SERVICES
CONTRACT #13-6**

The Rhode Island Turnpike and Bridge Authority (the Authority) is seeking the services of qualified firms to provide financial audit services for the years ending June 30, 2013, and June 30, 2014 with the potential of 2 1-year extensions for June 30, 2015 and June 30, 2016, in accordance with the terms, conditions, and specifications contained in this Request for Proposal (RFP).

Sealed bids will be accepted until 3:00 p.m., Monday, April 8, 2013 at the office of the Authority, One East Shore Road, Jamestown, Rhode Island. Three (3) copies of the proposal must be submitted in a sealed envelope marked "Audit Proposal – Contract #13-6" and may be mailed to the Authority or hand carried and delivered to the Authority prior to the bid opening. Bids will be opened publicly and read at the Authority's office on Monday, April 8, 2013 at 3:00 p.m.

The proposals will be evaluated using a weighted scale. The evaluation committee will review all submissions. The committee will evaluate the proposals and will select no more than three firms or individuals to present to the Executive Director for his decision. The Executive Director may request additional information from any proposer and an interview process may follow. The Executive Director will negotiate the fee with the vendor selected or accept the proposed fee if it is in the best interest of the Authority. If an agreement cannot be reached, the Executive Director will negotiate with the next choice until a satisfactory agreement is reached. The resulting agreement will be for a period of three years.

No bid may be withdrawn for a period of ninety (90) days subsequent to the opening thereof without permission of the Executive Director.

The authority reserves the right to reject any or all bids, waive any informality in the bidding, or accept the bid deemed to be in the best interest of the Authority.

GENERAL TERMS AND CONDITIONS

1. RECEIPT AND OPENING OF PROPOSALS:

Proposals will be accepted and time stamped upon receipt in the office of the Executive Director, and will be held securely until the time indicated on the attached Advertisement for Bids, for the services listed in the specifications and will then be publicly opened and read.

2. FORM OF BID:

Bidders shall submit three (3) copies of their bid, on the form provided, with supplemental information, and other required documentation, literature and material to be provided with the bid, on the bidders own form.

3. TERM OF BID:

The term of this contract is two (2) years with potentially 2 1-year extensions.

4. SUBMISSION OF BIDS:

- a. Envelopes containing bids must be sealed and addressed to the Office of the Executive Director, PO Box 437, Jamestown, RI 02835 and must be marked with the name and address of the bidder, date and hour of opening, and name of item in the bid call.
- b. The Executive Director will decide when the specified time has arrived to open bids, and no bid received thereafter will be considered.
- c. Any bidder may withdraw his bid by written request at any time prior to the advertised time for opening. Telephone bids, amendments, or withdrawals will not be accepted.
- d. Unless otherwise specified, no bid may be withdrawn for a period of ninety (90) days from time of bid opening.
- e. Negligence on the part of the bidder in preparing the bid confers no rights for the withdrawal of the bid after it has been opened.
- f. Proposals received prior to the time of opening will be securely kept, unopened. No responsibility will be attached to an officer or person for the premature opening of a proposal not properly addressed and identified.
- g. Any deviation from the specifications must be noted in writing and attached as part of the bid proposal. The bidder shall indicate the item or part with the deviation and indicate how the bid will deviate from specifications.

5. RHODE ISLAND SALES TAX:

The authority is exempt from the payment of the Rhode Island Sales Tax under the 1956 General Laws of the State of Rhode Island, 44-18-30, Paragraph I, as amended...

6. FEDERAL EXCISE TAXES:

The authority is exempt from the payment of any excise tax or federal transportation taxes. The price bid must be exclusive of taxes and will be so construed.

7. QUALIFICATION OF BIDDERS:

The Authority may make such investigations as it deems necessary to determine the ability of the bidder to perform the work. The bidder shall furnish the Authority with all such information and data for the purpose as may be requested.

8. EVALUATION CRITERIA:

The Rhode Island Turnpike and Bridge Authority evaluation committee will use the following weighted scale when evaluating the proposals from Audit Services bidders.

Experience/Qualifications	20 points
Proposed Fee	<u>80 points</u> (4 yr. cost will be considered)
	100 Total points

9. ADDENDA AND INTERPRETATIONS:

No interpretation on the meaning of the plans, specifications or other contract document will be made to any bidder orally. Every request for such interpretations should be in writing, addressed to the Executive Director, c/o Nancy Parrillo, PO Box 437, Jamestown, RI, 02835, and to be given consideration must be received at least seven (7) days prior to the date fixed for the opening of the bids. E-mail is nparrillo@ritba.org.

All questions pertaining to the specifications or proposal procedure should be first directed to the Executive Director. Where information from the Executive Director differs from information from any other source, the information from the Executive Director prevails. The Authority is not responsible for information obtained from any other source.

10. AWARD OF BIDS:

The Authority reserves the right to award in whole or in part.

11. HOLD HARMLESS:

The contractor shall be responsible for his work and every part thereof, and for all materials, tools, appliances, and property of every description used in connection therewith. The contractor agrees to indemnify and hold harmless the Rhode Island Turnpike and Bridge Authority, its employees and agents, against loss or expense by reason of the liability imposed by law upon the contractor, all sub-contractors, or owner for damage because of bodily injuries, including person or persons or on account of damage to property arising out of or in consequence of the performance of this work whether such injuries to persons or damage to property are due or claimed to be due to any negligence, including gross negligence, of a sub-contractor, the owner, the general contractor, his or their employees or agents, or any other person.

SPECIFICATIONS
RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY
REQUEST FOR PROPOSALS

AUDIT SERVICES
Contract #13-6

OVERVIEW:

The Rhode Island Turnpike and Bridge Authority (the Authority) is seeking the services of qualified firms to provide financial statement audit services for the fiscal years ending June 30, 2013 and June 30, 2014 with the potential of 2 1-year extensions for June 30, 2015 and June 30, 2016, in accordance with the terms, conditions, and specifications contained in this Request for Proposal (RFP).

General Background:

The Rhode Island Turnpike and Bridge Authority (the Authority) is a quasi-public agency created by the Rhode Island General Assembly in 1954 as a corporate and body politic, with powers to construct, acquire, maintain and operate bridge projects as defined by law. The Authority was responsible for the construction of the Claiborne Pell Bridge (formerly the Newport Bridge) which opened to traffic on June 28, 1969. The Authority has been responsible for the operation and maintenance of the Mount Hope Bridge between Bristol, Rhode Island and Portsmouth, Rhode Island and the Claiborne Pell Bridge between Newport, Rhode Island and Jamestown, Rhode Island since 1964 and 1969, respectively.

Day to day operations of the Authority are led by an Executive Director who oversees 65 employees and reports to a five member Board of Directors comprised of the Director of Transportation, who is a member ex-officio, and four members appointed by the Governor.

The Authority is a component unit of the State of Rhode Island for financial reporting purposes and as such, the financial statements of the Authority will be included in the State of Rhode Island's Annual Financial Report.

Due Dates for Completion of Audit and Delivery of Reports for Inclusion in the State's Comprehensive Annual Financial Report (CAFR) and Statewide Single Audit Report

The audit shall be completed and audit reports (inclusive of all audit communications) related to the financial statements shall be delivered to the Authority, the Director of Administration and State Controller by **September 30th** of each year (as required by Section 35-6-37 of the General Laws). These financial statements will be incorporated into the State's Annual Comprehensive Financial Report. Two copies of all audit reports and communications shall be provided to the State Auditor General.

Qualifications of Auditor

1. The firm selected for the audit shall be a firm of certified public accountants holding a valid certification in the State of Rhode Island or from another state having equal professional standards.
2. The senior accountant in charge of the fieldwork shall be a certified public accountant.
3. The audit organization and the individuals responsible for planning, directing, conducting substantial portions of the fieldwork, or reporting on government audits shall meet the continuing educational requirements of *Government Auditing Standards* issued by the Comptroller General of the United States.
4. The audit organization shall have an appropriate internal quality control system in place and participate in an external quality control review program as required by *Government Auditing Standards*.
5. The audit organization shall provide a copy of their most recent external quality control review report to the Authority.

Audit Contract

1. The audit contract shall cover two fiscal years with the potential of 2 1-year extensions. Each year must be treated as a separate audit. The contract period shall not exceed four years.
2. Audit contracts covering more than one year shall specify an audit fee for each year. The audit fee for the financial statement audit shall be inclusive of all expenses.

Audit Standards

1. The audit specifications shall require that the audit be conducted in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants.
2. The audit specifications shall also require that the audit be conducted in accordance with the standards for financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States.

Audit Scope

The scope of the audit shall include:

1. The financial statements to be presented, audited and reported upon by the audit firm include:
Audited Basic Financial Statements to include Statement of Net Assets, Statement of Revenue and Expenses, Changes in Net Assets, Statement of Cash Flows and Notes to the Financial Statements.
2. Supplementary financial statements, schedules and information to be presented and reported upon by the private auditor to include Combining Statements of Net Assets and Combining Statement of

Revenues, Expenses and Changes in Net Assets, Schedule of Traffic Count and Revenues, Schedules of Cash and Investments, Schedule of Travel and Entertainment Expenses and Schedule of Administrative Expenses.

3. Management's Discussion and Analysis

Audit Reports

1. All draft copies of the audit report(s) and management letter shall be submitted to the Executive Director, the Chairman of the Board of Directors, members of the Audit Committee of the Authority, and the Auditor General prior to the exit conference so that there will be adequate time for review.
2. Reports to be submitted, depending on the scope of the engagement, may include:
 - a. Reports on:
 - (1) basic financial statements, and/or combining financial statements, and/or financial statements of separate funds based on an audit performed in accordance with generally accepted auditing standards and *Government Auditing Standards*.
 - (2) supplementary financial statements, schedules and information.
 - (3) internal controls based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
 - (4) Compliance with laws, regulations, contracts and grants based on an audit of the financial statements performed in accordance with *Government Auditing Standards*.
 - b. Reports required under trust agreements, loan agreements, etc
 - c. Other reports requested by the agency and/or the Director of Administration and/or the Auditor General or as required by the applicable section of the general laws.
3. A detailed schedule of travel and entertainment expenses shall be included as supplementary information in the financial statements. All expenditures of \$200 or greater shall be itemized and a total shown for all expenditures less than \$200. Chapter 35-7-14 of the General Laws of the State of Rhode Island requires the agency to prepare and maintain documentation for all travel and entertainment in sufficient detail to allow for post audit.

Management Letter

1. The audit shall provide for the submission of a management letter upon completion of the audit to the Authority's Executive Director and the Board of Directors, with copies to the Director of Administration and the Auditor General.
2. The management letter should include comments, and/or recommendations beyond those included in the reports described above, on such matters as:
 - a. policies, procedures and practices employed by the agency.

- b. immaterial weaknesses in the internal controls that are not "significant deficiencies."
- c. use of resources to provide a governmental service in a reasonable, judicious, economical, and efficient manner.
- d. compliance with State laws pertaining to the Authority and with rules and regulations established by the agency.

Coordination Between the Auditor of the Authority and the Auditor General

1. The independent auditor selected for the Authority audit shall cooperate with the Auditor General, as principal auditor, in his coordination of the Single Audit of the State.
2. Specific inquiries and procedures to assure such coordination include:
 - a. a written representation that the independent auditor of a component unit is aware that the financial statements he is to audit will be incorporated in the financial statements of the state as the reporting entity and that their report thereon will be relied upon and referred to by the Auditor General as well as any other reports required by Government Auditing Standards.
 - b. a written representation that the independent auditor is independent under the requirements of the American Institute of Certified Public Accountants including those in Interpretation 10 of Rule 101 of the AICPA Code of Professional Ethics and *Government Auditing Standards*.
 - c. a written representation that the independent auditor of a component unit meets the continuing educational requirements of *Government Auditing Standards*.
 - d. a written representation that the independent auditor has an appropriate internal quality control system in place and has participated in an external quality control review program as required by *Government Auditing Standards*. He will provide the Auditor General with a copy of his most recent external quality control review report.
 - e. a written representation that the independent auditor is familiar with generally accepted accounting principles for state and local government units and with the generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants; *Government Auditing Standards* issued by the Comptroller General of the United States; the Single Audit Act of 1984 as amended in July 1996 and the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and will conduct the audit and will report in accordance with those standards.
 - f. attendance of the Auditor General at entrance, exit and other conferences between the independent auditor and the agency.
 - g. submission of ALL "draft" copies of the audit report(s) and management letter before the exit conference.

- h. prompt notification to the Auditor General and the Director of Administration by the independent auditor if he becomes aware of fraud, abuse, or illegal acts or indications of such acts affecting the agency.
- i. prompt notification to the Auditor General and the Director of Administration by the independent auditor if he encounters any significant accounting and/or auditing problems, or any situations that would delay completion of the audit.

Audit Workpapers

Audit workpapers of the independent auditors shall be made available upon request of the Director of Administration and/or the Auditor General for their review, at the completion of the agency audit.

Other

Payment will be made upon completion of the audit and the receipt of 10 copies and a pdf copy of the final reports.

Contract #13-6

FEE PROPOSAL

TO: The Rhode Island Turnpike and Bridge Authority
c/o The Executive Director
PO Box 437
Jamestown, RI 02835

Gentlemen:

We the undersigned propose to furnish to the Rhode Island Turnpike and Bridge Authority, "AUDIT SERVICES", per attached specifications dated _____, 2013 for the prices stated below.

Proposed Fee as follows:

Year 1 (fiscal year ending June 30, 2013)

Price in words: _____

Price in Figures: _____

Year 2 (fiscal year ending June 30, 2014)

Price in words: _____

Price in Figures: _____

Year 3 (fiscal year ending June 30, 2015. Potential extension by mutual agreement.)

Price in words: _____

Price in Figures: _____

Year 4 (fiscal year ending June 30, 2016. Potential extension by mutual agreement.)

Price in words: _____

Price in Figures: _____

Total for four (4)

Price in words: _____

Price in Figures: _____

By: _____

Authorized signature

Company name

Print name and title

Address

Telephone

Date

City

State

Zip Code

The IRS Form W-9 attached must be completed and submitted with the proposal if the bidder falls under IRS requirements to file this form.

Please submit proposals in triplicate and attach this Proposal Fee form to your full proposal.



Rhode Island Turnpike and Bridge Authority

PROFESSIONAL SERVICES PROPOSAL FOR

RHODE ISLAND TURNPIKE

AND BRIDGE AUTHORITY

YEARS ENDING JUNE 30, 2013 AND 2014

(WITH EXTENSIONS AVAILABLE FOR YEARS ENDING JUNE 30, 2015 AND 2016)

PRESENTED BY



Contact Information

Stephen W. Geremia, Principal
10 Weybosset Street, Providence, RI 02903
(p) 401.421.4800 - (f) 401.421.0643 - www.lgcd.com

April 8, 2013

sgeremia@lgcd.com



April 8, 2013

Rhode Island Turnpike and Bridge Authority
One East Shore Road
P.O. Box 437
Jamestown, RI 02835

Attention: Mr. Earl J. Croft III, Executive Director

Thank you for the opportunity to submit our multi-year proposal for consideration as the external auditors for Rhode Island Turnpike and Bridge Authority (the Authority).

We understand your desire to work with professionals who have significant experience auditing component units of the State of Rhode Island and local governmental entities and performing audits in accordance with *Government Auditing Standards*, and who will provide comprehensive and responsive service. At LGC&D LLP (LGC&D), we strive to offer sustainable, long-term benefits by providing you with timely, cost-effective services.

This proposal includes an overview of the key characteristics that differentiate us from other firms, our fee estimate for the proposed audit services, a brief profile of our Firm and its governmental practice experience, a profile of the professionals assigned to provide services to the Authority, and other requested information.

Services to be Provided

For each of the years ending June 30, 2013, 2014, 2015, and 2016, we will:

- Audit the basic financial statements of Rhode Island Turnpike and Bridge Authority in accordance with auditing standards generally accepted in the United States of America and with the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.
 - * Report on the supplementary Schedule of Traffic Count and Revenues and the supplementary financial statements and schedules presented in accordance with the State of Rhode Island required formats.
 - * Report on the supplementary Schedule of Travel and Entertainment Expenses.
 - * Perform required procedures related to Management's Discussion and Analysis.
 - * Prepare a management letter communicating matters related to internal control over financial reporting and over compliance and other matters, if required.

A Limited Liability Partnership

10 Weybosset Street, Suite 700, Providence, RI 02903 - (p) 401.421.4800 - 1.800.927.LGCD - (f) 401.421.0643 - www.lgcd.com

Services to be Provided (Continued)

- * Cooperate and coordinate with the Auditor General of the State of Rhode Island, including providing the written representations required by the Auditor General.
- Be responsive and provide comprehensive, exceptional client service.

Service Considerations

During your review of our experience and qualifications, audit approach and other information included within our proposal, we would like you to consider that we:

- Have a thorough understanding of the Authority's operations, its needs, and the complex issues facing the Authority over the next several years including, but not limited to, the implementation of a new financial reporting system and financial and operational changes resulting from the future expansion of its operations.
- Are the leading firm within the community providing audit and other services to component units of the State of Rhode Island (the State) whose financial statements are incorporated into the State's Annual Comprehensive Financial Report, and have extensive experience providing audit and consulting services to local governments and their component units.
- Have expensive experience working with bond underwriters and their legal counsel and advisors in connection with the structuring, issuance, and compliance requirements related to revenue bonds, both prior and subsequent to bond issuance.
- Have government-industry-focused engagement teams and have assigned professionals to the Authority's engagement who have significant relevant hands-on experience auditing governmental entities, including component units of the State, and who are committed to providing the Authority with superior service.
- Update our understanding of the Authority's operations and the economic environment in which it operates. Through the implementation of a risk-based audit approach, we use this knowledge along with knowledge of other risk factors evaluated to focus our efforts on areas of greatest risk and importance.
- Possess the blended characteristics of a national and a regional firm. We possess the resources, training and expertise found in larger firms, but also possesses several unique characteristics that distinguish us from the rest.
- We tailor our professional services and assign experienced professionals based on our clients' needs to maximize the value of the services we provide. Our most experienced professionals devote a substantial amount of time to the engagement, including in-field review and supervision, so that our clients benefit from the experiences of our most seasoned professionals and have access to key decision makers.

Service Considerations (continued)

- Commit to the timely delivery of our services. At LGC&D, we work to deliver the product of our services before stated deadlines to provide the Board of Directors and management of the Authority with the necessary time for review and consideration of potential alternatives.

Our proposed fees are included within the Authority's *Audit Services, Contract #13-6, Fee Proposal* required form presented as Appendix I.

We are committed to continuing our valued professional relationship as the Authority's independent auditors and do not want fees to be an obstacle in being re-appointed as the Authority's external auditors. After you have reviewed our proposal, we welcome the opportunity to have an open discussion about this matter and answer any questions that you might have. *Our proposed fees are based upon our first-hand knowledge of the Authority's operations and experience, while other firms' proposals might be based on less specific knowledge and also might incorporate provisions for changes in proposed fees as a result of using less specific knowledge to estimate engagement requirements.*

We are confident that our experience, knowledge, and commitment to quality service will be persuasive in your consideration of LGC&D as professional service providers to the Authority.

If you require any additional information about our Firm and this proposal, please do not hesitate to call us. We look forward to continuing our working professional relationship.

Very truly yours,

LGC&D LLP



Stephen W. Geremia, Principal
Certified Public Accountant

PROFESSIONAL SERVICES PROPOSAL FOR RHODE ECONOMIC TURNPIKE AND BRIDGE AUTHORITY

Why LGCD		1 - 3
• The Firm		
• Government Industry Practice		
• GAS, Single Audit, and OMB Circular A-133 Practice		
• Industry Focused Client Seminars		
• Commitment to Professional Education		
• Commitment to Quality and PCAOB Registration		
• Local in Touch - Global in Reach		
• Other Information		
Audit Approach		4 - 8
• Audit Services		
• Audit Approach		
• Tests of Controls and Interim Audit Procedures		
• Communication/Responsiveness		
• Management's Role		
• Proposed Fees		
• Standard Billing Rates		
• Audit Team		
Appendix I	- Fee Proposal	9 - 10
Appendix II	- List of References	11
Appendix III	- Quality Control Report	12 - 13
Appendix IV	- Form W-9	14

Why LGC&D

The Firm

LGC&D is a regional accounting and consulting firm comprised of twelve principals and over fifty-five professional staff. We provide our clients with value focused service by exceeding their expectations of quality, focus, and interest. We provide our colleagues with the opportunity to grow professionally and personally in an environment that promotes balance, excellence, and integrity in all that we do.

For more than half a century, LGC&D and its predecessors have provided accounting, auditing, and other attest services; tax planning, compliance and research; and consulting services to both publicly-held and privately-held businesses operating in a wide variety of industries, governmental entities, and not-for-profit entities.

Our Firm's core mission is to create long-term, trust-based relationships. The core values that guide LGC&D's professionals are founded in our Firm's **REACH** program: The principles of **REACH** (**R**espect all ... **E**mbrace differences ... **A**chieve excellence ... **C**ommunicate effectively ... **H**onor commitments) embody the core values that drive our client services.

LGC&D's mission is to offer exceptional quality, maximum efficiency, and superior client service. Our principals and professional staff are actively involved with our clients beyond what traditionally is expected from accounting firms, while retaining our independence for attest clients. We:

- Are a trusted business advisor, acting as a sounding board for client projects or issues.
- Pride ourselves on developing long-term client relationships.
- Know our clients' businesses, critical priorities, best practices, and marketplace.
- Are flexible, creative, and quick to respond to client concerns.
- Offer personalized, focused, and timely service at reasonable rates.

Governmental Industry Practice

We have made a commitment of firm-wide resources and developed industry-focused engagement teams to provide the highest level of professional services to our governmental clients. Our experience in, and commitment to, serving governmental entities provides unique opportunities for our clients. Issues faced by our governmental clients are discussed among our Firm's governmental practice team members so that our clients can benefit from their collective knowledge and experience empowering us to provide our clients with expertise and insights based on hands-on experience.

We are recognized as the leading firm within the community providing audit and other attest, accounting, and consulting services to component units of the State of Rhode Island. Also, we have extensive experience providing such services to local cities and towns and their component units. Our governmental industry clients presently include:

- Several component units of the State of Rhode Island (the State) which are included in the State's comprehensive annual financial report.
- Five local municipalities and their component units.

Why LGC&D (Continued)

Governmental Industry Practice (continued)

Our governmental practice group includes approximately 25 professionals who perform audits of component units of the State, local governments, and federal award programs under Office of Management and Budget (OMB) Circular A-133. Three principals and five senior managers/managers lead our governmental practice group.

We have listed within Appendix II a few client references, which we encourage you to contact, including those whose audits have been conducted in accordance with *Government Auditing Standards*. Additional references are available upon request.

GAS, Single Audit, and OMB Circular A-133 Practice

Performing audits in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States (GAS), the Single Audit Act (the Act), and Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, is an integral part of the services we provide in several industry practice areas served by LGC&D.

Governmental and not-for-profit entities, and certain for-profit entities, that receive federal financial assistance must have their audits conducted in accordance with GAS. Many of our for-profit and not-for-profit clients receive federal financial assistance either directly from the federal government, or passed-through from state agencies. Consequently, performing audits in accordance with GAS is a significant part of our practice. We perform over 75 audits of entities whose audits are conducted in accordance with GAS.

State and local governmental entities, and many not-for-profit entities receiving significant federal financial assistance, ordinarily must also have their audits conducted in accordance with the Act and with OMB Circular A-133. We conduct many audits of state and local governmental entities and not-for-profit entities in accordance with the Act and OMB Circular A-133.

GAS requires accountants to meet minimum continuing education requirements relating to government accounting and auditing topics. Since performing audits in accordance with GAS is a significant portion of our practice, substantially all of our principals and professional staff have satisfied the continuing professional education requirements mandated by GAS. In addition, certain principals and senior managers have taught local and national education courses in governmental auditing. Our Firm also has satisfied all other requirements mandated by GAS.

Industry Focused Client Seminars

Our commitment to serving our clients does not end upon the delivery of the engagement product. We believe that the education of our clients, as well as our professionals, is an integral component of our Firm's dedication to providing services to various industry practice areas. We offer and provide to our clients, at no charge, educational programs on new requirements affecting their entities. Copies of our presentations are made available to all our clients on our website at www.lgcd.com.

Commitment to Professional Education

We provide our professional staff with a curriculum of required and elective educational offerings through our LGC&D University. Our Firm's educational requirements for each professional level exceed minimum continuing educational requirements imposed by state licensing boards and regulatory agencies. We require our professionals to attend industry-focused training programs, along with satisfying other educational requirements, and our professionals may choose from many electives to become well-rounded professionals. Our commitment to providing valuable and focused training to all our professionals is designed to ensure that each of our clients receives the highest level of quality services.

Why LGC&D (Continued)

Our Commitment to Quality and Registration with the PCAOB

LGC&D is a member of both the Center for Audit Quality and the Private Companies Practice Section of the American Institute of Certified Public Accountants (AICPA). We have implemented required quality control policies and procedures and are subject to Peer Review once every three years. Our commitment to maintain the highest professional standards assures that our clients will receive the highest level of quality in all the professional services that we provide.

We have included a copy of our latest Peer Review Report in Appendix III. In our latest Peer Review, we received an unqualified report without a letter of comments. This is the sixth consecutive triennial unqualified Peer Review Report that our Firm has received.

In addition to the external peer review process, we conduct annual internal inspections to continually monitor our compliance with professional practice standards, our Firm's own policies and procedures, and our commitment to deliver superior client service. We enhance existing policies and practices, where necessary, based on the result of our own internal inspections to ensure the delivery of quality and responsive services to our clients.

Our Firm provides professional services to publicly-held clients, other entities registered with the SEC, and privately-held entities whose audits must be conducted by independent registered public accounting firms. As required by the Sarbanes-Oxley Act of 2002 and the Public Company Accounting Oversight Board (PCAOB), our Firm has been registered with the PCAOB since inception of the PCAOB. The PCAOB's most recent inspection did not identify any audit engagement performance issues or any quality control deficiencies or weaknesses.

Local in Touch, Global in Reach

Supplementing our internal capabilities are the human and other professional resources available to us as a member of HLB International (HLB). HLB is an international Firm-of-Firms organization consisting of over one-hundred leading accounting firms with common professional philosophies, attitudes and ethics. HLB, headquartered in the United Kingdom, is one of the world's largest, most prestigious and highly ranked Firm-of-Firms.

Our association with HLB provides us, and ultimately our clients, with access to leading industry specialists in accounting, auditing, consulting, tax, and other related professional services, without the extensive overhead costs incurred by international and national accounting firms. In addition, we maintain professional relationships with other nationally recognized experts in several technical disciplines. If specific expertise is needed, we have the internal and external resources to assist in a timely and cost-effective manner.

Through HLB, we have the requisite knowledge and experience to prepare required document filings with the federal government on arbitrage for tax-exempt bonds.

Other Information about LGC&D

LGC&D and all assigned key professional staff are licensed in the State of Rhode Island and all work will be performed by professionals located in our office in Providence, Rhode Island.

LGC&D and its professionals are independent of the Authority, and satisfy all independence requirements promulgated by the American Institute of Certified Public Accountants (AICPA), including the provisions of revised Interpretation 10 of Rule 101 of the AICPA's Code of Professional Ethics, and *Government Auditing Standards*. Prior to acceptance of each new client, we determine whether the Firm and its professionals are independent of the prospective client. Annually, each member of LGC&D affirms in writing their continued independence related to all of the Firm's clients. All matters related to independence are monitored and resolved by the Firm's Director of Attest Services.

Audit Approach

Audit Services

We will audit the basic financial statements of the Rhode Island Turnpike and Bridge Authority as of and for each of the years ending June 30, 2013, 2014, 2015, and 2016.

We will plan and perform our separate audits in accordance with auditing standards generally accepted in the United States and the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

We will prepare a management letter, if necessary, at the conclusion of each of our separate audits for the years ending June 30, 2013, 2014, 2015, and 2016.

We also will report on the Supplementary Information (Schedule of Traffic Count and Revenue, Schedule of Travel and Entertainment Expenses, State mandated formats) as of and for each of the years ending June 30, 2013, 2014, 2015, and 2016.

It is our understanding that certain financial information generally is completed and ready for audit by approximately the first week of August. We will begin each audit as soon as there are completed fully adjusted trial balances by fund available to be audited so that we may complete each audit in an efficient and timely manner. Also, to the extent practicable, we will perform certain tests of controls and other procedures prior to or shortly after year end at your convenience.

We will issue our independent auditors' reports as soon as practicable after the completion of our audit fieldwork. We will make every attempt to have completed substantially all our work by the end of August of each year so that the Authority's Board of Directors may approve the draft financial statements at its September Board meeting. We will make available draft statements to the Authority so that it can forward a draft to the Office of the Auditor General. We will make every attempt to issue our final independent auditors' reports by September 30th of each year.

We understand that the Authority's annual audits are not currently anticipated to be required to be performed in accordance with the *Single Audit Act* and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. We will be available to conduct the separate audits in accordance with these standards, when and if necessary. We will arrive at a mutually agreeable fee to perform this additional work based on the nature and scope of the required procedures.

If extraordinary matters or unanticipated events come to our attention that might affect our ability to meet the required time frames, we will communicate with you as soon as practicable to arrive at a mutually agreeable solution.

Audit Approach / Risk-Based and Business Focused

LGC&D's risk-based and business focused audit approach embodies a thorough understanding of the industry in which our client operates, our client's operations and internal control, and the challenges facing our client and how those challenges compare or contrast to others in the industry.

Our audit approach involves significant principal and senior management involvement. This allows us to focus on our client's expectations and areas of risk that affect management's assertions presented in the financial statements.

Audit Approach (Continued)

Audit Approach / Risk-Based and Business Focused (Continued)

Based on our understanding of the operations of the Authority and the environment in which it operates, the challenges it faces, and the results of certain analytical analysis of key performance indicators, we will perform detailed risk assessment procedures. Also, as part of our risk assessment procedures, we will identify account balances and classes of transactions that are either quantitatively or qualitatively significant to the financial statements and obtain an understanding and assess the design and implementation of internal control policies and procedures to address the risk of material misstatement in significant account balances and classes of transactions.

Based on our assessment of risks and our understanding and assessment of internal control policies and procedures in place, we will develop a comprehensive professional services plan and design further audit procedures.

Our professionals work hard to identify early and discuss fully any accounting, auditing or other problems, including any alternatives available under generally accepted accounting principles so that an appropriate resolution may be implemented.

Tests of Controls and Interim Audit Procedures

The nature of the Authority's operations requires an auditor to think outside the box and exercise substantial creativity if the auditor is to implement an effective and efficient risk-based audit approach.

Tests of controls often form the foundation of our approach to auditing the financial statements, since it is the knowledge gained while performing tests of controls and the results of those tests which help us focus on developing effective and efficient detailed audit procedures. We will perform tests of controls, where necessary, to enable us to perform an effective and efficient audit while meeting the needs of known financial statement users.

Planning and performing interim detailed audit procedures can be an effective method to complete the audits efficiently and timely. We anticipate that our primary focus will be on the revenue (toll) collection and reporting cycle, including reviewing management's evaluation of third-party service organization controls, and the expenditure (including construction contracts) cycle. We expect to perform such procedures shortly before or after year-end. Performing interim audit procedures also helps us identify issues, if any, early so they can be resolved before the audit begins.

Each year during our engagement planning we will evaluate the benefit of performing interim audit procedures. Also, at the completion of each year's audit we will reevaluate our audit approach to determine whether performing interim audit procedures in subsequent audits would be effective.

Communication/Responsiveness

Effectively implementing a risk-based audit approach involves communicating with our clients not only at year-end but throughout the year. Our key client service team members will communicate with management throughout the year to enhance our understanding of the operations of the Authority and the challenges that it faces.

Meeting our client's expectations also requires frequent communication throughout the audit process. Through informal face-to-face communications, as well as scheduled meetings as needed, we will inform management of the status of the audit and discuss with them any issues that arise so that we may request their assistance in developing a mutually satisfactory solution.

Audit Approach (Continued)

Communication/Responsiveness (Continued)

Communicating the results of our audit to those who have oversight responsibility for the financial reporting process is an integral part of our communications. We recognize that the Board of Directors, as the group charge with governance, has a fiduciary obligation to oversee the financial reporting process. To assist them in fulfilling their fiduciary obligation, we will meet with the members at the beginning and end of each audit to discuss the audit process, their concerns and views about the risk of fraud and any areas that require special attention, the financial statements, certain information about the scope and results of our audit as required by professional standards, and any comments that we have to improve internal control and operations.

Management's Role and Responsibility

Delivering professional services in a cost effective manner requires management and auditors to work cooperatively together to develop a plan to obtain information required to complete the audit while limiting, to the extent practicable, the human resources required to accomplish the objective. We will work with management to develop a plan to obtain the required information and will use, to the fullest extent possible, information prepared by management as part of their existing accounting and financial reporting process.

When performing our audits, we ordinarily need management's assistance in the preparation of basic fund trial balances, financial and other information so that we may complete our audits in an efficient and cost effective manner. We will request fully adjusted general ledgers and trial balances, other journals and spreadsheet analyses supporting balances and transactions (and/or computerized transactions files), basic audit schedules, depreciation schedules by asset class, abstracts of grant and contract documents, typing of audit related correspondence and confirmations, pulling of paid invoices and other documents for our inspection, and combining and other schedules supporting information included in the financial statements.

As required by GAS, auditors are precluded from drafting an entity's financial statements, including the footnotes and supplementary information thereto and Management's Discussion and Analysis, since these are the responsibility of management. We will be available to provide such services, and if requested to provide such services, will require management to take responsibility in writing for our work; evaluate management's ability to take responsibility for our work and communicate, if necessary, with the Board of Directors our evaluation of that ability; and bill the Authority for such services.

Proposed Fees

We are committed to providing value to our clients. We provide value to our clients through our commitment to provide superior client service at a competitive fee. Because we are committed to continuing a valued professional relationship, we are offering our services at a substantial discount from our standards rates.

Our fees to provide professional services are based on the hours required to perform our services in an efficient and cost effective manner.

Our proposed fees are included within the Authority's *Audit Services, Contract #13-6, Fee Proposal* required form presented as Appendix I.

Audit Approach (Continued)

Proposed Fees (Continued)

We will not require any start-up time and the time commitment required of the Authority's personnel will be limited to updating our knowledge for changes in the Authority's operations since the last audit and preparing the required and requested information for us to perform and complete our audit.

The fees quoted within Appendix I assume that the Authority's operations for the years ending June 30, 2014, 2015, and 2016, are substantially similar to the nature and level of operations during the year ending June 30, 2013; that key accounting personnel are retained by the Authority; and there are no significant changes in accounting and/or auditing standards that require the scope of our work to increase. The fees quoted above also assume that the Authority obtains a Type II SSAE No. 16 report related to each element of its EZ Pass operations for each of the years under audit; and that management prepares the Authority's financial statements and notes and supplementary information thereto, including Management's Discussion and Analysis, as required by generally accepted auditing standards and accounting principles, respectively.

We are committed to continuing our valued professional relationship with the Authority and do not want fees to be an obstacle in being reappointed as the Authority's auditors. As you evaluate our proposal, along with the proposals of other firms, we would welcome the opportunity to have an open discussion about this matter. Our proposed fee schedule is based upon first-hand knowledge of the Authority's operations and experience while other firms' proposals might be based on less specific knowledge.

The professional fees quoted within Appendix I do not include any other special reports or other services which you may request.

The professional fees quoted above include customary telephone conversations and communications. If our communications require additional research or meetings, we will be available to provide you with these services. Also, we will be available to provide special projects throughout the year. Our fees for these services will be billed at the following rates through December 31, 2013:

Level	2013
Principal	\$250
Manager	\$150
Senior	\$125
Associate	\$85

In years subsequent to 2013, the hourly rates proposed above will be increased by a mutually agreeable cost of living factor.

Audit Approach (Continued)

Audit Team

Based upon our understanding of nature and complexity of the Authority's operations, we have selected professionals with hands-on experience servicing governmental entities and component units of the State of Rhode Island. An audit principal, a secondary audit principal, and a senior audit manager will be assigned to the senior management team providing professional services to the Authority.

Stephen W. Geremia, CPA
Principal

Stephen is the Firm's Director of Attest Services and one of the Firm's Government Services Group leaders and will head the client service team with overall responsibility for all the services provided to the Authority. He has extensive experience in serving the Authority and other governmental entities, including other component units of the State of Rhode Island, and has extensive experience in performing audits in accordance with GAS and OMB Circular A-133.

Stephen is licensed to practice as a CPA in Rhode Island, Massachusetts, and Connecticut. He is a member of both the Rhode Island Government Finance Officers Association (RIGFOA) and the National Government Finance Officers Association (NGFOA).

James Cooke, CPA
Manager

Jim has extensive experience auditing governmental entities, including the Authority and other component units of the State of Rhode Island. Jim will work with Stephen and be responsible for the review and supervision of all fieldwork and deliverables.

The in-charge professional assigned to the audit will be a certified public accountant. Associates possessing the necessary knowledge, training, and experience to carry out their assigned responsibilities also will be assigned to the engagement. All personnel responsible for planning, directing, conducting substantial portions of the fieldwork, and reporting on the Authority will meet the continuing professional education requirements mandated by GAS.

Appendix I: Fee Proposal

AUDIT SERVICES

Contract #13-6

FEE PROPOSAL

TO: The Rhode Island Turnpike and Bridge Authority
c/o The Executive Director
PO Box 437
Jamestown, RI 02835

Gentlemen:

We the undersigned propose to furnish to the Rhode Island Turnpike and Bridge Authority, "AUDIT SERVICES," per attached specifications dated April 8, 2013, for the prices stated below.

Proposed Fee as follows:

Year 1 (fiscal year ending June 30, 2013)

Price in words: Seventeen thousand five hundred dollars

Price in Figures: \$17,500

Year 2 (fiscal year ending June 30, 2014)

Price in words: Eighteen thousand dollars

Price in Figures: \$18,000

Year 3 (fiscal year ending June 30, 2015)

Price in words: Eighteen thousand five hundred dollars

Price in Figures: \$18,500

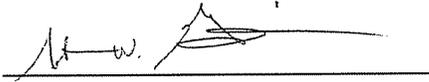
Year 4 (fiscal year ending June 30, 2016)

Price in words: Nineteen thousand dollars

Price in Figures: \$19,000

Appendix I: Fee Proposal (Continued)

By:



Authorized Signature

LGC&D LLP

Company name

Stephen W. Geremia

Print Name and Title

10 Weybosset Street, Suite 700

Address

(401) 421-4800

Telephone

April 8, 2013

Date

Providence

City

RI 02903

State Zip Code

The IRS Form W-9 attached must be completed and submitted with the proposal if the bidder falls under IRS requirements to file this form.

Please submit proposals in triplicate and attach this Proposal Fee form to your full proposal.

Appendix II - List of References

Rhode Island Housing and Mortgage Finance Corporation

401-457-1170

Ms. Kara Lachapelle, Director of Finance and Information Technology
44 Washington Street
Providence, RI 02903

LGC&D Personnel: Geremia, O'Marra
Description: Audit; 1,000 hours
Dates: Present; 2003-2009

Rhode Island Higher Education Assistance Authority

401-736-1100

Mr. Marc M. Lacroix, CFO
560 Jefferson Boulevard
Warwick, Rhode Island 02886

LGC&D Personnel: Geremia, Crawley
Description: Audit; 650 hours
Dates: June 30, 2007-2011

Appendix III - Quality Control Report



AICPA Peer Review Program
Administered by the
National Peer Review Committee

January 19, 2011

Richard J DeRienzo, CPA
Lefkowitz Garfinkel Champi & DeRienzo PC
10 Weybosset St Ste 700
Providence, RI 02903

Dear Mr. DeRienzo:

It is my pleasure to notify you that on January 5, 2011 the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is September 30, 2013. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Betty Jo Charles
Chair—NPRC
nprc@aicpa.org 919 402-4502

cc: Michael Wolansky, CPA

Firm Number: 10115075 Review Number: 308581

American Institute of Certified Public Accountants
220 Leigh Farm Road, Durham, NC 27707 • (919) 402-4500 • fax (919) 402-4505 • www.aicpa.org
ISO Certified

America Counts on CPAs™

Appendix III: Quality Control Report (Continued)



DEMETRIUS & COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

System Review Report

To the Principals
Leftkowitz, Garfinkel, Champi & DeRienzo P.C.
and the National Peer Review Committee of the AICPA

We have reviewed the system of quality control for the accounting and auditing practice of Leftkowitz, Garfinkel, Champi & DeRienzo P.C. (the firm) applicable to non-SEC issuers in effect for the year ended March 31, 2010. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included Employee Benefit Plans and engagements performed under the *Government Auditing Standards*.

In our opinion the system of quality control for the accounting and auditing practice of Leftkowitz, Garfinkel, Champi & DeRienzo P.C. applicable to non-SEC issuers in effect for the year ended March 31, 2010, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Leftkowitz, Garfinkel, Champi & DeRienzo P.C. has received a peer review rating of *pass*.

Demetrius & Company, L.L.C.
DEMETRIUS & COMPANY, L.L.C.

Wayne, New Jersey
September 23, 2010

Wayne Plaza II • 155 Route 46 West • Wayne, New Jersey 07470-6831
Telephone: 973-812-0100 • Fax: 973-812-0750
212-682-0653 • www.demetrius-llc.com

A PCAOB REGISTERED FIRM



Appendix IV: Form W-9

Form W-9 (Rev. December 2011) Department of the Treasury Internal Revenue Service	<h2 style="margin:0;">Request for Taxpayer Identification Number and Certification</h2>	Give Form to the requester. Do not send to the IRS.										
Print or type See specific instructions on page 2.	Name (as shown on your income tax return) LGC&D LLP											
	Business name/disregarded entity name, if different from above											
	Check appropriate box for federal tax classification: <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input checked="" type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ <input type="checkbox"/> Exempt payee <input type="checkbox"/> Other (see instructions) ▶ _____											
	Address (number, street, and apt. or suite no.) 10 Weybosset Street, Suite 700 City, state, and ZIP code Providence, RI 02903	Requester's name and address (optional)										
	List account number(s) here (optional)											
Part I Taxpayer Identification Number (TIN) Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see <i>How to get a TIN</i> on page 3.												
		Social security number <table border="1" style="margin: auto; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td> </tr> </table>										
		Employer identification number <table border="1" style="margin: auto; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;">4</td> <td style="width: 20px; height: 20px;">5</td> <td style="width: 20px; height: 20px;">-</td> <td style="width: 20px; height: 20px;">3</td> <td style="width: 20px; height: 20px;">9</td> <td style="width: 20px; height: 20px;">9</td> <td style="width: 20px; height: 20px;">4</td> <td style="width: 20px; height: 20px;">7</td> <td style="width: 20px; height: 20px;">9</td> <td style="width: 20px; height: 20px;">7</td> </tr> </table>	4	5	-	3	9	9	4	7	9	7
4	5	-	3	9	9	4	7	9	7			
Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.												
Part II Certification Under penalties of perjury, I certify that:												
1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and 2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and 3. I am a U.S. citizen or other U.S. person (defined below).												
Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.												
Sign Here	Signature of U.S. person ▶ <i>Mary Bristol</i>	Date ▶ <i>4/3/13</i>										
General Instructions Section references are to the Internal Revenue Code unless otherwise noted.												
Purpose of Form A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA. Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:												
1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued), 2. Certify that you are not subject to backup withholding, or 3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.												
Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9. Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are: • An individual who is a U.S. citizen or U.S. resident alien, • A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States, • An estate (other than a foreign estate), or • A domestic trust (as defined in Regulations section 301.7701-7). Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.												

