



July 9, 2024

Bernie Porier  
Managing Partner  
PPA, LLP  
469 Centerville Road, No. 203  
Warwick, RI 02886

**SUBJECT:** Quality Control Review of the PPA, LLP, Single Audit of the University of Rhode Island Research Foundation for the Fiscal Year Ended 2021  
Final Report No. OIG-24-QCR-1

This report provides the final results of our quality control review (QCR) of the single audit that PPA, LLP, completed of the University of Rhode Island Research Foundation for the fiscal year (FY) ended June 30, 2021.

Our review revealed six deficiencies that affect the single audit's reliability (see appendix A for details). Based on our review, we have assigned PPA an overall QCR rating of Fail.

## Why We Did This Review

According to the Code of Federal Regulations (2 C.F.R. § 200.501(b)), any nonfederal entity that expends \$750,000 or more in federal funds during its fiscal year must undergo a single audit—a comprehensive audit of the entity's financial statements and federal programs. The foundation contracted with PPA to perform the foundation's single audit for FY 2021.

We conduct desk reviews and QCRs on selected single audits. Desk reviews assess a single audit's compliance with reporting requirements; QCRs help assess the quality and accuracy of independent auditors' single audit work and ensure that federal programs are operating and complying with federal laws, regulations, and requirements.

We initiated this QCR based on deficiencies we identified during a March 2023 desk review of PPA's FY 2021 audit. Our objectives were to (1) determine whether the single audit was conducted in accordance with applicable standards and requirements; (2) identify any follow-up audit work needed; and (3) identify any issues that may require management's attention.

Our full objectives, scope, and methodology are detailed in appendix B.

## Our Opinion and Rating

PPA performed its single audit and issued an unqualified opinion to the foundation on August 27, 2021. The foundation's Schedule of Expenditures of Federal Awards (SEFA) disclosed

\$4,500,356 in federal expenditures,<sup>1</sup> and PPA’s summary of its audit results reported on two major programs:

1. the Hollings Manufacturing Extension Partnership program, funded by the U.S. Department of Commerce (assistance listing number [ALN] 11.611); and
2. the Coronavirus Relief Fund, funded by the U.S. Department of the Treasury (ALN 21.019).

After reviewing PPA’s single audit report and related documentation, we assigned PPA a rating of Fail. We concluded that PPA’s single audit was not conducted in accordance with applicable standards, specifically the *Generally Accepted Auditing Standards (GAAS)*, *Generally Accepted Government Auditing Standards (GAGAS)*,<sup>2</sup> and “Uniform Guidance” for federal awards.<sup>3</sup>

We determined that PPA’s engagement partner and audit manager did not meet GAGAS’ minimum government training requirements. In addition, PPA did not adequately plan, perform, test, or support the single audit’s conclusions, and the audit documentation did not support that PPA rendered an appropriate opinion on the ALN 11.611 program. Further, the workpapers reviewed and approved by the audit manager contained quality errors, inconsistencies, and discrepancies throughout the audit files; these issues were not identified or corrected before PPA issued the single audit report.

## **PPA’s Response to Our Draft Report**

We provided a draft report of our QCR to PPA for review and response. In our draft report, we suggested that PPA evaluate its audit documentation related to the six deficiencies explained in appendix A. We also suggested PPA identify any additional audit procedures needed to ensure that the audit documentation for FY 2021 and any prior and subsequent single audits meets GAAS, GAGAS, and the requirements of the Uniform Guidance, including the Compliance Supplement. If additional audit work was deemed necessary to support its audit opinions, we suggested PPA follow the provisions of the American Institute of Certified Public Accountants’ (AICPA’s) *Clarified Statements on Auditing Standards (2021 AU-C §§ 585 & 935.44)* with respect to reissuing the audit.

On May 20, 2024, we received PPA’s response to our draft report (see appendix C). In its response, PPA addressed each of the six deficiencies and described actions it has taken or plans to take to ensure these deficiencies do not occur again in the future.

PPA stated that in 2021 it purchased an advanced software program that better assisted with performing single audits. However, this software program was purchased after PPA completed the FY 2021 single audit and did not fall within the scope of our review.

PPA agreed with several of the deficiencies we reported but attributed many to complications associated with the pandemic. PPA also described our interpretation of adequate

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<sup>1</sup> This amount is divided as follows: Department of Treasury, \$2,002,996; Department of Commerce, \$1,784,305; U.S. Department of Labor, \$669,355; and U.S. Department of Defense, \$43,700.

<sup>2</sup> The 2018 revision of GAGAS was in effect in FY 2021.

<sup>3</sup> 2 C.F.R. part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

documentation as rigid and cumbersome. However, our review was based on our application of relevant standards and Uniform Guidance requirements.

In addition, for the first deficiency (“Continuing Professional Education Requirements Not Met”), PPA asked us to remove our finding regarding the audit manager’s CPEs and provided an FY 2024 policy indicating CPEs are tracked by calendar year, not fiscal year. However, we cannot remove the finding because PPA did not provide its FY 2021 policy or any other documentation supporting what the policy was in FY 2021, the period relevant to this work.

Finally, PPA did not agree with the Fail rating, stating that Pass With Deficiencies would be more appropriate. Although we acknowledge the actions PPA described in its response for future audits, these actions do not correct the deficiencies in the FY 2021 audit. Therefore, in our opinion, the QCR rating of the FY 2021 audit should remain as Fail.

## Final Steps

We are sending this QCR to officials at federal agencies with direct expenditures listed on the SEFA to inform them of the results of this review. Additionally, when a review of audit work as originally submitted results in a QCR rating of Fail, our policy is to make referrals to the appropriate professional association. We are therefore referring the audit to AICPA’s Professional Ethics Division for review and appropriate action. This QCR will also be posted on our public website ([www.oig.doc.gov](http://www.oig.doc.gov)) pursuant to the Inspector General Act of 1978, as amended (5 U.S.C. §§ 404 & 420).

Pursuant to Pub. L. No. 117-263, Section 5274, nongovernmental organizations and business entities specifically identified in this report (i.e., the University of Rhode Island Research Foundation) have the opportunity to submit a written response for the purpose of clarifying or providing additional context to any specific reference. Any response must be submitted to Carmen Cook, Director of Standards and Quality Control, at [ccook@oig.doc.gov](mailto:ccook@oig.doc.gov) and [OAE\\_Projecttracking@oig.doc.gov](mailto:OAE_Projecttracking@oig.doc.gov) within 30 days of the report’s publication date.

If the foundation responds, the response will also be posted on our public website. If the response contains any classified or other nonpublic information, the foundation should identify those portions in the response as needing redaction and provide a legal basis for the proposed redaction.

We appreciate the cooperation and courtesies extended to us by your staff during our review. If you have any questions concerning the results of our review, or if we may be of further assistance, please contact me at (202) 793-2901 or Carmen Cook at (202) 763-6103 or at [NonFederalAudits@oig.doc.gov](mailto:NonFederalAudits@oig.doc.gov).

Sincerely,



Richard Bachman  
Assistant Inspector General for Audit and Evaluation

Enclosures

cc: JoAnne Newton, Managing Partner, PPA  
Cory Powers, Managing Partner, PPA  
Mary Springer, Director of Finance and Human Resources, University of Rhode Island  
Research Foundation  
Senior Procurement Executive and Director of the Office of Acquisition Management,  
Department of Commerce  
Director, Financial Assistance Policy and Oversight Division, Department of Commerce  
Audit Liaison, National Institute of Standards and Technology, Department of Commerce  
Single Audit Coordinator, U.S. Department of Treasury OIG  
National Single Audit Coordinator, U.S. Department of Defense OIG  
AICPA Professional Ethics Division

## Appendix A. Details of the Identified Deficiencies

Our QCR of PPA’s working papers for the FY 2021 single audit of the foundation focuses on the ALN 11.611 program and PPA’s testing of the applicable requirements from the 2021 Compliance Supplement. Table I shows which requirements are applicable.

**Table I. 2021 Compliance Requirements and Their Applicability to ALN 11.611 Program**

Requirement	Applicable to Program?
Activities Allowed or Unallowed	Y
Allowable Costs and Cost Principles	Y
Cash Management	Y
Eligibility	N
Equipment Real Property Management	N
Matching	Y
Period of Availability	N
Procurement Suspension and Debarment	N
Program Income	Y
Reporting	Y
Subrecipient Monitoring	Y
Special Tests and Provisions	N

Source: Part 2 matrix of the 2021 Compliance Supplement, ALN 11.611 program

The deficiencies detailed below have caused us to assign PPA an overall QCR rating of Fail.

### Deficiency I: Continuing Professional Education Requirements Not Met

GAGAS § 4.16 states that auditors who plan, direct, perform engagement procedures for, or report on an engagement conducted in accordance with GAGAS should develop and maintain their professional competence by completing at least 80 hours of continuing professional education (CPE) in every 2-year period. At least 24 hours should be on subject matter directly related to the government environment, government auditing, or the specific or unique environment in which the audited entity operates.

We found that the PPA engagement partner and audit manager who participated in planning, directing, and reporting the single audit did not maintain the required CPE hours. For the 2-year reporting period (July 1, 2019, through June 30, 2021), PPA's documentation showed that

- the engagement partner completed only 2 of the required 24 governmental CPEs; and
- the audit manager completed only 60 of the required 80 CPEs.

## Deficiency 2: SEFA Procedures Not Properly Planned and Performed to Meet Audit Objectives

The C.F.R. (2 C.F.R. § 200.514(b)) requires the auditor to determine whether the SEFA is stated fairly in all material respects in relation to the auditee's financial statements as a whole.

Additionally, 2021 AU-C § 725.07 states that in order to opine on whether supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole, auditors should compare and reconcile the supplementary information (SEFA) to the underlying accounting and other records used in preparing the financial statements or to the financial statements themselves.

We found that the audit documentation did not support that PPA planned and performed work sufficient to meet its audit objectives in relation to the SEFA's accuracy and completeness, nor did it support PPA's opinion in relation to the financial statements as a whole. In addition, PPA did not identify that ALN 21.019 program had been incorrectly reported under the U.S. Department of Labor. Further, two programs included multiple federal awards with the same ALNs (11.611 and 17.277<sup>4</sup>), but the SEFA did not include the total federal awards expended for each program.

PPA staff said they did an internal control walkthrough to support their understanding of the foundation's internal controls for each direct and material compliance requirement. However, the audit documentation did not provide sufficient evidence that PPA obtained an understanding of internal controls over the preparation of the SEFA. It also did not support that PPA had reconciled the amounts reported on the SEFA to the financial statements or to other records.

## Deficiency 3: Applicable Compliance Requirements Incorrectly Determined

The 2021 AU-C § 935.14 states that the auditor should determine which compliance requirements to test in accordance with government audit requirements. The 2021 AU-C § 935.28 also states that the auditor should evaluate the sufficiency and appropriateness of the audit evidence obtained.

PPA inaccurately determined that the compliance requirements for eligibility and period of availability were applicable (see table I), direct, and material. PPA therefore concluded the ALN 11.611 program complied with the requirements; however, PPA's audit documentation did not

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<sup>4</sup> The Workforce Innovation and Opportunity Act programs, funded by the Department of Labor.

support the bases for its professional judgment in determining that these requirements were applicable, direct, and material to the program.

#### Deficiency 4: Sampling Forms for Internal Control and Compliance Testing Incorrectly Filled Out

The 2021 AU-C § 230.08 states that an auditor should prepare audit documentation that is sufficient to understand the nature and extent of the audit procedures performed to comply with GAAS and applicable legal and regulatory requirements; in addition, the documentation should also be sufficient to understand the results of the audit procedures performed, and the audit evidence obtained. Under 2021 AU-C §§ 530.A8–A10's, auditors complete sampling methodologies that

- identify the sampling unit;
- describe the population;
- identify the procedures performed to obtain evidence that the population is complete;
- determine the sample size is sufficient to reduce sampling risk to an acceptably low level; and
- evaluate the results of the sample.

Additionally, 2021 AU-C § 530.04 states that when using audit sampling, the auditor's objective is to provide a reasonable basis for the auditor to draw conclusions about the population from which the sample is selected.

PPA did not comply with auditing standards when documenting its sampling methodology for testing internal controls and compliance for the ALN 11.611 program's compliance requirements for activities allowed or unallowed and allowable costs and cost principles (see table 1). Specifically, the audit documentation was not sufficiently detailed to enable us to reach the same conclusions as PPA for the testing of internal controls and compliance for these requirements.

In addition, the audit file contained two generic sampling forms, one for internal control testing and one for compliance testing. However, both forms identified only the audit objective related to compliance testing, and there was no documentation to support a sampling methodology for internal control testing.

Finally, when designing the audit sample, PPA should have considered the purpose of the audit procedure and the characteristics of the population from which it selected samples to test compliance. However, the compliance sampling plan did not identify the population and sampling unit. Furthermore, the audit documentation did not include PPA's steps to ensure the completeness and appropriateness of the population and the identification of the sampling unit.

## Deficiency 5: Insufficient Documentation of ALN 11.611 Program's Direct and Material Compliance Requirements

The C.F.R. (2 C.F.R. §§ 200.514(c)(2), (c)(3)(ii), and (d)(1)) states that the auditor must perform procedures to obtain an understanding of internal control over federal programs sufficient to plan the audit to support a low assessed level of control risk and perform testing to internal control as planned. The auditor must also determine whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of its major programs.

Additionally, 2021 AU-C § 230.08(b) states that the auditor should prepare documentation that is sufficient to enable an experienced auditor with no previous connection with the audit to understand the results of the audit procedures performed and the audit evidence obtained.

During our review, we noted several of PPA's workpapers did not have sufficient documentation to support the procedures it performed or the conclusions it reached for the direct and material requirements of the ALN 11.611 program:

- PPA's audit documentation did not adequately support the bases for its determination that the requirements for program income and subrecipient monitoring were not direct and material to the program (see table I). Although PPA determined that these requirements were applicable to the program, the audit documentation did not support that PPA adequately planned and performed the internal control and compliance testing to meet the audit objectives.
- The audit documentation did not adequately support that PPA gained an understanding of internal controls sufficient to plan the audit to support a low assessed level of control risk for three of the program's compliance requirements: activities allowed or unallowed, allowable costs and cost principles, and matching at the program level (see table I). Although PPA included the generic form of the Committee of Sponsoring Organizations (COSO) framework (a system for establishing and assessing an entity's internal controls) to support its understanding of internal control, PPA did not document specific responses for each of the five COSO components as it should have.
- PPA determined that the cash management requirement was direct and material to the program and concluded that the requirement complied with the compliance supplement matrix (see table I). However, the audit documentation did not
  - include a sampling plan in accordance with auditing standards;
  - support that PPA gained an understanding of internal control; and
  - support that PPA had selected and tested a sample of the cash drawdowns or describe the specific steps PPA performed to test the audit objectives or how the objectives were met.
- PPA determined that the matching requirement was direct and material to the program (see table I). However, the audit documentation did not support that PPA planned and performed adequate testing of internal controls and compliance to meet the audit objectives for the requirement. Although the audit file included a workpaper labeled



“matching,” the audit documentation did not support that PPA had identified and tested internal control and compliance attributes, nor did it describe PPA’s specific procedures for testing the audit objectives or how the objectives were met.

- PPA identified the reporting requirement as direct and material to the program (see table 1). However, the audit documentation did not support that PPA gained an understanding of internal controls for this requirement or that PPA had adequately planned and performed the testing of internal controls and compliance. The audit documentation was not sufficiently detailed to determine which line items were tested or the specific accounts to which the line items were reconciled in the accounting records. Although the documentation included copies of the required semiannual Federal Financial Reports,<sup>5</sup> it did not provide sufficient evidence that the reports included all activity for the reporting period, were supported by applicable accounting or performance records, or were fairly presented in accordance with governing requirements. Furthermore, the audit documentation did not clearly describe the procedures PPA performed to test internal controls and compliance to meet the audit objectives for this requirement.

### Deficiency 6: Errors and Discrepancies Not Identified Before Report Was Issued

The 2021 AU-C § 220.19 states that on or before the date of the auditor’s report, the engagement partner should, through a review of the audit documentation and discussion with the engagement team, be satisfied that sufficient, appropriate audit evidence has been obtained to support the conclusions reached and for the auditor’s report to be issued.

PPA’s management reviewed and approved workpapers that contained quality errors, inconsistencies, and discrepancies; these issues appeared throughout the audit files and were not identified or corrected before PPA issued its single audit report. We also determined that the supervisory reviews failed to identify and correct the following errors and inconsistencies:

- Although the foundation and PPA signed the FY 2021 engagement letter, PPA did not properly review the letter. The letter stated that PPA provided non-audit services that included helping to prepare the SEFA, but the audit program stated that PPA did not assist with SEFA preparation.
- The audit program indicated that the foundation did not need PPA’s services to report on required supplemental information related to the financial statements as a whole; this information was omitted from the FY 2021 single audit report.
- The summary of the results section of the report did not include all elements required by the Uniform Guidance.<sup>6</sup>
- The audit program included incorrect or incomplete responses about the information’s applicability to the program.

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<sup>5</sup> Part 4 of the 2021 Compliance Supplement states that the Federal Financial Reports (Standard Form 425) for several cooperative agreements apply to the ALN 11.611 program. See 2 C.F.R. part 200, Appendix XI, pp. 4-11.611-11, 4-11.611-12 (July 2021).

<sup>6</sup> The elements that must be included in the summary are listed in 2 C.F.R. § 200.515(d)(1)(i)–(ix).

The supervisory review did not recognize the errors and inconsistencies in PPA's documentation of its audit work or support whether the work was adequately performed and documented to evaluate the results related to the report's conclusions and opinions.

## **Appendix B. Background, Objectives, Scope, and Methodology**

The independent auditors (external state or local government auditors or public accountants) that conduct a single audit express an opinion on the entity's financial statements, including the SEFA, internal controls, and compliance with applicable federal laws, regulations, and program requirements.

On August 27, 2021, PPA issued an unqualified opinion on the financial statements and omitted an opinion in relation to the SEFA. PPA found no instances of noncompliance in the financial statements that are required to be reported under GAAS and GAGAS. PPA also noted no matters that it considered to be material weaknesses involving internal controls related to the financial statements or to major programs.

On March 9, 2023, we provided PPA the draft results of our desk review of its single audit reporting package, which included the federal assistance programs the foundation administered in FY 2021. PPA explained discrepancies we identified in the single audit, and based on this additional information, we closed the desk review (OIG-22-DR-0025).

In May 2023, we initiated this QCR on PPA's single audit. The objectives of a QCR are to (1) determine whether the single audit was conducted in accordance with applicable standards, including GAAS and GAGAS, and met Uniform Guidance requirements; (2) identify any follow-up audit work needed; and (3) identify any issues that may require management's attention. To accomplish our objectives, we assessed

- qualification of auditors;
- independence;
- professional judgment and due professional care;
- quality control;
- fieldwork:
  - identification of engagement team members;
  - relevant criteria applied throughout the audit's planning, testing, and reporting phases;
  - fraud considerations;
  - subsequent events;
- schedule of expenditures of federal awards;
- determination of major federal programs;
- schedule of findings and questioned costs;
- summary of prior-year audit findings;

- financial statement and related requirements:
  - risk assessment;
  - identification and evaluation of audit findings;
  - communication of audit findings;
  - compliance with AICPA standards;
- considerations related to audits of major federal programs;
- sampling: major federal program (internal control and compliance);
- testing of internal control over compliance; and
- testing of compliance with direct and material compliance requirements.

We reviewed PPA's audit documentation for the ALN 11.611 program and discussed the QCR results with PPA staff.

We conducted this QCR from June 2023 through April 2024 under the authority of the Inspector General Act of 1978, as amended (5 U.S.C. §§ 401–424), and Department Organization Order 10-13, as amended October 21, 2020. We performed our work remotely and in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Guide for Quality Control Reviews of Single Audit Reports* (November 2021). We believe that the evidence obtained supports the QCR rating.

**Appendix C.**  
**PPA's Response to Draft Report**

PPA's response to our draft report follows on p. 14.



**PPA, LLP**

Certified Public Accountants

*Performance with a Purpose in Accounting*

May 16, 2024

Mark Zabarsky  
Principal Assistant Inspector General for Audit and Evaluation  
United States Department of Commerce  
Office of Inspector General  
Washington, DC 20230

**SUBJECT:** PPA's response to "Quality Control Review of the PPA, LLP, Single Audit of the University of Rhode Island Research Foundation for the Fiscal Year Ended 2021 Draft Report"

Thank you for the opportunity to respond to the findings in the subject quality control review report. Attention to these issues should further strengthen the work we conduct on our firm's future engagements. Attached, in Appendix A, are our responses to the report's findings and our Corrective Action Plan in response to those findings. Although we concur with many of the OIG review findings, given we self-identified our need for enhanced software and implemented said software, we believe that the Office of Inspector General's interpretation of adequacy of documentation is rigid and cumbersome. We believe that the overall OCR rating of fail is harsh considering all the factors and believe the rating of pass with deficiencies is more appropriate. In our research on the deficiencies noted we discovered that the OIG's findings were consistent failures among all audits, which informs us that the proper information is not being relayed to the Auditors on how to conduct engagements. Although, we have acknowledged our deficiencies and strive for continued improvement and to provide a quality audit going forward.

If you have any questions concerning the review response, please contact Bernie Porier, Managing Partner at (401)738-0010 ext. 111 or JoAnne Newton, Audit Partner, at (401)738-0010 ext. 120.

Thank you for your understanding on these matters.

Sincerely,

  
Bernie Porier, CPA, MST, RIA *OK*  
Managing Partner

## APPENDIX A

### **Deficiency 1: Continuing Professional Education Requirements Not Met**

#### Response:

The audit organization maintained continuing professional development education (CPE). In addition, the organization maintains a two-year period CPE cycle on a calendar year. Lastly, the CPE documentation submitted for the audit manager follows the government standards training requirements. The organization provided a detailed CPE listing to the OIG staff which indicates the audit manager was in compliance with the trading requirements.

The discrepancy between the Organization and the OIG staff lies in miscommunication. PPA asked the lead staff about the two-year cycle, and he inadvertently replied it was based upon a fiscal year. That response was not accurate. The firm maintains the two-year cycle on a calendar year. The calendar year was selected to match the Rhode Island Board of Accountancy reporting period which, until 2023, were reported on a calendar year.

Both the audit manager and the audit partner verified this to the OIG in a telephone conference call and the organization submitted a section of our Quality Control Document which indicates CPE is tracked on a calendar basis. These policies are updated annually. Therefore, the document was labelled 2024 and was rejected by the OIG team because it was not labelled 2021 (period under audit).

We respectfully object to the comment regarding the audit manager and ask that it be removed. We concur with the finding related to the partner's continuing education.

#### Corrective Actions:

The organization will send out email reminders to all staff regarding continuing education requirements. In addition, CPE will be discussed during supervision sessions. PPA will assign an audit staff person to maintain a record of all CPE's completed and will send out quarterly reminders.

### **Deficiency 2: SEFA Procedures Not Properly Planned and Performed to Meet Audit Objectives**

#### Response:

While having been engaged with this client for multiple years In PPA's professional judgement, the Skilled, Knowledge and Experience (SKE) of the Finance Director was more than adequate to properly identifying the ALN programs correctly on the SEFA. Including properly identifying and clustering all the programs. This SKE is a Certified Public Accountant with many years of experience in the industry. The SKE is very familiar with the CFDA Numbers and associated grants.

Due to the COVID pandemic, staff at PPA and at URI were working from home. Working remotely contributed to numerous revisions and multiple additions to the SEFA. Therefore, some of these programs may have been misidentified due to the timing constraints of the audit due to the mandated deadlines of the University of Rhode Island (URI).

Corrective actions:

In 2021, after the URIRF Single Audit engagement, PPA purchased a more advanced Single Audit software program from Thompson Reuters. This enhanced software does a much better job identifying if the ALN numbers are properly classified and clustered. The program provides checklist and such that assist in better documenting the understanding of internal controls for the SEFA, each program and the compliance supplement associated with it. Since this a cloud-based software, this greatly improves remote working ability and access.

In September of 2023 all members of the Audit Staff of PPA took part in an eight-hour continuing education class titled "Advanced Topics in Single Audit". The goal of taking this course was to gain a better understanding of the current requirements that are needed for the current Single Audit engagements.

**Deficiency 3: Applicable Compliance Requirements Incorrectly Determined**

Response:

During this engagement we were still dealing with many of the problems due to the COVID Pandemic. During this time the Compliance Supplement issuance was substantially delayed. Regrettably, the URIRF engagement was due to the University of Rhode Island with its normal timing at the end of August 2021, less than two months after the year end. Due to this timing and the situation surrounding it we conducted all the work we assumed might be in the compliance supplement that year. With this we documented that there were compliance requirements we thought would be in the compliance supplement that did not end up being direct and material. We should have gone back and changed the documentation, noting that it was not direct and material. Although we feel that the extra work that we completed should not be held against our firm. The challenges that the pandemic presented required us to use our professional judgement in planning and conducting the audit. Further, we needed to think outside the box to complete the audit under these dire circumstances.

Corrective actions:

In September of 2023 all members of the Audit Staff of PPA took part in an eight-hour continuing education class titled "Advanced Topics in Single Audit". The goal of taking this course was to gain a better understanding of the current requirements that are needed for the current Single Audit engagements.

**Deficiency 4: Sampling Forms for Internal Control and Compliance Testing Incorrectly Filled Out**

Response:

PPA understands that we need a greater focus on documenting each of the sampling methodologies for each compliance requirement. Again, in our professional judgment, we believed the Director of Finance, SKE, was following the internal controls as discussed with us during the planning of the audit. We gain our understanding of the internal controls through many conversations and walkthroughs with the Director of Finance and other applicable staff. These walkthroughs were included in the audit documentation given to the OIG. Although, we did not adequately document the understanding or methodology.

Corrective actions:

In 2021, after the URIRF Single Audit engagement, PPA purchased a more advanced Single Audit software program from Thompson Reuters. This enhanced software does a much better job identifying if the ALN numbers are properly classified and clustered. The program provides checklist and such that assist in better documenting the understanding of internal controls for the SEFA, each program and the compliance



supplement associated with it. Since this a cloud-based software, this greatly improves remote working ability and access.

In September of 2023 all members of the Audit Staff of PPA took part in an eight-hour continuing education class titled “Advanced Topics in Single Audit”. The hope of taking this course was to gain a better understanding of the current requirements that are needed for the current Single Audit engagements.

**Deficiency 5: Insufficient Documentation of ALN 11.611 Program’s Direct and Material Compliance Requirements**

Response:

We agree with the OIG’s finding, although we believe that the proper work was completed to the requirements stated by the compliance supplement.

Corrective actions:

In 2021, after the URIRF Single Audit engagement, PPA purchased a more advanced Single Audit software program from Thompson Reuters. This enhanced software does a much better job identifying if the ALN numbers are properly classified and clustered. The program provides checklist and such that assist in better documenting the understanding of internal controls for the SEFA, each program and the compliance supplement associated with it. Since this a cloud-based software, this greatly improves remote working ability and access.

In September of 2023 all members of the Audit Staff of PPA took part in an eight-hour continuing education class titled “Advanced Topics in Single Audit”. The goal of taking this course was to gain a better understanding of the current requirements that are needed for the current Single Audit engagements.

**Deficiency 6: Errors and Discrepancies Not Identified Before Report Was Issued**

Response:

In preparing the engagement letter under the section Other Services, we stated items that we and the client believed we may have to assist URIRF staff. This was based on discussions with the client where they stated that they may need help with the new programs. Your letter indicated that the engagement letter was written as “The letter stated that PPA provided non-audit services that included helping to prepare the SEFA”. PPA did not make any such definitive statement.

It is not our firm’s policy to go back and amend these letters after they are signed. Even though we stated that we may help in the preparation of the SEFA, this did not necessarily mean that we would, which our documentation showed. Same for the preparation of the supplemental information, we stated that we may help in this, but documented that in fact we did not.

It seems redundant that we would need to document that the client did not end up needing the assistance that they believed they might need during our discussions prior to commencement of the audit engagement.

Corrective actions:

Despite our disagreement with the OIG’s deficiency, PPA will address “no” responses with additional documentation when available and appropriate.

In September of 2023 all members of the Audit Staff of PPA took part in an eight-hour continuing education class titled "Advanced Topics in Single Audit". The hope of taking this course was to gain a better understanding of the current requirements that are needed for the current Single Audit engagements.