



Office of the Auditor General

State of Rhode Island - General Assembly
Dennis E. Hoyle, CPA - Auditor General

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To: Superintendents, School Finance Directors and Business Managers, Municipal Finance Directors, and Audit Firms

From: Dennis E. Hoyle, Auditor General 

Date: October 17, 2022

RE: A Technical Update to UCOA Agreed-Upon Procedures Annual Compliance Testing Requirements and a Reminder for Timing and Coordination of Final Fiscal Year UCOA Files

1. Technical Updates to UCOA Agreed-Upon Procedures Annual Compliance Testing Requirements

There are no changes to the agreed-upon procedures requirements for fiscal 2022. We only updated RIDE's contact information in the document – “**Uniform Chart of Accounts (UCOA) – Annual Compliance Testing Requirements**”. The updated document is posted to our website under the Municipal section: <http://www.oag.ri.gov/municipalities.html#ucoa>.

2. A Reminder for Timing and Coordination of Final Fiscal Year UCOA Files

This is a redistribution of previously issued guidance that is still applicable for fiscal 2022 financial audits and UCOA agreed-upon procedures:

Timely finalization of the fiscal year UCOA information is important because the data is used in the school funding formula, requests for federal funding, and (for school districts) the school portion of the Municipal Transparency Portal submissions. This memo provides guidance on the required timelines for final UCOA file submissions and the Agreed-Upon Procedures (AUP) reports on UCOA compliance testing included in the scope of annual audits.

Both the Rhode Island Department of Education (RIDE) and the Office of the Auditor General (OAG) have continually encouraged school districts, collaboratives, and charter schools to reduce the time required, after fiscal year end, to finalize the fiscal year UCOA file submission. Considerable progress has been made in accelerating the timeline. We've observed improved compliance with the interim file submission targets and the volume of coding errors requiring correction.

The annual UCOA Agreed-Upon Procedures (AUP) reporting requirement was envisioned to be part of the annual audit process with the AUP results reported at the same time as the audit of the financial statements and other annual audit reporting. Additionally, the Municipal Transparency Portal (MTP) process for school districts requires reconciliation of the MTP file submission to the audited financial statements and to the final UCOA file submission. With these goals and objectives in mind, the UCOA file should be finalized at the same time that the municipality, regional school district, collaborative, or charter school's audit is completed.

For these purposes, the **final** UCOA file:

- has no coding errors;
- includes all fund level audit adjustments;
- corrects for any coding or other errors identified during the UCOA agreed-upon procedures testing;
- has been reported to RIDE with the boxes checked "This file is a Revised Audited & AUP"; and
- has been cleared through RIDE and reported back to the school district confirming these requirements.

The **final** UCOA file should reflect all the above requirements **before** issuance of the audit report including the municipality, regional school district, collaborative, or charter school financial statements.

Auditors should have performed the test work necessary to complete the UCOA Agreed-Upon Procedures before issuing the audit report. For entities with a June 30 fiscal year-end, communication of the results of the UCOA Agreed-Upon Procedures engagement can follow, but not later than 30 days after completion of the financial statement audit. For entities with a fiscal year-end other than June 30, the UCOA Agreed-Upon Procedures Report is due by December 31st annually.

Please refer to **UCOA – Annual Compliance Testing Requirements** for guidance on performing AUP sampling and testing procedures on a preliminary UCOA fiscal year file, when necessary, to allow auditors to perform testing along with other audit field work.

We appreciate that these timeline requirements may be challenging; however, we believe these enhanced procedures and timelines are necessary to ensure the overall integrity of the data and to ensure consistency among the various modes of reporting required.

Questions regarding this guidance and the UCOA Annual Testing Requirements may be directed to Rina DiBenedetto, Senior Audit Manager at OAG - rina.dibenedetto@rioag.gov . Specific UCOA questions may be directed to Juan Taveras, Sr. Finance Officer for Data Systems and Analysis at RIDE - juan.taveras@ride.ri.gov

C: Stephen E. Coleman Jr, Division of Municipal Finance – Department of Revenue
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