

State of Rhode Island and Providence Plantations
Office of Management and Budget
OFFICE OF INTERNAL AUDIT
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January 18, 2019

Ms. Kimberly W. Moores
Executive Director
Rhode Island Health and Educational Building Corporation
55 Dorrance Street, Suite 300
Providence RI 02903

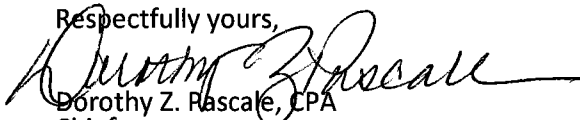
Dear Ms. Moores:

The Office of Internal Audit (OIA) has completed its limited scope performance audit of the Rhode Island Health and Educational Building Corporation (Corporation). OIA reviewed the Corporation's compliance with the Quasi-Public Corporations Accountability and Transparency Act. In addition, the audit included procedures designed to evaluate the corporation's bond issuance methodology, charitable giving, travel and advertising expenses, conflicts of interest and compliance with federal and state laws. The audit was conducted in conformance with the International Standards (IIA) for the Professional Practice of Internal Auditing and by the authority given to the unit as stated in the Rhode Island General Laws (RIGL) § 35.7.1-1

OIA found the Corporation to be in compliance with the Quasi-Public Corporations Accountability and Transparency Act and our additional procedures indicated strong controls in the areas examined.

We would like to express our sincere appreciation to the staff of the Capital Center Commission for the cooperation and courtesy extended to the members of our team during this audit.

Respectfully yours,


Dorothy Z. Rascale, CPA
Chief

c—Joseph R. Dewhirst, Chairman, Rhode Island Health and Educational Building Corporation
Jonathan Womer, Director, Office of Management and Budget
Honorable William J. Conley, Chairperson, Senate Committee on Finance
Honorable Marvin Abney, Chairperson, House Finance Committee
Honorable Stephen Whitney, Senate Fiscal Advisor
Honorable Robert C. Bromley, Senior Legislative Fiscal Analyst
Peter Keenan, State Controller, Office of Accounts and Control, Department of Administration

Audit Executive Summary

Why the Office of Internal Audit Did This Review

Rhode Island General Law § 42-155-7, *Audit of quasi-public corporations*, requires the Office of Internal Audit to conduct a performance audit of all quasi-public corporations once every five years. The Office of Internal Audit established an initial five-year schedule; this audit was performed in compliance with the statute and the established schedule.

The Office of Internal Audit conducted a limited scope audit of the Rhode Island Health and Educational Building Corporation to review its compliance with the Quasi-Public Corporations Accountability and Transparency Act as well as procedures and evaluate the corporation bond issuance methodology, charitable giving, travel and advertising expenses, conflicts of interest and compliance with federal and state laws.

Background Information

The mission of the Rhode Island Health and Educational Building Corporation (RIHEBC) is to assist eligible borrowers to secure funding for capital projects, especially tax-exempt debt financing. Eligible borrowers include municipalities, public school districts, and public and private nonprofit educational and healthcare organizations. RIHEBC provides assistance to qualified Health and educational institution through six main programs;

- Bond Financing
- Equipment Lease Purchase
- Community Facility Loan
- Grants
- School Housing Aid
- School Building Authority Capital fund

What we found

- Rhode Island Health and Educational Building Corporation is in compliance with the Quasi-Public Corporations Accountability and Transparency Act in all areas examined
- The procedures performed to evaluate bond issuance methodology, charitable giving, travel and advertising expenses, conflicts of interest and compliance with federal and state laws did not reveal any control weaknesses that rise to the level of reportable.

Introduction

The Rhode Island Health and Educational Building Corporation was established by the General Assembly in 1966 to assist institutions of higher education in obtaining financing for facilities to accommodate projected increases in enrollment. Since its inception, the duties and responsibilities of the Corporation have been expanded to include a broad range of nonprofit healthcare and educational providers.

Objective and Scope

The Office of Internal Audit (OIA) conducted a limited scope audit of the Rhode Island Health and Educational Building Corporation. OIA reviewed the Corporation's compliance with the Quasi-Public Corporations Accountability and Transparency Act. The purpose of the engagement was to review operations and determine if they are being administered efficiently and effectively in accordance with requirements, statutes, and state procedures.

Methodology

As part of our audit work, the OIA gained an understanding of the Rhode Island Health and Educational Building Corporation and its operations. The objective of the audit was to determine if the Corporation complies with the requirements of the Quasi-Public Corporations Accountability and Transparency Act and to review certain key operations of the corporation. To address our audit objective, we performed the following:

- Reviewed budget and financial information
- Requested information required under the Quasi-Public Act
- Searched website for adequate transparency disclosures
- Read board meeting minutes
- Evaluated methodology for issuing new bonds
- Compared financing fees associated with bond issuance to industry standard
- Access compliance with federal and state laws, rules, regulations and reporting requirements

The results of this limited scope audit are communicated within this report. The OIA used an external audit firm, RSM US LLP, to supplement its staff during the performance of this audit. RSM US LLP performed the detailed audit work and was selected using a competitive bidding process.