



OFFICE OF MANAGEMENT & BUDGET

Office of Internal Audit

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March 24, 2025

Steven J. King, P.E.
Managing Director & CEO
Rhode Island Quonset Development Corporation
95 Cripe Street
North Kingstown, RI 02852

Dear Director King:

In accordance with Rhode Island General Laws (RIGL) § 42-155-7, the Office of Internal Audit (OIA) conducted its audit of Quonset Development Corporation (QDC). OIA assessed QDC's adherence to the Quasi-Public Corporations Accountability and Transparency Act (RIGL § 42-155). Additionally, OIA completed a performance review of QDC's purchasing process.

The recommendations included herein have been discussed with members of management, and we considered their response to the audit findings and recommendations in the preparation of this report. OIA may follow up regarding the recommendations included in this report within one year following the date of issuance.

We would like to express our sincere appreciation to the Quonset Development Corporation's staff for the cooperation and courtesy extended to the members of our team during this audit.

Respectfully,

Andrew Manca
Chief

Cc: Internal Audit Advisory Group
Representative Marvin Abney, Chairman, House Committee on Finance
Senator Louis DiPalma, Chairman, Senate Committee on Finance
Sharon Reynolds Ferland, House Fiscal Advisor
Steven Whitney, Senate Fiscal Advisor

Contents

Introduction 3

Background 3

Objective and Scope 4

Methodology 4

Findings, Recommendations, and Management’s Response 5

FINDING #1: Non-compliance to Quonset Development Corporation’s Policies and Procedures..... 5

FINDING #2: Missing Documentation of Pre-Proposal Meeting Details 7

FINDING #3: Missing Identifiers on Evaluation Score Sheets..... 8

Internal Audit Report: Quonset Development Corporation

March 24, 2025

Introduction

The Office of Internal Audit (OIA) conducted a limited-scope review of the Quonset Development Corporation (QDC). The review focused on assessing compliance with the disclosure requirements of the Quasi-Public Corporations Accountability and Transparency Act (RI General Laws § 42-155).¹ This process involved requesting information from QDC's staff, researching their website for transparency disclosures, and evaluating whether each document satisfied the statutes of the Act. OIA also conducted a performance audit of the purchasing process, which included assessing compliance with established policies for best practices for Requests for Proposal (RFP) and Requests for Bid (RFB). Lastly, OIA collaborated with the Cybersecurity and Infrastructure Security Agency (CISA) to assess the agency's operational cyber resiliency. OIA has found this collaboration beneficial for agencies to ensure cyber preparedness against disruption and potential attacks. This is done independently as an added benefit for agencies. CISA conducts the interviews and relays the results directly to the agency.

Presented below are background on the quasi-public corporation, objective, scope, methodology, audit findings, recommendations and management's responses (including the responsible party and anticipated completion date) relevant to the conducted audit.

Background

The Quonset Development Corporation (QDC) is a special-purpose subsidiary of the Rhode Island Commerce Corporation established in 2005 to oversee the development and management of the Quonset Business Park. The park is situated on a former naval base in North Kingstown, Rhode Island, and covers approximately 3,200 acres.

QDC's primary mission is to attract and retain successful businesses to the Quonset Business Park, which offers a range of sites for various industries, including manufacturing, distribution and technology. The corporation focuses on creating diverse employment opportunities, increasing tax revenue and enhancing the overall economic landscape of the state. QDC also manages infrastructure improvements, including roads, utilities, and telecommunications to ensure that the business park meets the needs of current and prospective tenants.

To fulfill their objectives, QDC contracts some work via projects, utilizing an internal procurement process, where they advertise two different procurement types: Requests for Proposal (RFP) and Requests for Bid (RFB). An RFP is aimed at identifying the most suitable solution by assessing the bidder's experience, approach, methodology, work plan, and cost. In contrast, according to QDC's practice, an RFB primarily emphasizes cost, with the award typically going to the lowest bidder. The RFP and RFB processes are designed to ensure transparency and fairness in awarding contracts for projects.

For the RFP process, a project summary is posted publicly, including details such as the project title, description and instructions for obtaining the proposal package, along with dates

¹ webserver.rilin.state.ri.us/Statutes/TITLE42/42-155/INDEX.HTM

Internal Audit Report: Quonset Development Corporation

March 24, 2025

for pre-proposal meetings and submission deadlines. A pre-proposal meeting provides potential bidders an opportunity to ask questions, and all responses are distributed to all participants. Once proposals are submitted, a scoring sheet is utilized by the evaluation committee to review and rank the proposals before selecting an award recipient. A recommendation memo outlining the selected award is then submitted to the Managing Director for approval. Upon approval, the selected bidder is then notified, and the contract is finalized after a review by the Engineering Manager or Project Manager and completion of required documentation.

For the RFB process, an invitation to bid is posted with similar details, including the bid submission deadline, pre-bid meeting schedule and additional requirements, such as bonding and wage conditions. According to QDC's RFB policy, bids are publicly opened, and reviewed by anyone present in the room, with bid amounts posted on QDC's website for transparency. The bid tally sheet is then used to compare the bids against engineering estimates, and after verifying compliance, an award recommendation is made and sent to the Project Manager and/or consultant. The winning contractor is notified, and the contract is finalized upon approval from the Equal Opportunity Office and completion of required documentation. Both processes aim to ensure accountability, competitiveness and compliance with applicable regulations, ultimately securing contracts that align with the best interests of the agency.

Objective and Scope

OIA conducted a limited-scope audit of Quonset Development Corporation to evaluate its adherence to the Quasi-Public Corporations Accountability and Transparency Act, as well as the purchasing process of RFPs and RFBs.

The Quasi Public Corporations Accountability and Transparency Act is designed to ensure efficient governance, fiscal responsibility and ethical conduct within quasi-public corporations by imposing reporting requirements, oversight mechanisms and ethical guidelines. By promoting transparency and accountability, the Act seeks to protect public interests, improve operational performance and strengthen public trust in quasi-public corporations.

Methodology

Engagement of External Audit Firm

OIA engaged CliftonLarsonAllen, LLP (CLA), an external audit firm, to augment its internal resources for this audit. CLA was selected through a competitive bidding process. The results of the limited-scope review on the Quasi-Public Corporations Accountability and Transparency Act review as well as the RFP and RFB purchasing process are detailed in this report.

Quasi-Public Accountability and Transparency Act Review

To ensure compliance with the Quasi-Public Corporations Accountability and Transparency Act, the following steps were performed:

Internal Audit Report: Quonset Development Corporation

March 24, 2025

- Requested information required under the Quasi-Public Corporations Accountability and Transparency Act.²
- Researched the Quonset Development Corporation's website for adequate transparency disclosures.
- Evaluated and identified if each document provided satisfied statutes under the Quasi-Public Corporations Accountability and Transparency Act.

RFP and RFB Purchasing Process Review

To address the performance audit objectives, the following steps were performed:

- Conducted interviews with relevant personnel from QDC to gain an understanding of their background and operating processes.
- Reviewed policies, procedures, laws and regulations relevant to QDC's RFP and RFB purchasing process.
- Obtained and reviewed a sample of two RFPs and four RFBs issued between the dates of July 1, 2022, and June 30, 2024.

Findings, Recommendations, and Management's Response

FINDING #1: Non-compliance to Quonset Development Corporation's Policies and Procedures

QDC has established a set of policies and procedures to govern its procurement process. While the agency generally follows these guidelines, several deficiencies were identified below:

- According to QDC's policies and procedures, the Managing Director must approve the vendor recommended by the evaluation committee. However, for two of the RFPs tested, there was no formal documentation of the Managing Director's approval.
- Submitted RFB bids are required to be reviewed by QDC staff to assess their suitability. It was noted that while QDC states the bids were reviewed, there was no documented sign-off by the reviewer(s) to formally acknowledge their evaluation.
- The RFB policy also states that a Notice of Tentative Award letter should be issued to the awarded vendor to confirm the Managing Director's approval, the contract's acceptance, and approval by the Equal Employment Opportunity Office. For one RFB, there was no evidence provided to demonstrate a Notice of Tentative Award was issued.
- QDC's principles and policies for the procurement of supplies and services require that written or oral discussions be conducted with all potential bidders whose proposals are considered suitable for selection.³ However, for all RFPs and RFBs tested, no such discussions or interviews were held.

² webserver.rilin.state.ri.us/Statutes/TITLE42/42-155/42-155-6.htm

³ [Principles and Policies of the Quonset Development Corporation for the Procurement of Supplies and Services \(880-RICR-00-00-01\) - Rhode Island Department of State](#)

Internal Audit Report: Quonset Development Corporation

March 24, 2025

Proper documentation of the review and approval processes, including signoffs by the Managing Director and reviewers, enhances the agency's internal controls. This ensures key decisions are properly authorized and that the procurement process remains transparent. Additionally, adhering to policies, such as the required notification periods for RFP advertisements and issuing Notices of Tentative Award, helps the agency mitigate the risk of violations, which could lead to vendor disputes, project delays and potentially unnecessary costs.

RECOMMENDATION:

#1A: Ensure that the Managing Director's approval of the vendor recommended by the evaluation committee is documented in writing for all procurements. This could be accomplished by implementing a formal approval form or electronic communication that captures the approval and is retained as part of the procurement file.

#1B: Require that all bid reviews be formally signed off by the reviewers.

#1C: Ensure that Notices of Tentative Award are consistently issued for all RFBs.

#1D: Ensure discussions, whether oral or written, are conducted with all bidders deemed suitable for selection. If this practice is no longer followed, update policies to align with current procedures.

#1E: Review and update of the procurement policies to reflect best practices, current laws and internal procedural changes. This review should specifically address the areas where deficiencies were found and outline clear, consistent processes for compliance.

MANAGEMENT'S RESPONSE:

Management asserts that it maintains internal controls to the best of its ability, ensuring accurate, transparent, and timely business transactions in alignment with the mission of managing the park for optimal economic output.

For the two RFPs reviewed that lacked a written memo from the Managing Director approving the vendor, his signature on the final contract—consistent with his approval process for all contracts—served as confirmation of the vendor selection.

Regarding the comment on the "lack of documented sign-off by the reviewer(s) to formally acknowledge their evaluation," QDC staff complete a bid tally sheet that summarizes each individual line item requested for bid. While the tally sheet is not signed, it serves as a comprehensive record of all bid prices, with the lowest qualified bidder consistently selected. The Managing Director signs the tentative notice of award, formalizing the selection.

In relation to comment regarding no notice of award, QDC did not issue this notice due to an oversight and have discussed our procedures with our staff to ensure all understand their roles and responsibilities in the process.

QDC did not conduct interviews with potential vendors for the projects selected for review because all vendors that submitted RFPs and RFBs were former customers with whom QDC

Internal Audit Report: Quonset Development Corporation

March 24, 2025

had an established working relationship and familiarity with their business practices. This approach is permitted under section 1.6.3D.3 of the Principles and Policies of the Quonset Development Corporation for the Procurement of Supplies and Services (880-RIRC-00-00-01), which states:

"Discussions need not be conducted if the Chief Purchasing Officer or purchasing agent makes a written determination... Where it can be clearly demonstrated and documented from the existence of adequate competition or accurate prior cost experience with the particular supply, service, or construction item, that acceptance of an initial offer without discussion would result in fair and reasonable prices..."

To strengthen documentation practices, QDC will include a written determination reflecting this policy in future contract negotiations, when applicable.

RESPONSIBLE PARTY:

Patricia N. Testa, CPA

ANTICIPATED COMPLETION DATE:

March 19, 2025

FINDING #2: Missing Documentation of Pre-Proposal Meeting Details

An early step in the procurement process involves pre-proposal meetings. According to QDC's policies, RFPs and RFBs must include written details about any pre-proposal meetings offered, ensuring they are made available to all addressed potential bidders. However, for one RFB tested, instead of holding a pre-bid meeting, QDC opted for a site walkthrough. This opportunity was not, however, provided to all potential bidders in a timely manner, and no corrective action was taken to document or share the details of the walkthrough after it was completed. As a result, potential bidders who were either unable to attend or unaware of the pre-proposal site walkthrough could have been put at a disadvantage when submitting their bids.

RECOMMENDATION:

#2A: Revise and enforce the policy that requires all pre-proposal meetings, including site walkthrough, to be formally documented. This documentation should include the date, time, location, agenda and a list of attendees, and should be shared with all potential bidders, regardless of their ability to attend.

#2B: Provide adequate notice (e.g., one week) for all pre-proposal meetings and walkthroughs to ensure that all potential bidders have sufficient time to attend. If meetings or walkthroughs occur and are not attended, offer a post-event summary, the opportunity to reschedule or consider providing a virtual option. Additionally, any absence of pre-proposal meetings or details should be documented at the time of decision.

Internal Audit Report: Quonset Development Corporation

March 24, 2025

MANAGEMENT'S RESPONSE:

All pre-proposal meetings and site walkthroughs are clearly referenced in the RFP/RFB documents, including the planned date. If a bidder is unable to attend on the specified date, they are provided with contact information (included in the bid packet) so that they can schedule an alternative time that works best for them. Additionally, for projects where a pre-proposal meeting or site walkthrough is not required, this is explicitly stated in the RFP/RFB package.

The documents also specify that all questions must be submitted in writing, after which an addendum is issued to all potential bidders to ensure equal access to information. QDC staff do not answer questions or provide additional details during site walkthroughs.

For one of the selected RFBs, a site walkthrough was deemed beneficial to provide vendors with a clear visual understanding of the project scope. The date, time, and location were included in the bid package, and vendors were given contact information if they needed to schedule an alternative date for a walkthrough. A sign-in sheet was used to track attendance. While we did not document whether questions were asked during the walkthrough, we maintain that no policies or procedures were violated, and no bidder was placed at a disadvantage. To enhance clarity, we will explicitly state on the sign-in sheet that questions will not be answered, and no additional information will be provided during the walkthrough.

RESPONSIBLE PARTY:

Patricia N. Testa, CPA

ANTICIPATED COMPLETION DATE:

March 19, 2025

FINDING #3: Missing Identifiers on Evaluation Score Sheets

According to QDC's policies and procedures, a score sheet is created in accordance with the criteria outlined in the RFP documents. Once the proposal submission deadline has passed and all proposals have been received, a copy of each proposal along with the corresponding score sheet is sent to each evaluation committee member for individual review and scoring. However, upon reviewing the scoresheets, it was noted that they lacked the names of committee members or any unique identifier (e.g., "Scorer 1," "Scorer 2"). This omission prevented OIA from verifying that all committee members had participated in the RFP evaluation process and provided individual assessments, thereby compromising the transparency and integrity of the evaluation process.

RECOMMENDATION:

#3A: Review the scoresheets provided and ensure that each evaluator's input can be clearly identified (whether utilizing their name or unique identifier) going forward.

#3B: Revise the policies and procedures to include more detailed guidelines for the scoring and evaluation process. This should include clear instructions on how score sheets should be

Internal Audit Report: Quonset Development Corporation

March 24, 2025

filled out, criteria for scoring, process for submitting scores and review of scores submitted to ensure every committee member has provided their scores.

MANAGEMENT'S RESPONSE:

In this instance, the scorer's name was unintentionally omitted. However, in all other cases, names are clearly documented on each score sheet. We have reinforced with our team the importance of ensuring names are properly recorded on all score sheets moving forward.

RESPONSIBLE PARTY:

Patricia N. Testa, CPA

ANTICIPATED COMPLETION DATE:

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