



Office of the Auditor General

State of Rhode Island and Providence Plantations - General Assembly

Dennis E. Hoyle, CPA - Auditor General

Rec'd 3/4/15

oag.ri.gov

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February 25, 2015

Michael E. Embury
Town Manager
Town of North Kingstown
80 Boston Neck Road
North Kingstown, RI 02852

Dear Mr. Embury:

I write regarding the Town's extension request for submitting its audit report for the fiscal year ended June 30, 2014. In a letter dated January 30, 2015, the Town's Finance Director and the Town's independent auditor have requested an extension until May 29, 2015. I have serious reservations about approving a five-month extension request.

The Town's challenges in preparing financial statements and completing its annual audit are problematic in itself. More importantly, it suggests that the Town's financial operations and related control procedures are not in order. I am particularly concerned that cash reconciliations for fiscal 2014 are not fully complete and the audit firm has not commenced any audit fieldwork for the Town or School Department.

We have had multiple conference calls with the Town and its auditors over the last few months and appreciate and understand some of the underlying issues delaying completion of the audit. These include the rescheduling of audit fieldwork due to the Town not being ready when fieldwork was originally scheduled. We understand that the Town has engaged another accounting firm to assist in resolving the cash reconciliations and preparing financial statements and other auditor required information.

In order to ensure completion of the audit of the Town's financial statements for the fiscal year ended June 30, 2014 with no further delays, I require that the Town provide status updates at the close of each month beginning with February 2015 and until the audit is complete. We will arrange conference calls for this purpose with the Town and its auditors.

On a parallel path, the Town must ensure that, during the current fiscal year (2015), regular accounting functions are performed on a timely basis including timely bank reconciliations. The Town must maintain sufficient resources to maintain key accounting records and internal control procedures. This is critical in preventing a similar delay in completing the Town's fiscal 2015 audit.

I also require that the Town submit a written plan by June 30, 2015 to meet the General Law requirement to submit audited financial statements within six months of the close of fiscal year ending June 30, 2015 (by December 31, 2015). Compliance with the plan will be monitored through monthly meetings or conference calls with the Town, its audit firm and my office beginning in July 2015.

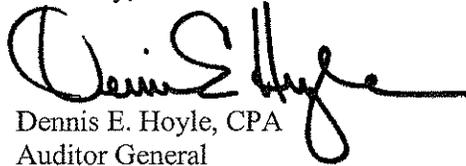
Michael E. Embury

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In sum, the Town must work expeditiously to submit its fiscal 2014 audited financial statements preferably before the requested extension date of May 29, 2015. Additionally, the underlying personnel resource issues and accounting control issues must be resolved immediately to prevent a similar delay for fiscal 2015. Lastly, the Town's plan to submit audited fiscal 2015 audited financial statements by no later than December 31, 2015 will be regularly monitored by this office commencing July 2015.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis E. Hoyle", with a long horizontal flourish extending to the right.

Dennis E. Hoyle, CPA
Auditor General

C: Members of the Town Council
Members of the Audit Committee
Theodore J. Przybyla
Stephen W. Geremia, CPA
Susanne Greschner
Cynthia Brown