




## INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS POLICY

Policy Number	Responsible Department	Effective Date	Approval
BOD 8.01	Board of Directors	January 22, 2026	 Board of Directors

### I. PURPOSE

The Rhode Island Public Transit Authority is a quasi-public corporation. The purpose of this Internal Accounting and Administrative Controls Policy is to ensure compliance with R.I. Gen. Laws §42-155 – Quasi Public Corporations Accountability and Transparency Act.

### II. POLICY

This document outlines the Rhode Island Public Transit Authority's (RIPTA) core financial management policies and procedures.

RIPTA will conduct its mission in a fiscally responsible manner and will maintain current, accurate, secure and complete financial records.

Oversight by the Deputy Chief of Finance will be taken in order to maintain the Authority's fixed assets, real property and financial resources in good standing.

### III. GUIDELINES

#### A. BASIS OF ACCOUNTING

RIPTA will maintain its books of account and report on an accrual basis of accounting for its financial statement presentation.

#### B. CASH MANAGEMENT

Only cash necessary to meet anticipated day-to-day outlays plus a reasonable cushion will be kept available. Any excess cash will be invested pursuant to RIPTA's Cash Management Policy. A schedule of aged account receivables is prepared monthly. Appropriate collection procedures are initiated.

### **C. BUDGET**

RIPTA will prepare and have approved by the Board of Directors an annual financial plan. The financial plan will include an operating budget of revenues and expenses, as well an annual capital budget and capital improvement plan.

### **D. INSURANCE AND BONDING**

RIPTA is self-insured for Worker's Compensation and for Auto Tort Liability. In addition, RIPTA will maintain the following minimum levels of insurance coverage:

- a) Property Liability - Based annually on actual cash value (\$10,000 deductible)
- b) Boiler and Machinery - Based annually on actual cash value (\$10,000 deductible)
- c) General Liability - \$1,000,000/\$2,000,000 aggregate (\$2,500 deductible)
- d) Excess Commercial General Liability- \$4,000,000
- e) Rolling Stock-Based annually on actual cash value (\$25,000 deductible)
- f) Electronic Data Equipment - Based annually on actual cash value (\$1,000 deductible)
- g) Employee Benefit Liability - \$1,000,000 (\$20,000 deductible)
- h) Dispatch Equipment - Based annually on actual cash value (\$10,000 deductible)
- i) Underground Storage Tank Liability- \$1,000,000 (\$10,000 deductible)
- j) Flood Insurance - \$220,000 (\$5,000 deductible)
- k) Excess Auto Liability- Terminated by the Board of Directors (4/05).
- l) Fidelity Bond and Crime - \$5,000,000 (\$2,500 deductible)
- m) Directors and Officers - \$5,000,000 (\$50,000 deductible)

### **E. ELECTRONIC ACCESS & AUTHORITY**

RIPTA financial records are maintained on two computer platforms: an IBM AS400 platform and a Windows client-server network. Servers are located in a secure computer room in RIPTA's Transportation Building on Melrose Street. All data is backed up daily.

Electronic access to specific Finance Department information is granted only upon a direct request made by the Deputy Chief of Finance to the

Deputy Chief of Information Technology or his/her designee. Access to application and file data on the AS400 is managed by departmental group (e.g. Payroll, Accounts Payable, Accounts Receivable, Fixed Assets, etc.). Further controls are established, limiting specific users to certain menu items within the HTE Accounting software. Shared data on the Windows client-server network is established by departmental group on M:\ drive subdirectories. Access to the M:\Finance and M:\Payroll subdirectories is granted only upon a direct request made by the Deputy Chief of Finance.

No changes to an individual's system access, with regards to Finance, Accounting or Payroll information, are made without permission of the Deputy Chief of Finance.

## **F. RECORDS RETENTION AND DISPOSAL**

Records will be maintained in accordance with RIPTA's Record Retention Policy.

## **G. FINANCIAL REPORTING**

The Finance Department will maintain supporting records in sufficient detail to prepare the following financial reports:

1. Annually
  - a) Financial Statements, and
  - b) Budgets.
2. Monthly
  - a) Trial Balance;
  - b) Balance Sheet;
  - c) Budget Report; and,
  - d) Invoices to Customers.
3. Periodically
  - a) IRS Forms 941 and payroll tax returns; and
  - b) Other Reports (as required).

## **H. AUDIT**

The Deputy Chief of Finance will arrange annually for a qualified Certified Public Accounting firm to conduct a full scope audit of RIPTA's financial statements. The selection of the transit authority's auditor will be handled consistent with sound procurement policy and in accordance with Rhode

Island General Laws which requires advance approval of the Auditor General and the Director of Administration.

Audits will be made by an independent auditor in accordance with Generally Accepted Audit Standards covering financial and compliance audits.

The auditor will determine whether:

1. The financial statements and accompanying schedules present fairly its financial position and results of its financial operations in accordance with generally accepted accounting principles;
2. RIPTA has internal accounting and other control systems to provide reasonable assurance that it is managing federal financial assistance programs in compliance with applicable laws and regulations; and
3. RIPTA has complied with laws and regulations that may have a material effect on its financial statements and on each major federal assistance program.

In arranging for audit services, RIPTA will follow the procedures listed in the Procurement Manual as well as those in the Guidelines for Audit Bids and Specifications for Quasi-Public Agencies issued by the Director of Administration and the Auditor General.

In soliciting and retaining auditors to conduct the annual audit the Authority will make specific reference in its request for proposal and any resulting contract that the auditor will be required to conform its audit to the contract requirements in the OMB Circular-Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards-Subpart F-Audit Requirements. RIPTA will award a multi-year audit contract of no longer than a three-year duration as required by the guidelines.