



OFFICE OF MANAGEMENT & BUDGET

Office of Internal Audit

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February 17, 2025

Caroline Skuncik, Executive Director
Rhode Island I-195 Redevelopment District
225 Dyer Street, Fourth Floor
Providence, RI 02903

Dear Executive Director Skuncik:

In accordance with Rhode Island General Laws (RIGL) § 42-155-7, the Office of Internal Audit (OIA) conducted its audit of I-195 Redevelopment District Commission (Commission). OIA assessed their adherence to the Quasi-Public Corporations Accountability and Transparency Act (RIGL § 42-155). Additionally, OIA completed a performance review of the Commission's land sales and acquisitions process.

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

We would like to express our sincere appreciation to the I-195 Redevelopment District's staff for the cooperation and courtesy extended to the members of our team during this audit.

Respectfully yours,

Andrew Manca
Chief

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

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Introduction

The Office of Internal Audit (OIA) conducted a limited-scope review of the I-195 Redevelopment District Commission (the Commission). The review focused on assessing compliance with the disclosure requirements of the Quasi-Public Corporations Accountability and Transparency Act (RI General Laws (RIGL) § 42-155).¹ This process involved requesting information from the Commission'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 land sales and acquisitions process, which included reviewing liens, mortgages and other agreements in relation to recently settled debts.

Lastly, OIA collaborated with the Cybersecurity and Infrastructure Security Agency (CISA) to assess the Commission's operational cyber resiliency. OIA has found this collaboration beneficial for agencies to ensure cyber preparedness against disruption and potential attacks. This assessment 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 finding, recommendation and management's response (including the responsible party and anticipated completion date) relevant to the conducted audit.

Background

The I-195 Redevelopment District Commission, established in 2011 following the relocation of Interstate 195, aims to develop designated urban areas in Providence, Rhode Island. The district encompasses approximately 25 acres, spanning the strip that was previously occupied by the Interstate.

The Commission has been tasked with overseeing the redevelopment efforts since the enabling legislation was enacted in 2011. Their aim is to promote economic development, enhance infrastructure and improve public spaces while fostering a community-oriented environment. Key objectives include attracting businesses, creating jobs and increasing property values. The Commission also serves as a framework for revitalization, featuring mixed-use developments, green spaces and transportation access enhancements.

To achieve its mission, the Commission grants planning and zoning approvals or rejections through a majority vote at public meetings, in alignment with the Commission's objectives and applicable state laws for any sale or acquisition. The approval process involves several key stages, including public hearings where interested parties are notified and allowed to provide comments. Relief may be granted in the form of special exceptions, variances, waivers, or amendments to the Development Plan, all of which are contingent on public hearings and review. Applications are first submitted as Concept Plans, which are reviewed by the

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

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Commission in public meetings, with the option for approval, rejection, or remand for further review.

Upon approval of the Concept Plan, applicants can submit Final Plans, which undergo a similar review process. Once the Final Plan is approved, the applicant submits construction documents for a Certificate of Final Plan Approval; then, once construction is completed in accordance with the approved plan, the Commission issues a Certificate of Compliance. The final step is the issuance of a Certificate of Occupancy, which cannot be granted without the Certificate of Compliance.

Objective and Scope

OIA conducted a limited-scope audit of the Commission to evaluate its adherence to the Quasi-Public Corporations Accountability and Transparency Act, and also reviewed the Commission's processes related to the sale and acquisition of land.

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 and the Commission's land sale and acquisition 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:

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

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

Land Sale and Acquisition Process

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

- Conducted interviews with relevant personnel from the Commission to gain an understanding of their background and operating processes regarding the sale and acquisition process.
- Reviewed policies, procedures, laws and regulations relevant to the Commission's land sale and acquisition process.
- Obtained the total record of land sales and acquisitions (two land sales and one acquisition), from June 1, 2022, through June 30, 2024.

Findings, Recommendations and Management's Response

FINDING #1: Non-compliance to the RIGL § 42-155 Quasi-Public Corporations Accountability and Transparency Act

The I-195 Redevelopment District Commission proved adherence to most of the requirements of the Quasi-Public Corporations Accountability and Transparency Act. However, OIA identified there are no documented policies and procedures for marketing and lobbyist expenses. Having documented policies for marketing and lobbyist expenses ensures that public funds are used appropriately and in accordance with applicable regulations. Additionally, the lack of marketing and lobbyist expense-related policies increases the risk of mismanaged or misappropriated funds and contributes to inconsistent practices among employees.

RECOMMENDATION:

#1A: The Commission should develop written policies and procedures governing marketing and lobbyist expenses, to include guidelines on approval processes, allowable expenditures, documentation requirements, etc.

MANAGEMENT'S RESPONSE:

#1A: The Commission has had limited marketing and lobbyist expenses throughout the years. These relatively minor expenses did not warrant written policies and procedures outside of existing written policies and procedures. However, Management will move forward with the development of these policies following this recommendation.

RESPONSIBLE PARTY:

I-195 Redevelopment District Staff

ANTICIPATED COMPLETION DATE:

December 2025