

Make the Mark.

Rhode Island Airport Corporation, RI | October 1, 2026

KONE – Contract Compliance Internal Audit



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October 1, 2026

Brittany Morgan, Esq.
Senior Vice President, Legal Affairs & Human Resources
Rhode Island Airport Corporation
2000 Post Road
Warwick, RI 02886

Dear Brittany:

Plante Moran has completed a contract compliance audit of the KONE vendor contract at T.F. Green International Airport. This internal audit included testing the financial, operational, and reporting terms of the contract, as detailed in the following pages of this report.

We were not engaged to and did not perform a financial statement audit, the objective of which would be the expression of an opinion on the Rhode Island Airport Corporation's internal control environment. Accordingly, we do not express such an opinion. If we had performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is solely for the information and use of management and the Rhode Island Airport Corporation Board of Directors and is not intended for use by anyone other than these specified parties.

We would like to thank the management and staff of the Rhode Island Airport Corporation for their cooperation and courtesy throughout this process.

Sincerely,



Matthew Bohdan, CPA, CIA
Engagement Partner

Executive Summary



Project Overview

The Rhode Island Airport Corporation (“RIAC”) engaged Plante Moran (PM) to perform a contract compliance audit of Contract 33537RR with KONE Inc. (“KONE”) for elevators, escalators, and moving walkways maintenance services provided at Providence T.F. Green International Airport (“PVD”), in accordance with our engagement letter, which was executed following a prior internal audit that identified concerns regarding vendor performance under the contract. The objective of the engagement is to obtain reasonable assurance about whether each vendor has complied, in all material respects, with the financial, operational, and reporting terms of its respective contract during the reporting period, and to issue a written report on compliance. Plante Moran was not engaged to perform an assessment of the execution or quality of the services provided by KONE under the contract.

Objective & Scope

Plante Moran evaluated KONE Inc.’s compliance with the financial, operational, reporting, and record-keeping terms of its contract with the Rhode Island Airport Corporation for elevators, escalators, and moving walkways maintenance services provided at Providence T.F. Green International Airport for the period March 1, 2024, to December 31, 2025. The scope of work encompassed the following contract-related compliance elements for the vendor:

- Fees paid by RIAC under the contract.
- Expense reimbursements, pass-through charges, and other charges claimed by the vendor.
- Reporting compliance, including timeliness, accuracy, and completeness of required monthly, quarterly, and annual reports submitted to RIAC.
- Operational covenants such as preventive maintenance, inspections and testing, emergency callback response times, service level commitments, and service-credit requirements.
- Record-keeping and audit-rights clauses, including the vendor’s ability to produce source documentation within contractually required timeframes.
- Maintenance, inspection, testing, and turnover condition obligations, if contractually applicable.
- Compliance with applicable federal, state, and local requirements expressly incorporated into the contract.

Summary of Conclusions

Plante Moran performed a contract compliance audit of the agreement between RIAC and KONE for services provided at PVD. Below, each contract requirement was assigned a conclusion of *effective*, *effective with a recommendation*, or *ineffective*.

1. **Effective** indicates that the audit evidence demonstrates that the audit objective or processes tested are operating as intended and achieving the desired outcomes.
2. **Effective with Recommendation** indicates that the audit evidence demonstrates that the audit objective or processes tested are operating, but there is an opportunity to enhance the existing process.
3. **Ineffective** indicates that the audit evidence demonstrates that the audit objective or processes tested are not operating as intended and do not achieve the desired outcomes.

No.	Contract Objective	Conclusion	Findings
1	Verify that KONE completed Annual Safety Audit Reports on each piece of covered equipment, that each inspection cycle was completed within the required 12-month period, and that reports were available for the testing period with no units missing, in accordance with the contract requirements.	Ineffective	PM reviewed the state inspection log, which identifies covered equipment-related state inspection completion and expiration dates; however, PM was unable to locate supporting documentation confirming that Annual Safety Audit Reports were completed for the covered equipment during the testing period.
2	Verify that preventive maintenance was performed and documented in accordance with the required schedule, including the 16-hours-per-week PM minimum, and that maintenance and lubrication logs identify task frequency, date, and technician, with any shortfalls explained, in accordance with the contract requirements.	Ineffective	PM was unable to verify, based on the work orders and support provided, that preventive maintenance was performed in accordance with the required schedule and minimum weekly hour requirement.

No.	Contract Objective	Conclusion	Findings
3	Verify that semi-annual quality control evaluations were performed by a qualified supervisor at least twice during the contract year, and that each evaluation confirms services and procedures were properly executed, in accordance with the contract requirements.	Ineffective	Based on PM's review of the supporting documentation provided, PM was unable to identify evidence that semi-annual quality control evaluations were performed by a qualified supervisor at least twice during the contract year, as there was no evidence confirming that services and procedures were properly executed.
4	Verify that emergency callback services were responded to within the contractual thresholds (within 1 hour between 8:00 a.m. and 4:30 p.m. Monday through Friday, and within 2 hours at all other times, including holidays) and that passenger entrapments were responded to within 30 minutes, in accordance with the contract requirements.	Ineffective	PM tested 8 emergency call-back incidents; four of eight exceeded the contractual two-hour response threshold, a 50% exception rate with no documented justification.
5	Verify that all subcontractor invoices were identified and that associated costs were passed through to the client at actual cost, with no consultant mark-up applied, in accordance with the contract requirements.	Effective	N/A- Compliant
6	Verify that KONE and RIAC maintained appropriate coordination and reporting throughout the contract term by reviewing evidence of recurring service meetings and monthly activity reports for completeness, accuracy, and inclusion of required information related to repairs, callbacks, preventive maintenance, testing, equipment downtime, corrective actions, and applicable service credits.	Effective with Recommendation	KONE performed recurring reporting during the audit period; however, the documentation provided did not demonstrate whether identified response-time exceptions were evaluated for service-credit applicability, whether credits were calculated, or whether any credits were ultimately issued to RIAC.

No.	Contract Objective	Conclusion	Findings
7	Verify that KONE maintained the insurance coverage required under the contract throughout the testing period, including General Liability of at least \$1,000,000 per occurrence, Motor Vehicle Liability of at least \$1,000,000, Workers' Compensation meeting Rhode Island statutory limits, Umbrella/Excess Liability of at least \$5,000,000 in excess of the \$1,000,000 primary layer, and Errors & Omissions (Professional Liability) of at least \$1,000,000 per claim covering the professional services under this contract with adequate retroactive and tail coverage, and that continuous coverage was maintained, current and properly executed Certificates of Insurance were on file naming RIAC and the State of Rhode Island as Additional Insured on applicable policies, and required cancellation-notice provisions were included.	Effective	N/A- Compliant

Detailed Audit Results



Summary of Findings and Recommendations

Priority Rating	Count
High	2
Moderate	3
Low	0

The following section presents the detailed observations identified through the contract compliance audit. Each observation is supported by corroborative inquiry with RIAC personnel and inspection of supporting documentation from KONE, and is intended to describe the identified condition, the related contract requirement, and the potential impact on RIAC's ability to monitor compliance with the agreement.

Recommendations are included following each observation to provide RIAC with practical actions to remediate identified non-compliance, improve documentation and monitoring practices, and strengthen enforcement of contract requirements going forward. Each recommendation has been assigned a **high, moderate, or low priority**, as defined in the table below, based on the severity of the compliance issue, potential financial or operational exposure, and urgency of remediation.

Priority Rating	Description
High	Indicates a significant instance of non-compliance, unsupported cost, or documentation gap that may create material financial, operational, or contractual exposure and should be remediated promptly.
Moderate	Indicates a moderate instance of non-compliance, control weakness, or documentation limitation that may impact RIAC's ability to verify contract performance or enforce contract requirements and should be addressed in a timely manner.
Low	Indicates a lower-impact compliance observation or process improvement opportunity that does not appear to materially affect contract performance, billing accuracy, or RIAC's ability to monitor compliance, but should be addressed as time and resources permit.

The tables below summarize each audit finding, the applicable contract requirement, and the related recommendation for management's consideration:

1	KONE Did Not Evidence Annual Safety Audit Reports	Priority:	High
Observation			
PM reviewed the state inspection log, which identifies covered equipment-related state inspection completion and expiration dates; however, PM was unable to locate supporting documentation confirming that Annual Safety Audit Reports were completed for the covered equipment during the testing period.			
Risk			
If required annual safety audits or inspections are not completed or sufficiently evidenced, RIAC may be unable to demonstrate compliance with applicable inspection requirements, which could result in regulatory findings, fines, or other enforcement actions. In addition, equipment issues may not be identified and addressed in a timely manner, increasing the likelihood of equipment malfunctions, service disruptions, or safety concerns.			
Contract Requirement			
“The Contractor shall conduct Safety, Efficiency and Maintained Conditions surveys, inspections and tests” and “Mandated inspections and testing in accordance with standards applicable per local law; filing of all procedures and payment of all relative fees per the Authority Having Jurisdiction and preparation of reports within the required time periods for the examination(s) rendered.”			
Recommendation Related Contract Objective: 1			
RIAC should require KONE to provide the annual safety audit, inspection, and testing reports for each covered unit, reconcile the reports to the full equipment population and inspection log, document any missing support or unresolved units, and retain the reconciled evidence in the contract file. In addition, a formal follow-up process should be established requiring KONE to provide missing inspection support or corrective action documentation by a defined due date, with unresolved items escalated through RIAC’s contract administration process to hold KONE accountable for meeting the contract’s inspection and documentation requirements.			
RIAC Management Response			
Management concurs with the recommendation. RIAC recognizes the importance of maintaining complete documentation demonstrating that required safety inspections, testing, and related reporting have been completed for each covered unit. RIAC has requested that KONE provide the applicable inspection and testing documentation and will reconcile the records received against the covered equipment inventory and applicable inspection logs. Any missing or incomplete documentation has been formally communicated to KONE for resolution, and unresolved items will be escalated through RIAC’s contract administration process. RIAC will maintain the resulting documentation and reconciliation within the contract file to strengthen ongoing compliance oversight.			

2	KONE Exceeded Emergency Callback Response-Time Thresholds	Priority:	High
Observation			
PM tested eight emergency callback incidents occurring during the audit period to determine compliance with contractual response-time requirements. Of the eight incidents reviewed, four exceeded the required two-hour response threshold, resulting in a 50% exception rate. Supporting documentation provided did not include evidence explaining the delays, documenting management approval of the exceptions, or demonstrating that any contractual remedies or service credits were evaluated. As a result, PM was unable to verify compliance with the response-time requirements for a significant portion of the population tested.			
Risk			
Response-time exceptions that are not explained, reviewed, or evaluated for contractual remedies may limit RIAC's ability to enforce service-level requirements, address recurring delays, and determine whether credits or other remedies are owed.			
Contract Requirement			
"Callback services for out-of-service units that have been secured by RIAC shall be provided within one (1) hour between 8:00 a.m. and 4:30 p.m., Monday thru Friday, and within two (2) hours any other time, including holidays."			
Recommendation Related Contract Objective: 4			
RIAC should require KONE to provide a written explanation and complete response-time support for each exception, including call created time, first arrival time, completion time, reason for delay, equipment status, and whether any corrective action or credit is applicable. RIAC should document its review of each exception against the contractual response thresholds, determine whether the exception is justified, identify whether credits or other remedies should be pursued, and retain the supporting analysis in the contract file. Unresolved exceptions, missing support, or recurring delays should be escalated through RIAC's contract administration process and formally communicated to KONE to reinforce accountability for meeting emergency response requirements.			
RIAC Management Response			
Management concurs with the recommendation. RIAC will require KONE to provide complete supporting documentation for the identified response-time exceptions, including response timestamps and explanations for any delays. RIAC will independently evaluate the exceptions against the applicable contractual response-time requirements and determine whether any contractual remedies or service credits are warranted. Going forward, RIAC will strengthen its review of emergency callback reporting to identify response-time exceptions, require supporting explanations, and document the disposition of each exception. Recurring or unsupported exceptions will be escalated through RIAC's contract administration process.			

3	KONE Did Not Sufficiently Evidence Preventive Maintenance Documentation	Priority:	Moderate
Observation			
PM reviewed preventive maintenance work orders and related supporting documentation to determine whether maintenance activities were performed in accordance with the contractual schedule and minimum service requirements. Based on the documentation provided, PM was unable to verify that preventive maintenance was performed in accordance with contract expectations, including the required schedule and minimum preventive maintenance hours. Per inquiry with management and given the lack of supporting documentation received from KONE, management indicated that RIAC could not confirm KONE performed preventive maintenance in accordance with expectations. The records reviewed did not consistently demonstrate the equipment serviced, maintenance activities completed, dates performed, or personnel responsible for performing the work, limiting PM's ability to validate compliance with contract requirements. The estimated financial impact associated with unsupported preventive maintenance hours is summarized in the Summary of Financial Impact section.			
Risk			
Insufficient preventive maintenance documentation may limit RIAC's ability to verify that required maintenance was performed timely, assess whether minimum service hours were met, and support follow-up on equipment reliability or maintenance deficiencies.			
Contract Requirement			
"The Contractor shall include a minimum of sixteen (16) hours per week that is to be dedicated to routine preventive maintenance."			
Recommendation Related Contract Objective: 2			
RIAC should require KONE to provide preventive maintenance schedules with clear evidence displaying what was performed, either through documented work orders or documentation within the schedule itself, to demonstrate the equipment serviced, work performed, technician or responsible personnel, completion date, and weekly preventive maintenance hours applied toward the sixteen-hour minimum. RIAC should reconcile KONE's preventive maintenance documentation to the contract schedule and hour requirement on a recurring basis, document any missing or incomplete support, and communicate exceptions to KONE with defined due dates for resolution. RIAC is in the process of working with KONE to resolve the identified preventive maintenance documentation and performance issues and determine the appropriate path forward. If support remains incomplete or recurring performance gaps are identified, RIAC should escalate the matter through the contract administration process and evaluate available contractual remedies, including credits or other enforcement actions where applicable.			
RIAC Management Response			
Management concurs that preventive maintenance documentation should be sufficiently detailed to allow RIAC to verify performance against contractual requirements. RIAC currently reviews preventive maintenance records, including the equipment serviced, activities performed, personnel performing the work, dates of service, and hours attributable to routine preventive maintenance. RIAC has also performed its own review of available preventive maintenance information and will continue to reconcile KONE's records against the contractual requirements. Any unsupported or incomplete records will be communicated to KONE for resolution. Upon completion of that review, RIAC will determine whether any			

contractual remedy is appropriate based on the complete record and applicable contract provisions. Going forward, RIAC will require preventive maintenance documentation sufficient to demonstrate compliance with the applicable schedule and minimum preventive maintenance requirements and will incorporate recurring review of this documentation into its contract administration process.

4	KONE Did Not Sufficiently Evidence Semi-Annual Quality Control Evaluations	Priority:	Moderate
Observation			
PM requested documentation supporting the contract requirement for semi-annual quality control evaluations performed by a qualified supervisor. Per inquiry with management, KONE indicated that semi-annual quality control activity is documented through work orders; however, based on the work orders and supporting documentation provided, PM was unable to identify evidence that the required semi-annual quality control evaluations were completed at least twice during the contract year. Furthermore, the documentation provided did not demonstrate supervisory review of maintenance activities, confirmation that services and procedures were properly executed, identification of deficiencies, or implementation of corrective actions. As a result, PM could not verify compliance with the contract's quality assurance requirements.			
Risk			
Without documented semi-annual quality control evaluations, RIAC may lack evidence that KONE's maintenance activities were subject to supervisory review and that deficiencies were identified, escalated, and corrected in accordance with contract expectations.			
Contract Requirement			
"Semi-Annual quality control evaluations by a qualified supervisor to ensure and confirm the services and procedures as specified herein are properly executed relative to maintenance and performance standards for the systems serviced."			
Recommendation Related Contract Objective: 3			
RIAC should require KONE to provide both semi-annual quality control evaluations for the contract year, including the evaluation date, qualified supervisor, units or systems reviewed, procedures evaluated, results, deficiencies noted, and corrective actions taken, if applicable. RIAC should compare the evaluations to the contract requirement, verify that supervisory review and corrective action follow-up are evidenced, and retain the completed review in the contract file. Missing, incomplete, or unsupported evaluations should be formally communicated to KONE with defined due dates for correction, and unresolved items should be escalated through RIAC's contract administration process to reinforce compliance with quality control obligations.			
RIAC Management Response			

Management concurs with the recommendation. RIAC will require KONE to provide documentation demonstrating completion of the required semi-annual quality control evaluations, including evidence of qualified supervisory review, the equipment or systems evaluated, identified deficiencies, and corrective actions where applicable. RIAC will review the documentation against the contractual requirements and retain the completed evaluations within the contract file. Missing or incomplete documentation will be formally communicated to KONE with defined expectations for resolution, and unresolved deficiencies will be addressed through RIAC's contract administration process.

5	KONE Did Not Sufficiently Evidence Service Credit Applicability	Priority:	Moderate
Observation			
The contract requires monthly activity reports to identify credits resulting from non-compliance with contractual performance requirements. PM noted that emergency callback testing identified response-time exceptions; however, documentation provided did not demonstrate whether the exceptions were evaluated for service-credit applicability, whether credits were calculated, or whether any credits were ultimately issued to RIAC. As a result, PM was unable to determine whether RIAC received all credits potentially owed under the contract for identified instances of non-compliance.			
Risk			
If response-time exceptions are not evaluated for service-credit applicability, RIAC may be unable to determine whether credits were owed, waived, or appropriately excluded, increasing the risk that potential financial remedies under the contract are not identified or recovered.			
Contract Requirement			
"The firm shall provide RIAC a detailed report of the previous months activities including details by unit of all callbacks, repairs, testing, preventive maintenance along with dates, reason for car out of service, time taken out of service, task performed (PM, callback, repair, etc.), resolution to any problems, time placed back in service, total time out of service and a listing of all credits to be issued as a result non-compliance with the requirements of this specification."			
Recommendation Related Contract Objective: 6			
RIAC should require KONE to provide a credit applicability analysis for each response-time exception, including the applicable threshold, actual response time, credit determination, calculation support if applicable, and evidence that any credit was issued, waived, or determined not applicable. RIAC should independently review the monthly activity reports and available service records to determine whether credits or other remedies are owed, document the basis for RIAC's determination, and retain the analysis in the contract file. Missing calculations, unsupported determinations, or unresolved credits should be formally communicated to KONE and escalated through the contract administration process until resolved.			
RIAC Management Response			

Management concurs with the recommendation. RIAC will evaluate the identified response-time exceptions to determine whether service credits or other contractual remedies are applicable. KONE will be required to provide sufficient documentation supporting its determination for each exception, including the applicable contractual threshold, actual response time, explanation for the exception, and any related credit calculation. RIAC will independently review the applicable contract provisions and supporting records before determining whether a credit is owed. Going forward, RIAC will strengthen its monthly contract review process to ensure that performance exceptions are identified, evaluated for potential service credits or other remedies, documented, and resolved in a timely manner.

Summary of Financial Impact

Based on the preventive maintenance credit quantification schedule prepared for the March 28, 2024, through December 31, 2025 audit period, Plante Moran estimated the contract value associated with preventive maintenance hours that were not evidenced in the support provided. The estimate compares documented preventive maintenance labor hours to the contract-based baseline of 16 preventive maintenance hours per week and applies the applicable contract-year hourly rates of \$290 for Year 1 and \$299 for Year 2. Monthly overages were not carried forward to offset shortfalls in other months. Using this methodology, the estimated unsupported preventive maintenance value is approximately \$233,179.

This estimate is intended to quantify the approximate value of preventive maintenance support gaps for discussion and resolution purposes. RIAC management completed its own analysis of the preventive maintenance hours and is working with KONE to resolve the identified issue. The estimate does not assert a final contractual credit, repayment amount, or RIAC-approved remedy unless RIAC elects to apply an approved remedy under the contract.

Workstream	Support-Based Gap	Required PM Hours	Actual PM Hours	Unsupported PM Hours	Estimated Unsupported Value
Routine preventive maintenance	Documented preventive maintenance labor hours were less than the 16-hour-per-week baseline in certain months; monthly overages were not carried forward to offset other monthly shortfalls.	1,472.0	914.5	557.5	\$233,179

The quantification is based on required preventive maintenance hours of approximately 1,472.0, documented preventive maintenance labor hours of approximately 914.5, and unsupported preventive maintenance hours of approximately 557.5. Documented preventive maintenance labor hours were based on line-level maintenance activity support where the visit type was identified as “Maintenance.” The monthly service logs reflected higher total hours of approximately 1,075.6; however, those logs were not used as the primary quantification source because they did not provide the same visit-type detail needed to distinguish routine preventive maintenance from callouts, service orders, repairs, testing, inspections, billable work, or other activity.

Source support included monthly maintenance reports with line-level detail, service log reporting for comparison purposes, contract fee information, and the rate schedule used to derive the Year 1 and Year 2 hourly rates. The maintenance reports were selected for the quantification model because they included visit type, equipment, employee, and time-entry detail. Callouts, service orders, testing, inspections, billable work, repairs, and planning schedules were not counted as preventive maintenance labor hours unless the support separately identified the work as routine preventive maintenance. This estimate is for discussion and support purposes and does not assert a final contractual credit unless RIAC elects to apply an approved remedy.

Thank you.



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