



Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

State of West Virginia Contract

Order Date: 09-06-2022

CORRECT ORDER NUMBER MUST APPEAR
ON ALL PACKAGES, INVOICES, AND
SHIPPING PAPERS. QUESTIONS
CONCERNING THIS ORDER SHOULD BE
DIRECTED TO THE DEPARTMENT
CONTACT.

Order Number:	CCT 0209 4307 FAR2200000002 2	Procurement Folder:	1019628
Document Name:	Comprehensive Annual Financial Report (CAFR)	Reason for Modification:	Change Order No. 01 to incorporate the attached documentation into the contract.
Document Description:	Comprehensive Annual Financial Report and Single Audit		
Procurement Type:	Central Sole Source		
Buyer Name:	Melissa Pettrey		
Telephone:	(304) 558-0094		
Email:	melissa.k.pettrey@wv.gov		
Shipping Method:	Best Way	Effective Start Date:	2022-03-21
Free on Board:	FOB Dest, Freight Prepaid	Effective End Date:	2023-03-20

VENDOR	DEPARTMENT CONTACT																				
Vendor Customer Code: 000000177557 ERNST & YOUNG LLP 500 VIRGINIA ST E CHARLESTON WV 25301-2164 US Vendor Contact Phone: 304-343-8971 Extension:	Requestor Name: Sarah H Long Requestor Phone: (304) 558-4331 Requestor Email: sarah.h.long@wv.gov																				
Discount Details:	23 FILE LOCATION _____																				
<table><tr><th></th><th>Discount Allowed</th><th>Discount Percentage</th><th>Discount Days</th></tr><tr><td>#1</td><td>No</td><td>0.0000</td><td>0</td></tr><tr><td>#2</td><td>Not Entered</td><td></td><td></td></tr><tr><td>#3</td><td>Not Entered</td><td></td><td></td></tr><tr><td>#4</td><td>Not Entered</td><td></td><td></td></tr></table>			Discount Allowed	Discount Percentage	Discount Days	#1	No	0.0000	0	#2	Not Entered			#3	Not Entered			#4	Not Entered		
		Discount Allowed	Discount Percentage	Discount Days																	
#1		No	0.0000	0																	
#2		Not Entered																			
#3	Not Entered																				
#4	Not Entered																				

INVOICE TO	SHIP TO
ACCOUNTING SECTION DEPARTMENT OF ADMINISTRATION 2019 WASHINGTON ST E PO BOX 50121 CHARLESTON WV 25305-0121 US	FINANCIAL ACCOUNTING AND REPORTING SECTION DEPARTMENT OF ADMINISTRATION BLDG 17 2101 WASHINGTON ST E CHARLESTON WV 25305-1510 US

9/13/2022

Purchasing Division's File Copy

Total Order Amount:	\$984,000.00
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ENTERED

9/16/2022

PURCHASING DIVISION AUTHORIZATION DATE: 2022-07-13 ELECTRONIC SIGNATURE ON FILE	ATTORNEY GENERAL APPROVAL AS TO FORM DATE: <i>9/16/2022</i> ELECTRONIC SIGNATURE ON FILE	ENCUMBRANCE CERTIFICATION DATE: <i>SEP 16 2022</i> ELECTRONIC SIGNATURE ON FILE
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Extended Description:

Change Order No. 01 - Issued to incorporate only the attached Ernst & Young, LLP agreement Dated April 25, 2022 with no change in Contract total.

Effective Immediately

All provisions of the original Contract and subsequent Change Orders not modified herein shall remain in full force and effect, No other Changes.

Line	Commodity Code	Quantity	Unit	Unit Price	Total Price
1	93151607	0.00000		0.000000	\$984,000.00
Service From	Service To	Manufacturer		Model No	
2022-03-21	2023-03-20				

Commodity Line Description: AUDIT OF STATE (CAFR)
Single Audit

Extended Description:

AUDIT OF STATE (CAFR)
Single Audit, Government auditing services
2022 Audit Services \$900,000.00
2022 wvOASIS SSAE 16. \$55,000.00
2022 Audit of WV State Rail Authority \$29,000.00

	Document Phase	Document Description	Page 3
FAR2200000002	Draft	Comprehensive Annual Financial Report and Single Audit	

ADDITIONAL TERMS AND CONDITIONS

See attached document(s) for additional Terms and Conditions

Change Order No. 1

This Change Order No. 1, dated August 30, 2022 amends the engagement letter, dated April 25, 2022, between Ernst & Young LLP (“we” or “EY”) and State of West Virginia (“State”) related to EY’s performance of Audit Services (the “Agreement”).

The Agreement is hereby amended to incorporate the modifications set forth below. Except as modified by this Change Order No. 1, all terms and conditions of the Agreement shall continue in full force and effect and be unaffected by this Change Order No. 1.

1. The first sentence of Section 1 is deleted and replaced in its entirety with the following sentence.

This agreement is comprised of the solicitation issued as CSSD FAR2200000002 (including all addenda thereto but excluding Section 20 (time), Section 28 (Warranty), and Section 37 (Indemnification) of the General Terms and Conditions), the purchase order issued to Ernst & Young LLP (EY) identified as CCT FAR2200000002 (including any subsequent change orders), and this engagement letter (together with any attachments hereto, the “Agreement”).

2. The first sentence of Section 36 is deleted and replaced in its entirety with the following sentence.

Our estimated pricing and schedule of performance are based upon, among other things, the scope outlined, including but not limited to, the number of major funds, the number of opinion units, 13 major federal programs, the assumption that the auditor of the West Virginia Consolidated Public Retirement Board will perform census data testing necessary and provide an attest report to the State’s auditor as outlined in the responses to the questions to the CFRP, and whether the State qualifies as a low-risk auditee in accordance with the Uniform Guidance and the representations the State’s personnel have made to us.

3. The first sentence of Section 41 is deleted and replaced in its entirety with the following sentence.

If we Process State information that can be linked to specific individuals (“Personal Data”), we will Process it in accordance with paragraph 30 of the State’s General Terms and Conditions, as well as law and professional regulations applicable to us.

4. The second sentence of Section 48 is deleted and replaced in its entirety with the following sentence.

Except for a claim limited solely to seeking non-monetary or equitable relief, any dispute or claim arising out of or relating to the Audit Services, this Agreement or any other services provided by or on behalf of EY or any of its subcontractors or agents to the State or at the State’s request (including any such matter involving any parent, subsidiary, affiliate, successor in interest, or agent of the State),



shall be resolved by mediation as set forth in the attachment to this Agreement, which is incorporated herein by reference.

5. The last sentence of Section 48 is deleted in its entirety.
6. Attachment A (Dispute resolution procedures) is hereby deleted and replaced in its entirety with the following.

Mediation

A party shall submit a dispute to mediation by written notice to the other party or parties. The mediator shall be selected by the parties. If the parties cannot agree on a mediator, the International Institute for Conflict Prevention and Resolution ("CPR") shall designate a mediator at the request of a party. Any mediator must be acceptable to all parties and must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director of or beneficial owner with significant influence over any EY Firm audit client.

The mediator shall conduct the mediation as he/she determines, with the agreement of the parties. The parties shall discuss their differences in good faith and attempt, with the mediator's assistance, to reach an amicable resolution of the dispute. The mediation shall be treated as a settlement discussion and shall therefore be confidential. The mediator may not testify for either party in any later proceeding relating to the dispute. The mediation proceedings shall not be recorded or transcribed.

Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator.

In witness whereof, the parties have executed this Change Order No. 1 as of the date set forth above.

Ernst & Young LLP

By: *Susan P. Wheeler*
Susan P. Wheeler
Authorized Signatory

State of West Virginia

By: *David Mullins*
David Mullins
Acting Finance Director



Ernst & Young LLP
900 United Center
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Mr. David Mullins, Acting Finance
Director Department of
Administration/Finance Division State
of West Virginia
2101 Washington Street East
Charleston, West Virginia 25305-0121

April 25, 2022

Ladies and Gentlemen:

1. This agreement is comprised of the solicitation issued as RFQ FAR22000000012 (including all addenda thereto but excluding Section 20 (time), Section 28 (Warranty), and Section 37 (Indemnification) of the General Terms and Conditions), the bid submitted by Ernst & Young LLP ("we" or "EY") in response to the solicitation, the purchase order issued to EY identified as CCT FAR2200000002 (including any subsequent change orders), and this engagement letter (together with any attachments hereto, the "Agreement"). If there is a conflict between the engagement letter and the other contractual documents, the other contractual documents (except for terms within the other contractual documents that the parties have agreed to not incorporate into the Agreement, as set forth in this engagement letter) will control. This letter confirms the engagement of EY to audit and report on the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information, which collectively comprise the basic financial statements, related notes and supplementary information of State of West Virginia (the "State") for the year ended June 30, 2022. We will also provide a report on internal control over financial reporting related to the financial statements and compliance with laws, regulations and the provisions of contracts or grant agreements and other matters, noncompliance with which could have a direct and material effect on the financial statements, as required by the auditing standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). In addition, we will audit and report on the State's compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget Compliance Supplement that could have a direct and material effect on each of the State's major federal programs for the year ended June 30, 2022, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). We will also provide a report on internal control over compliance as required by the Uniform Guidance. All of the services described in this Agreement are referred to collectively as the "Audit Services" or the "audits."

Audit responsibilities and limitations

2. We will conduct the audit of the financial statements and supplementary information in accordance with auditing standards generally accepted in the United States of America ("GAAS"), as established by the American Institute of Certified Public Accountants ("AICPA")

and *Government Auditing Standards* and thus will also provide a report on internal control over financial reporting related to the financial statements and compliance with laws, regulations and the provisions of contracts or grant agreements and other matters, noncompliance with which could have a direct and material effect on the financial statements, as required by *Government Auditing Standards*. We will conduct the audit of compliance in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance and thus will provide a report on internal control over compliance as required by the Uniform Guidance. We are required to be independent of the State and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. Our audit of compliance does not provide a legal determination of the State's compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget Compliance Supplement that could have a direct and material effect on each of the State's major federal programs. The State's major federal program will be identified in the summary of auditor's results section of schedule of findings and questioned costs. We are responsible for determining the State's major federal programs.

3. The objective of the audit of the financial statements is to obtain reasonable assurance about whether the financial statements of each opinion unit are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on whether the financial statements for each opinion unit are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and whether the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The objective of the audit of compliance is to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget Compliance Supplement that could have a direct and material effect on each of the State's major federal programs occurred, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the State's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material misstatement or material noncompliance when it exists. The risk of not detecting a material misstatement or material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. Noncompliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget Compliance Supplement that could have a direct and material effect on each of the State's major federal programs is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the State's compliance with the requirements



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of each major federal program as a whole. As part of audits conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we exercise professional judgment and maintain professional skepticism throughout our audits. We also identify and assess the risks of material misstatement of the financial statements and material noncompliance, whether due to fraud or error and design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion on the financial statements of each opinion unit and on compliance for each major federal program. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and the State's compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget Compliance Supplement that could have a direct and material effect on each of the State's major federal programs and performing other procedures we considered necessary in the circumstances. There are inherent limitations in the audit process, including, for example, the use of judgment and selective testing of data and the possibility that collusion or forgery may preclude the detection of material error, fraud or noncompliance with laws and regulations, federal statutes, regulations and the terms and conditions of federal awards related to federal programs. Accordingly, because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements and material noncompliance may not be detected, even though the audit is properly planned and performed in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance. Also, a financial statement audit is not designed to detect error or fraud that is immaterial to the financial statements and a compliance audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance is not designed to detect error or fraud that is immaterial to a major federal program.

4. In connection with our audit of the financial statements, we will not perform sufficient procedures to render an opinion on internal control over financial reporting nor on compliance with provisions of laws, regulations, contracts or grant agreements and other matters, and therefore, we will not express such an opinion.
5. As part of the audit of the financial statements, we will
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, no such opinion will be expressed.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the related disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State's ability to continue as a going concern for a reasonable period of time.
6. As part of the audit of compliance, we will obtain an understanding of the State's internal control over compliance relevant to the audit of compliance in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over compliance. This consideration will not be sufficient to enable us to express an opinion on the effectiveness of internal control over compliance or to identify all significant deficiencies and material weaknesses in internal control over compliance. Accordingly, no such opinion will be expressed.
 7. Should conditions not now anticipated preclude us from completing the audits and issuing our reports as contemplated by the preceding paragraphs, we will advise you and the Chief Financial Officer of the Department of Administration (Chief Financial Officer) and the Secretary of Administration (those individuals charged with governance) promptly and take such action as we deem appropriate.
 8. In accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we will communicate certain matters related to the conduct and results of the financial statement audit and audit of compliance to those charged with governance. Such matters include:

Financial statement audit

- Our responsibility under GAAS for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight by those individuals charged with governance and that such an audit does not relieve management and the individuals charged with governance of their responsibilities.
- An overview of the planned scope and timing of the audit, including the significant risks that we have identified.
- Significant findings from the audit, which include: (1) our views about the significant qualitative aspects of the State's accounting practices, including accounting policies, accounting estimates, and financial statement disclosures; (2) significant unusual transactions, if any; (3) significant difficulties, if any, encountered during the audit; (4) significant corrected and uncorrected misstatements, other than those we believe are trivial; (5) disagreements with management, if any, whether or not satisfactorily resolved; (6) significant matters subject to management's consultations with other accountants, if any, and (7) other matters, if any, arising during the audit that are, in our professional judgment, significant and relevant to the individuals charged with governance regarding the oversight of the financial reporting process, including significant matters in connection with the State's related parties.

- Circumstances that affect the form and content of our financial statement auditor's report including those highlighted in the next section

Audit of compliance

- Our responsibilities under GAAS, *Government Auditing Standards*, and the Uniform Guidance
- An overview of the planned scope and timing of the compliance audit among other matters.
- Any significant deficiencies and material weaknesses in internal control over compliance that the auditor identified during the compliance audit.

Changes to the scope of the Audit Services may occur as a result of the issuance of new standards and interpretations or inspections findings. We will communicate any significant changes in the scope of the Audit Services and related procedures to management and those individuals charged with governance on a timely basis.

9. If we determine that there is evidence that fraud or possible non-compliance with laws, regulations, contracts or grant agreements may have occurred, we will bring such matters to the attention of the appropriate level of management. If we become aware of fraud involving senior management or fraud (whether committed by senior management or other employees) that causes a material misstatement of the financial statements, we will report this matter directly to those individuals charged with governance. We will determine that the individuals charged with governance and appropriate members of management are adequately informed of instances of non-compliance with laws, regulations, contracts or grant agreements that come to our attention unless they are clearly inconsequential. We also will inform the Chief Financial Officer and the Secretary of Administration and appropriate members of management of significant corrected misstatements and uncorrected misstatements noted during our audit procedures other than those that are clearly trivial. In accordance with *Government Auditing Standards*, we will communicate in the report on internal control over financial reporting and on compliance and other matters with appropriate members of management and those individuals charged with governance Chief Financial Officer and the Secretary of Administration the following:
 - Significant deficiencies or material weaknesses in internal control over financial reporting that we identify based on engagement work performed,
 - Identified or suspected noncompliance with provisions of laws, regulations, contracts or grant agreements that have a material effect on the financial statements or other financial data significant to the audit objectives, or
 - Identified or suspected fraud that is material, either quantitatively or qualitatively to the financial statements or other financial data significant to the audit objectives.

10. We will communicate in writing to management and to the individuals charged with governance all significant deficiencies and material weaknesses identified during the audit, including those that were remediated during the audit. We also will communicate any significant deficiencies and material weaknesses communicated to management and the individuals charged with governance in previous audits that have not yet been remediated.
11. We also may communicate other opportunities we observe for economies in or improved controls over the State's operations.
12. As part of our engagement, we will apply certain limited procedures to State's required supplementary information (RSI). The RSI consists of management's discussion and analysis, budgetary comparison information for the general fund and each major special revenue fund when such information is presented as required supplementary information, Schedule of the State's Proportionate Share of the Net Pension Liability, Schedules of State Contributions for Pension Plans, Schedules of Changes in the State's Net Pension Liability and Related Ratios, Schedule of the State's Proportionate share of the Net OPEB Liability, and Schedules of Contributions for the OPEB Plan. Those limited procedures will consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The measurement and presentation of RSI, in accordance with prescribed guidelines, will be affirmed to us by management in its letter of representations.
13. Supplementary information other than RSI, that is the combining and individual fund and nonmajor fund financial statements and introductory and statistical sections, also may accompany the State's basic financial statements. We will subject all supplementary information that is financially oriented that is the combining and individual fund and nonmajor fund financial statements, to the audit procedures applied in our audit of the basic financial statements and render our opinion on whether that information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. We will not subject other information that comprises nonaccounting information or accounting information not directly related to the basic financial statements such as the introductory and statistical sections to the auditing procedures applied in the audit of the basic financial statements and therefore will not express an opinion on this other information.
14. To the extent required by law, we will make our audit documentation available to a federal agency or the Comptroller General of the United States Government Accountability Office and provide copies upon their request. Audit documentation, as well as appropriate individuals, also

will be made available upon request to appropriate auditors and reviewers. We shall promptly notify the State of any such request to review our audit documentation.

15. An audit performed in accordance with *Government Auditing Standards* is not designed to detect identified or suspected fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements that do not have a direct and material effect on the financial statements or other financial data significant to the audit objectives.
16. In some circumstances in accordance with *Government Auditing Standards*, we may be required to report identified or suspected fraud, noncompliance with provisions of laws, regulations, contracts and grant agreements directly to parties external to the State.
17. In accordance with *Government Auditing Standards*, we will report in a management letter identified or suspected noncompliance with provisions of laws, regulations, contracts and grant agreements that have an effect on the financial statements or other financial data significant to the audit objectives that are less than material but warrant the attention of those individuals charged with governance.
18. In accordance with *Government Auditing Standards*, we will report in a management letter identified or suspected instances of fraud that have an effect on the financial statements or other financial data significant to the audit objectives that are less than material but warrant the attention of those individuals charged with governance.
19. Under *Government Auditing Standards*, we are required to provide to the State's Department of Administration our most recent peer review report, as well as subsequent peer review reports received during the term of this Agreement. Our most recent peer review report accompanies this Agreement.

Circumstances that affect the form and content of our financial statement auditor's report

20. The final form and content of our financial statement auditor's report will reflect the results of our final audit findings and conclusions. We will communicate to management and those individuals charged with governance all circumstances affecting the final form and content of our financial statement auditor's report.

Management's responsibilities and representations

21. The financial statements (including related disclosures) are the responsibility of management. Management also is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to error or fraud, for properly recording transactions in the accounting records, for safeguarding assets and for the preparation and fair presentation of the

financial statements in accordance with accounting principles generally accepted in the United States of America. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter and to provide appropriate financial statement disclosure, when applicable, related to going concern. Management also is responsible for the identification of, and for the State's compliance with, laws, regulations and provisions of contracts and grant agreements applicable to its activities.

22. Management is responsible for adjusting the financial statements to correct material misstatements. Management will also affirm to us in its letter of representations certain representations made to us during the performance of the Audit Services, including that the effects of any uncorrected misstatements aggregated by us during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit.
23. Management is responsible for communicating to us on a timely basis all instances of alleged, identified or suspected non-compliance with provisions of laws, regulations, contracts or grant agreements that could have an effect on the financial statements or the effects of which should be considered by management when preparing the financial statements, and all instances of alleged, identified or suspected financial improprieties, of which management or the individuals charged with governance is aware (regardless of the source or form in which they may have been discovered or communicated to them and including, without limitation, allegations by "whistle-blowers") and providing us full access to information, any internal investigations, and any intended public or regulatory communications related to them. Such instances include, without limitation, manipulation of financial results by management or employees, misappropriation of assets by management or employees, intentional circumvention of internal controls, inappropriate influence on related party transactions by related parties, intentionally misleading EY or other alleged, identified or suspected illegal acts or fraud that could result in a misstatement of the financial statements or otherwise affect the financial reporting of the State. If the State limits the information otherwise available to us under this paragraph (based on the State's claims of attorney/client privilege, work product doctrine or otherwise), the State will immediately inform us of the fact that certain information is being withheld from us. Any such withholding of information could be considered a restriction on the scope of the audit and may prevent us from opining on the State's applicable opinion units for the basic financial statements; alter the form of report we may issue on such financial statements; or otherwise affect our ability to continue as the State's independent auditors. We will disclose any such withholding of information to the individuals charged with governance.



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24. Management is responsible for communicating to us on a timely basis, to the extent that management is aware, of (1) unauthorized access to information technology systems that either occurred or is reasonably likely to have occurred up to the date of our auditor's report based on the State's investigation, including of reports submitted by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to information technology systems is reasonably likely to have a material effect on the financial statements, including related disclosures, and/or on compliance with the compliance requirements of a federal program, in each case or in the aggregate, and (2) ransomware attacks when the State paid or is contemplating paying the ransom, regardless of the amount of ransom.
25. Management is responsible for providing us access to: all information of which management is aware that is relevant to the Audit Services, (including information obtained from outside of the general and subsidiary ledgers) such as records, documentation and other matters to complete the Audit Services on a timely basis; additional information that we may request from management for purposes of the audit; and unrestricted access to persons within the State from whom we determine it necessary to obtain audit evidence. Management's failure to do so may cause us to delay our report, modify our procedures or even terminate the Audit Services.
26. As required by GAAS, we will make specific inquiries of management about the representations contained in the financial statements and supplementary information. GAAS also require that, at the conclusion of the applicable Audit Services, we obtain a letter of representations from certain members of management about these matters and to represent that management has fulfilled its responsibilities as set forth in this Agreement, including that all material transactions have been recorded in the accounting records and are reflected in the financial statements and supplementary information. The responses to those inquiries, the written representations, and the results of our procedures comprise evidence on which we will rely in completing the applicable Audit Services.
27. Management shall promptly assist EY in identifying officers and directors, or individuals who serve in such capacity for the State.
28. Management shall make appropriate inquiries to determine whether the State has a business relationship with EY or any other member firm of the global Ernst & Young organization (any of which, an "EY Firm") other than one pursuant to which an EY Firm performs professional services.
29. Management shall discuss any independence matters with EY that, in management's judgment, could bear upon EY's independence.



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30. The State shall be responsible for its personnel's compliance with the State's obligations under this Agreement.

31. Management is responsible for the following, as provided in *Government Auditing Standards*:

- Distributing the report on internal control over financial reporting and on compliance and other matters, as well as the steps being taken to make the report available to the public.
- Identifying for us investigations or legal proceedings that have been initiated or are in process with respect to the period under audit.
- Identifying for us previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented.
- Applying a process to track the status of audit findings and recommendations.
- Providing views on any of our current findings, conclusions and recommendations, as well as management's planned corrective actions, for the report and the timing and format for providing that information.
- Taking timely and appropriate steps to remedy fraud and noncompliance with the provisions of laws, regulations, contracts or grant agreements that we report.

32. Management is responsible for the following as provided in the Uniform Guidance:

- Identifying all federal awards received and understanding and complying with compliance requirements
- Complying with the provisions of the Uniform Guidance.
- Preparing the appropriate financial statements, including the schedule of expenditures of federal awards (including noncash assistance received and notes), in accordance with the Uniform Guidance.
- Designing, implementing and maintaining effective internal control over compliance that provides reasonable assurance that the State administers federal awards in compliance with the compliance requirements.
- Complying with federal laws, statutes, regulations, rules and the terms and the provisions of contracts or grant agreements of federal awards.
- Following up and taking corrective action on audit findings, including preparing a summary schedule of prior audit findings and corrective action plans as required by the Uniform Guidance.
- Submitting the reporting package to required recipients and the data collection form to the designated federal audit clearinghouse.
- Communicating to EY any significant contractor relationships where the contractor is responsible for program compliance.



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33. Management is responsible for the preparation of the supplementary information in accordance with the Uniform Guidance and if applicable, the Governmental Accounting Standards Board. For any document that contains the supplementary information and indicates that we have issued a report on the supplementary information, management will include the audit report on such supplementary information. Management will make appropriate representations to us regarding these matters.

Fees and billings

34. We estimate that our fees for the 2022 Audit Services will be \$900,000 including expenses which excludes fees of \$55,000 related to the WV OASIS SSAE 16 Service Organization Control I report covered in a separate engagement letter. In addition, we estimate our fee for the separate opinion on the West Virginia State Rail Authority will be \$29,000, not included in the fee above. However, our actual fees may exceed the top of this range based on changes to the business (e.g., nature of the business or change in business entities) or additional unplanned effort. Our fees are exclusive of taxes or similar charges, as well as customs, duties or tariffs imposed in respect of the Audit Services, all of which the State shall pay (other than taxes imposed on our income generally). We will submit our invoices as outlined below. However, we may submit additional invoices resulting from changes in the business or additional unplanned effort as set forth in this paragraph. You agree to pay our invoices upon receipt.
35. We propose the following progress billing and payment schedule for fiscal year 2022:

Progress billing date	Progress payment due date
May 15, 2022	June 1, 2022
June 1, 2022	June 15, 2022
July 30, 2022	August 17, 2022
August 31, 2022	September 14, 2022
September 28, 2022	October 12, 2022
November 1, 2022	November 16, 2022
November 17, 2022	November 30, 2022
December 1, 2022	December 14, 2022
December 15, 2022	December 28, 2022
December 29, 2022	January 11, 2023
January 12, 2023	January 25, 2023
January 26, 2023	February 8, 2023

36. Our estimated pricing and schedule of performance are based upon, among other things, the scope outlined in the CRFP process, including but not limited to, the number of major funds, the number of opinion units, the number of major federal programs (which according to the responses to the questions to the CRFP should be based upon the same number of major federal



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programs in fiscal year 2017, which was 13), the assumption that the auditor of the West Virginia Consolidated Public Retirement Board will perform census data testing necessary and provide an attest report to the State's auditor as outlined in the responses to the questions to the CFRP, and whether the State qualifies as a low-risk auditee in accordance with the Uniform Guidance and the representations the State's personnel have made to us. Our pricing is also dependent upon the State's personnel providing a reasonable level of assistance, including: the State providing SOC 1 SSAE18 (Statement of Standards of Attestations Engagements No. 18, *Reporting on Controls at a Service Organization*) reports with an unqualified opinion covering at least nine months of the State's fiscal year: Medicaid and CHIPS claims processing, Kronos payroll application (titled "Description of the UKG Private Cloud Infrastructure Services System"), Supplemental Nutrition Assistance Program benefits, and the State's ERP system (wvOASIS) and the State's completion of the client assistance package, preparation of the basic financial statements and footnotes thereto, and Schedule of Expenditures of Federal Awards and related footnotes thereto, in a timely manner. We will provide a client assistance schedule with completion deadlines agreed to by you. We will communicate delays to you in a timely manner. Our estimated fees assume that the State component units/entities outlined in Attachment B will be audited by other auditors and that such audits except Higher Education will be completed and reports issued no later than October 15, 2022. Higher Education will be completed, and reports issued no later than October 31, 2022. Our fee does not include the adoption of new accounting standards and significant changes to GAAS, *Government Auditing Standards* or Uniform Guidance. Should our assumptions with respect to these matters be incorrect or should the condition of records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimates are based, we may adjust our fees and planned completion dates. Fees for any special audit-related projects, such as proposed business combinations or research and/or consultation on special business or financial issues, will be billed separately from the fees referred to above and will be the subject of other written agreements.

If the Audit Services performed for the State are selected for inspection by a federal agency or the Comptroller General of the United States Government Accountability Office, the professional time and expenses incurred related to the routine inspection activity will be billed as incurred.

37. For professional service outside of the scope, our hours will be billed at the following rates:

Level	Hourly Rate
Partner/Member	\$ 525
Executive Director	493
Senior Manager	429
Manager	372
Senior	264
Supervisory Staff	208



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Staff	161
FAIT Executive Director	504
FAIT Senior Manager	488
FAIT Manager	420
FAIT Senior	264
FAIT Supervisory Staff	208
FAIT Staff	180
Actuary	488

Other matters

38. From time to time, and depending on the circumstances, (1) we may subcontract portions of the Audit Services to other EY Firms (listed at www.ey.com), who may deal with the State or its affiliates directly, although EY alone will remain responsible to you for the Audit Services, and (2) personnel (including non-certified public accountants) from an affiliate of EY or another EY Firm or any of their respective affiliates or from independent third-party service providers (including independent contractors), may participate in providing the Audit Services. Unless prohibited by applicable law, we may provide State's information to other EY Firms and their personnel, as well as third-party service providers acting on our or their behalf, who may collect, use, transfer, store or otherwise process (collectively, "Process") it in various jurisdictions in which they operate to facilitate performance of the Audit Services, to comply with regulatory requirements, to check conflicts, to provide financial accounting and other administrative support services, or for quality and risk management purposes. We shall be responsible to you for maintaining the confidentiality of State information, regardless of where or by whom such information is Processed on our behalf. Either EY or the State may use electronic media to correspond or transmit information relating to the Audit Services, and such use will not, in itself, constitute a breach of any confidentiality obligations.
39. The State shall not, during the term of this Agreement and for 12 months following its termination for any reason, without the prior written consent of EY, solicit for employment, or hire, any current or former partner, principal or professional employee of EY, any affiliate thereof, any other EY Firm or any of their respective affiliates if any such professional either: (i) performed any audit, review, attest or related service for or relating to the State at any time (a) during the then current fiscal year of the State up to and including the date of the auditor's report for that year or (b) in the 12 months ended on the auditor's report date for the immediately preceding fiscal year; or (ii) influences EY's operations or financial policies or has any capital balances or any other continuing financial arrangement with EY.
40. EY shall remain fully responsible for the Audit Services and for all of its other responsibilities, covenants and obligations under this Agreement, notwithstanding that we may subcontract portions of the Audit Services to other EY Firms or that other EY Firms may participate in the



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provision of the Audit Services. The State may not make a claim or bring proceedings relating to the Audit Services or otherwise under this Agreement against any other EY Firm and EY shall not contest its responsibility for the Audit Services on the basis that any of them were performed by another EY Firm. The State shall make any claim or bring proceedings only against EY. This paragraph is intended to benefit the other EY Firms, which shall be entitled to enforce it. Each EY Firm is a separate legal entity.

41. If we Process State information that can be linked to specific individuals (“Personal Data”), we will Process it in accordance with paragraph 38 of this Agreement, as well as law and professional regulations applicable to us. We will also require any service provider that Processes Personal Data on our behalf to provide at least the same level of protection for such data as is required by such legal and regulatory requirements. EY is required to exercise its own judgment in determining the purposes and means of processing any Personal Data when providing the Audit Services. Accordingly, EY acts as an independent controller (or equivalent legal status), and not as a processor (or equivalent) under the State’s control or as a joint controller with the State. If Personal Data relating to a data subject in the UK, European Union or Switzerland (collectively, “European Personal Data”) is required for EY to perform the Audit Services, the parties agree to negotiate in good faith a data transfer addendum intended to validate the transfer of such European Personal Data by the State to EY prior to such transfer. If any State information is protected health information under the Health Insurance Portability and Accountability Act, as amended, this Agreement is deemed to incorporate all of the terms otherwise required to be included in a business associate contract relating to such information. The State warrants that it has the authority to provide the Personal Data to EY in connection with the performance of the Audit Services and that the Personal Data provided to us has been Processed in accordance with applicable law.
42. In order to provide the Audit Services, we may need to access Personal Data consisting of protected health information, financial account numbers, Social Security or other government-issued identification numbers, or other data that, if disclosed without authorization, would trigger notification requirements under applicable law (“Restricted Personal Data”). In the event that we need access to such information, you will consult with us on appropriate measures (consistent with professional standards applicable to us) to protect the Restricted Personal Data, such as deleting or masking unnecessary information before it is made available to us, encrypting any data transferred to us, or making the data available for on-site review at a State site. You will provide us with copies of any Restricted Personal Data only in accordance with mutually agreed protective measures.
43. In order to facilitate performance of the Audit Services and for EY to more readily provide Audit Services, including audit services for subsequent audit periods and engagements, we may utilize certain internal tools, automated techniques, software solutions and other technologies (“EY Tools”) to extract, process, analyze and retain State information, including data. EY owns all



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right, title, interest and all intellectual property rights in and to the EY Tools, including any enhancements, modifications, and derivative works thereof. You agree that we may, subject to applicable laws, regulations and professional standards, utilize such EY Tools and retain State information within the EY Tools to facilitate performance of the Audit Services, including, without limitation, audit services for subsequent audit periods and engagements. In the event of any such retention, we will continue to extend the protections set forth in this Agreement to any such information retained.

44. You acknowledge that to the extent the State is regulated by or under the supervision of a federal, state or other regulator (including, without limitation, the Board of Governors of the Federal Reserve, the Office of the Comptroller of the Currency and the New York State Department of Financial Services), you may be in possession of confidential supervisory information as defined in relevant law or regulations ("CSI"), including without limitation documents and information comprising CSI arising from, relating to, or concerning inspections and examinations by such regulator(s). As set forth in paragraph 25, we may require access to such CSI in order to perform the Audit Services. However, CSI may be subject to regulatory restrictions on disclosure to and/or use by third parties. Accordingly: (1) management will identify to EY the regulators that regulate and/or exercise supervisory oversight over the State and have specific requirements relating to CSI (each, a "Regulator"); (2) management will identify to EY all CSI in your possession; (3) to the extent management's provision of CSI to EY is not authorized by applicable law or regulation absent Regulator approval, management will obtain authorization from the applicable Regulator to provide us access to any and all CSI for the purposes of performing the Audit Services with respect to CSI already in the State's possession immediately following execution of this Agreement (and with respect to any later-identified CSI immediately upon learning of the examination, inspection or other activity that could result in such materials being deemed CSI); and (4) management will not provide any such access prior to having received such authorization and having identified to EY with specificity the information that constitutes CSI. You acknowledge that any failure to provide any such information could be considered a restriction on the scope of the audit, and the parties agree that they shall engage in good faith discussions regarding the effect of any withholding on the Audit Services.
45. The U.S. Department of Labor (DOL) regulations, at 20 CFR § 655.734(a)(1)(ii)(A), require the posting of notice of a Labor Condition Application (LCA) in instances where individuals holding certain visas will be working on State's premises. Where applicable, EY and State will work together to develop an appropriate notice to enable compliance with this requirement.
46. By your signature below, you confirm that the State, through its Board of Directors or equivalent governance body, has expressly authorized you to enter into this Agreement on behalf of, and to bind, the State. In addition, you confirm that management agrees to, acknowledges, and understands its responsibilities as outlined in "Management's responsibilities and representations." Either EY or the State may execute this Agreement (and any supplements or

modifications hereto) by electronic means, and each of EY and the State may sign a different copy of the same document.

47. EY retains ownership in the workpapers compiled in connection with the performance of the Audit Services.
48. This Agreement, and any non-contractual matters or obligations arising out of this Agreement or the Audit Services, including (without limitation) claims arising in tort, fraud, under statute or otherwise relating to the Audit Services, or questions relating to the scope or enforceability of this paragraph, shall be governed by, and construed in accordance with, the laws of West Virginia applicable to agreements made, and fully to be performed, therein by residents thereof. Except for a claim limited solely to seeking non-monetary or equitable relief, any dispute or claim arising out of or relating to the Audit Services, this Agreement or any other services provided by or on behalf of EY or any of its subcontractors or agents to the State or at the State's request (including any such matter involving any parent, subsidiary, affiliate, successor in interest, or agent of the State), shall be resolved by mediation or arbitration as set forth in the attachment to this Agreement, which is incorporated herein by reference. Judgment on any arbitration award may be entered in any court having jurisdiction.
49. If any portion of this Agreement is held to be void, invalid or otherwise unenforceable, in whole or part, the remaining portions of this Agreement shall remain in effect. This Agreement applies to all Audit Services (as defined in paragraph 1), including any such services performed or begun before the date of this Agreement.
50. For avoidance of doubt, EY and the State agree that the following provisions in the General Terms and Conditions of RFQ FAR2200000001 are not incorporated into the Agreement and do not impose any rights or obligations on the parties: Section 20 (Time), Section 28 (Warranty), and Section 37 (Indemnification).

To the extent that EY agrees to perform Audit Services for a subsequent fiscal year, the terms and conditions set forth in this Agreement shall apply to the performance of such Audit Services, except as specifically modified, amended or supplemented in writing by the parties. Changes in the scope of the Audit Services and estimated fees for such services in subsequent fiscal years will be communicated in supplemental agreements. We may terminate performance of the Audit Services and this Agreement upon written notice if we reasonably determine that we can no longer provide the Audit Services in accordance with applicable law or professional obligations. Upon any termination of the Audit Services or this Agreement, the State shall pay EY for all work-in-progress, Audit Services already performed and expenses incurred by us up to and including the effective date of such termination.



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EY appreciates the opportunity to be of assistance to the State. If this Agreement accurately reflects the terms on which the State has agreed to engage EY, please sign below on behalf of the State and return it to Susan Wheeler, 900 United Center, 500 Virginia Street East, Charleston, West Virginia 25301.

Very truly yours,

Ernst + Young LLP

Attachments

Agreed and accepted by:

The State of West Virginia

By:

David Mullins

David Mullins, Acting Finance Director

Dispute resolution procedures

Arbitration

The arbitration will be conducted in accordance with the procedures in this document and the CPR Rules for Non-Administered Arbitration ("Rules") as in effect on the date of the Agreement, or such other rules and procedures as the parties may agree. In the event of a conflict, the provisions of this document will control.

The arbitration will be conducted before a panel of three arbitrators, to be selected in accordance with the screened selection process provided in the Rules. Any issue concerning the extent to which any dispute is subject to arbitration, or concerning the applicability, interpretation or enforceability of any of these procedures, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator may be appointed unless he or she has agreed in writing to these procedures and has confirmed in writing that he or she is not, and will not become during the term of the arbitration, an employee, partner, executive officer, director of or beneficial owner with significant influence over any EY Firm audit client.

The arbitration panel shall have no power to award non-monetary or equitable relief of any sort or to make an award or impose a remedy that (i) is inconsistent with the agreement to which these procedures are attached or any other agreement relevant to the dispute, or (ii) could not be made or imposed by a court deciding the matter in the same jurisdiction. In deciding the dispute, the arbitration panel shall apply the limitations period that would be applied by a court deciding the matter in the same jurisdiction, and shall have no power to decide the dispute in any manner not consistent with such limitations period.

Discovery shall be permitted in connection with the arbitration only to the extent, if any, expressly authorized by the arbitration panel upon a showing of substantial need by the party seeking discovery.

All aspects of the arbitration shall be treated as confidential. The parties and the arbitration panel may disclose the existence, content or results of the arbitration only in accordance with the Rules or applicable professional standards. Before making any such disclosure, a party shall give written notice to all other parties and shall afford them a reasonable opportunity to protect their interests, except to the extent such disclosure is necessary to comply with applicable law, regulatory requirements or professional standards.

The result of the arbitration shall be binding on the parties, and judgment on the arbitration award may be entered in any court having jurisdiction.

ENTITIES TO BE AUDITED BY OTHER AUDITORS	
Alcohol Beverage Control Administration	
Board of Risk and Insurance Management	
Board of Treasury Investments	
Consolidated Public Retirement Board	
Economic Development Authority	
Educational Broadcasting Authority	
Workforce West Virginia (previously Bureau of Employment Programs)	
Water Pollution Control Revolving Fund – (DEP) UG version also	
Housing Development Fund	
Insurance Commission Workers' Compensation Fund	
Jobs Investment Trust	
West Virginia Lottery	
Parkways Authority	
WV College Prepaid Tuition and Smart 529 Savings Program	
Public Defender Corporations (18)	
Racing Commission	
Regional Jail and Correctional Authority	
School Building Authority	
Solid Waste Management Board	
State Road/Highways	
Tobacco Settlement Finance Authority	
Water Development Authority	
Drinking Water Treatment Revolving Fund (WDA) (loan funds)	
Drinking Water Treatment Revolving Fund (DHHR) (set-aside funds) every three years	
WV Infrastructure & Jobs Development Council	
WV Investment Management Board	
WV State Rail Authority	
Higher Education (18 institutions, including WVNET and Higher Education Policy Commission	
Municipal Pension Oversight Board	