



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

State of West Virginia
Contract

Order Date: 04-06-2023

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 FAR2300000001 1	Procurement Folder:	1162442
Document Name:	State of WV Annual Comprehensive Financial Report (AACFR)	Reason for Modification:	Award of CRFP FAR2300000001
Document Description:	State of WV Annual Comprehensive Financial Report (AACFR)		
Procurement Type:	Central Contract - Fixed Amt		
Buyer Name:	Melissa Pettrey		
Telephone:	(304) 558-0094		
Email:	melissa.k.pettrey@wv.gov		
Shipping Method:	Best Way	Effective Start Date:	2023-04-15
Free on Board:	FOB Dest, Freight Prepaid	Effective End Date:	2024-04-14

VENDOR				DEPARTMENT CONTACT	
Vendor Customer Code:		000000177557		Requestor Name:	David W Mullins
ERNST & YOUNG LLP				Requestor Phone:	(304) 558-0076
500 VIRGINIA ST E				Requestor Email:	dave.w.mullins@wv.gov
CHARLESTON		WV	25301-2164		
US					
Vendor Contact Phone:		304-343-8971	Extension:		
Discount Details:					
	Discount Allowed	Discount Percentage	Discount Days		
#1	No	0.0000	0		
#2	Not Entered				
#3	Not Entered				
#4	Not Entered				

23

FILE LOCATION _____

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

Total Order Amount: \$1,777,000.00

Purchasing Division's File Copy

ENTERED

PURCHASING DIVISION AUTHORIZATION DATE: 4/11/23 ELECTRONIC SIGNATURE ON FILE	ATTORNEY GENERAL APPROVAL AS TO FORM DATE: 4/14/2023 ELECTRONIC SIGNATURE ON FILE	ENCUMBRANCE CERTIFICATION DATE: 4/14/2023 ELECTRONIC SIGNATURE ON FILE
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Extended Description:

CCT

The Vendor, Ernst and Young LLP, of Charleston, WV, agrees to enter with the agency, the West Virginia Department of Administration, Finance Division , into a contract to provide the Single Audit of the State of West Virginia and the State's Annual Comprehensive Financial Report (AACFR) per the bid requirements, specifications, terms and conditions, Addendum No. 1 dated 02/27/2023 and the vendors proposal dated 03/07/2023, incorporated herein by reference and made a part hereof.

Years 2, 3 and 4 are optional renewals that will be added via change order each year.

Line	Commodity Code	Quantity	Unit	Unit Price	Total Price
1	93151607	0.00000		0.000000	\$1,777,000.00
Service From	Service To	Manufacturer		Model No	
2023-04-15	2024-04-14				

Commodity Line Description: Annual Comprehensive Financial Report (AACFR)

Extended Description:

AUDIT OF STATE (CAFR)
Single Audit, Government auditing services
FY 2023 - See Pricing Page

GENERAL TERMS AND CONDITIONS:

1. CONTRACTUAL AGREEMENT: Issuance of an Award Document signed by the Purchasing Division Director, or his designee, and approved as to form by the Attorney General's office constitutes acceptance by the State of this Contract made by and between the State of West Virginia and the Vendor. Vendor's signature on its bid, or on the Contract if the Contract is not the result of a bid solicitation, signifies Vendor's agreement to be bound by and accept the terms and conditions contained in this Contract.

2. DEFINITIONS: As used in this Solicitation/Contract, the following terms shall have the meanings attributed to them below. Additional definitions may be found in the specifications included with this Solicitation/Contract.

2.1. "Agency" or "Agencies" means the agency, board, commission, or other entity of the State of West Virginia that is identified on the first page of the Solicitation or any other public entity seeking to procure goods or services under this Contract.

2.2. "Bid" or "Proposal" means the vendors submitted response to this solicitation.

2.3. "Contract" means the binding agreement that is entered into between the State and the Vendor to provide the goods or services requested in the Solicitation.

2.4. "Director" means the Director of the West Virginia Department of Administration, Purchasing Division.

2.5. "Purchasing Division" means the West Virginia Department of Administration, Purchasing Division.

2.6. "Award Document" means the document signed by the Agency and the Purchasing Division, and approved as to form by the Attorney General, that identifies the Vendor as the contract holder.

2.7. "Solicitation" means the official notice of an opportunity to supply the State with goods or services that is published by the Purchasing Division.

2.8. "State" means the State of West Virginia and/or any of its agencies, commissions, boards, etc. as context requires.

2.9. "Vendor" or "Vendors" means any entity submitting a bid in response to the Solicitation, the entity that has been selected as the lowest responsible bidder, or the entity that has been awarded the Contract as context requires.

3. CONTRACT TERM; RENEWAL; EXTENSION: The term of this Contract shall be determined in accordance with the category that has been identified as applicable to this Contract below:

☒ **Term Contract**

Initial Contract Term: The Initial Contract Term will be for a period of ONE (1) YEAR. The Initial Contract Term becomes effective on the effective start date listed on the first page of this Contract, identified as the State of West Virginia contract cover page containing the signatures of the Purchasing Division, Attorney General, and Encumbrance clerk (or another page identified as _____), and the Initial Contract Term ends on the effective end date also shown on the first page of this Contract.

Renewal Term: This Contract may be renewed upon the mutual written consent of the Agency, and the Vendor, with approval of the Purchasing Division and the Attorney General's office (Attorney General approval is as to form only). Any request for renewal should be delivered to the Agency and then submitted to the Purchasing Division thirty (30) days prior to the expiration date of the initial contract term or appropriate renewal term. A Contract renewal shall be in accordance with the terms and conditions of the original contract. Unless otherwise specified below, renewal of this Contract is limited to THREE (3) successive one (1) year periods or multiple renewal periods of less than one year, provided that the multiple renewal periods do not exceed the total number of months available in all renewal years combined. Automatic renewal of this Contract is prohibited. Renewals must be approved by the Vendor, Agency, Purchasing Division and Attorney General's office (Attorney General approval is as to form only)

☐ **Alternate Renewal Term** – This contract may be renewed for _____ successive _____ year periods or shorter periods provided that they do not exceed the total number of months contained in all available renewals. Automatic renewal of this Contract is prohibited. Renewals must be approved by the Vendor, Agency, Purchasing Division and Attorney General's office (Attorney General approval is as to form only)

Delivery Order Limitations: In the event that this contract permits delivery orders, a delivery order may only be issued during the time this Contract is in effect. Any delivery order issued within one year of the expiration of this Contract shall be effective for one year from the date the delivery order is issued. No delivery order may be extended beyond one year after this Contract has expired.

☐ **Fixed Period Contract:** This Contract becomes effective upon Vendor's receipt of the notice to proceed and must be completed within _____ days.

☐ **Fixed Period Contract with Renewals:** This Contract becomes effective upon Vendor's receipt of the notice to proceed and part of the Contract more fully described in the attached specifications must be completed within _____ days. Upon completion of the work covered by the preceding sentence, the vendor agrees that:

☐ the contract will continue for _____ years;

☐ the contract may be renewed for _____ successive _____ year periods or shorter periods provided that they do not exceed the total number of months contained in all available renewals. Automatic renewal of this Contract is prohibited. Renewals must be approved by the Vendor, Agency, Purchasing Division and Attorney General's Office (Attorney General approval is as to form only).

☐ **One-Time Purchase:** The term of this Contract shall run from the issuance of the Award Document until all of the goods contracted for have been delivered, but in no event will this Contract extend for more than one fiscal year.

☐ **Construction/Project Oversight:** This Contract becomes effective on the effective start date listed on the first page of this Contract, identified as the State of West Virginia contract cover page containing the signatures of the Purchasing Division, Attorney General, and Encumbrance clerk (or another page identified as _____), and continues until the project for which the vendor is providing oversight is complete.

☐ **Other:** Contract Term specified in _____

4. AUTHORITY TO PROCEED: Vendor is authorized to begin performance of this contract on the date of encumbrance listed on the front page of the Award Document unless either the box for "Fixed Period Contract" or "Fixed Period Contract with Renewals" has been checked in Section 3 above. If either "Fixed Period Contract" or "Fixed Period Contract with Renewals" has been checked, Vendor must not begin work until it receives a separate notice to proceed from the State. The notice to proceed will then be incorporated into the Contract via change order to memorialize the official date that work commenced.

5. QUANTITIES: The quantities required under this Contract shall be determined in accordance with the category that has been identified as applicable to this Contract below.

☐ **Open End Contract:** Quantities listed in this Solicitation/Award Document are approximations only, based on estimates supplied by the Agency. It is understood and agreed that the Contract shall cover the quantities actually ordered for delivery during the term of the Contract, whether more or less than the quantities shown.

☒ **Service:** The scope of the service to be provided will be more clearly defined in the specifications included herewith.

☐ **Combined Service and Goods:** The scope of the service and deliverable goods to be provided will be more clearly defined in the specifications included herewith.

☐ **One-Time Purchase:** This Contract is for the purchase of a set quantity of goods that are identified in the specifications included herewith. Once those items have been delivered, no additional goods may be procured under this Contract without an appropriate change order approved by the Vendor, Agency, Purchasing Division, and Attorney General's office.

☐ **Construction:** This Contract is for construction activity more fully defined in the specifications.

6. EMERGENCY PURCHASES: The Purchasing Division Director may authorize the Agency to purchase goods or services in the open market that Vendor would otherwise provide under this Contract if those goods or services are for immediate or expedited delivery in an emergency. Emergencies shall include, but are not limited to, delays in transportation or an unanticipated increase in the volume of work. An emergency purchase in the open market, approved by the Purchasing Division Director, shall not constitute a breach of this Contract and shall not entitle the Vendor to any form of compensation or damages. This provision does not excuse the State from fulfilling its obligations under a One-Time Purchase contract.

7. REQUIRED DOCUMENTS: All of the items checked in this section must be provided to the Purchasing Division by the Vendor as specified:

☐ **LICENSE(S) / CERTIFICATIONS / PERMITS:** In addition to anything required under the Section of the General Terms and Conditions entitled Licensing, the apparent successful Vendor shall furnish proof of the following licenses, certifications, and/or permits upon request and in a form acceptable to the State. The request may be prior to or after contract award at the State's sole discretion.

☐☐☐☐

The apparent successful Vendor shall also furnish proof of any additional licenses or certifications contained in the specifications regardless of whether or not that requirement is listed above.

8. INSURANCE: The apparent successful Vendor shall furnish proof of the insurance identified by a checkmark below prior to Contract award. The insurance coverages identified below must be maintained throughout the life of this contract. Thirty (30) days prior to the expiration of the insurance policies, Vendor shall provide the Agency with proof that the insurance mandated herein has been continued. Vendor must also provide Agency with immediate notice of any changes in its insurance policies, including but not limited to, policy cancelation, policy reduction, or change in insurers. The apparent successful Vendor shall also furnish proof of any additional insurance requirements contained in the specifications prior to Contract award regardless of whether that insurance requirement is listed in this section.

Vendor must maintain:

☒ **Commercial General Liability Insurance** in at least an amount of: \$1,000,000.00 per occurrence.

☐ **Automobile Liability Insurance** in at least an amount of: _____ per occurrence.

☐ **Professional/Malpractice/Errors and Omission Insurance** in at least an amount of: _____ per occurrence. Notwithstanding the forgoing, Vendor's are not required to list the State as an additional insured for this type of policy.

☐ **Commercial Crime and Third Party Fidelity Insurance** in an amount of: _____ per occurrence.

☐ **Cyber Liability Insurance** in an amount of: _____ per occurrence.

☐ **Builders Risk Insurance** in an amount equal to 100% of the amount of the Contract.

☐ **Pollution Insurance** in an amount of: _____ per occurrence.

☐ **Aircraft Liability** in an amount of: _____ per occurrence.

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9. WORKERS' COMPENSATION INSURANCE: Vendor shall comply with laws relating to workers compensation, shall maintain workers' compensation insurance when required, and shall furnish proof of workers' compensation insurance upon request.

10. VENUE: All legal actions for damages brought by Vendor against the State shall be brought in the West Virginia Claims Commission. Other causes of action must be brought in the West Virginia court authorized by statute to exercise jurisdiction over it.

11. LIQUIDATED DAMAGES: This clause shall in no way be considered exclusive and shall not limit the State or Agency's right to pursue any other available remedy. Vendor shall pay liquidated damages in the amount specified below or as described in the specifications:

☐ _____ for _____.

☐ Liquidated Damages Contained in the Specifications.

☒ Liquidated Damages Are Not Included in this Contract.

12. ACCEPTANCE: Vendor's signature on its bid, or on the certification and signature page, constitutes an offer to the State that cannot be unilaterally withdrawn, signifies that the product or service proposed by vendor meets the mandatory requirements contained in the Solicitation for that product or service, unless otherwise indicated, and signifies acceptance of the terms and conditions contained in the Solicitation unless otherwise indicated.

13. PRICING: The pricing set forth herein is firm for the life of the Contract, unless specified elsewhere within this Solicitation/Contract by the State. A Vendor's inclusion of price adjustment provisions in its bid, without an express authorization from the State in the Solicitation to do so, may result in bid disqualification. Notwithstanding the foregoing, Vendor must extend any publicly advertised sale price to the State and invoice at the lower of the contract price or the publicly advertised sale price.

14. PAYMENT IN ARREARS: Payments for goods/services will be made in arrears only upon receipt of a proper invoice, detailing the goods/services provided or receipt of the goods/services, whichever is later. Notwithstanding the foregoing, payments for software maintenance, licenses, or subscriptions may be paid annually in advance.

15. PAYMENT METHODS: Vendor must accept payment by electronic funds transfer and P-Card. (The State of West Virginia's Purchasing Card program, administered under contract by a banking institution, processes payment for goods and services through state designated credit cards.)

16. TAXES: The Vendor shall pay any applicable sales, use, personal property or any other taxes arising out of this Contract and the transactions contemplated thereby. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.

17. ADDITIONAL FEES: Vendor is not permitted to charge additional fees or assess additional charges that were not either expressly provided for in the solicitation published by the State of West Virginia, included in the Contract, or included in the unit price or lump sum bid amount that Vendor is required by the solicitation to provide. Including such fees or charges as notes to the solicitation may result in rejection of vendor's bid. Requesting such fees or charges be paid after the contract has been awarded may result in cancellation of the contract.

18. FUNDING: This Contract shall continue for the term stated herein, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise made available, this Contract becomes void and of no effect beginning on July 1 of the fiscal year for which funding has not been appropriated or otherwise made available. If that occurs, the State may notify the Vendor that an alternative source of funding has been obtained and thereby avoid the automatic termination. Non-appropriation or non-funding shall not be considered an event of default.

19. CANCELLATION: The Purchasing Division Director reserves the right to cancel this Contract immediately upon written notice to the vendor if the materials or workmanship supplied do not conform to the specifications contained in the Contract. The Purchasing Division Director may also cancel any purchase or Contract upon 30 days written notice to the Vendor in accordance with West Virginia Code of State Rules § 148-1-5.2.b.

20. TIME: Time is of the essence regarding all matters of time and performance in this Contract.

21. APPLICABLE LAW: This Contract is governed by and interpreted under West Virginia law without giving effect to its choice of law principles. Any information provided in specification manuals, or any other source, verbal or written, which contradicts or violates the West Virginia Constitution, West Virginia Code, or West Virginia Code of State Rules is void and of no effect.

22. COMPLIANCE WITH LAWS: Vendor shall comply with all applicable federal, state, and local laws, regulations and ordinances. By submitting a bid, Vendor acknowledges that it has reviewed, understands, and will comply with all applicable laws, regulations, and ordinances.

SUBCONTRACTOR COMPLIANCE: Vendor shall notify all subcontractors providing commodities or services related to this Contract that as subcontractors, they too are required to comply with all applicable laws, regulations, and ordinances. Notification under this provision must occur prior to the performance of any work under the contract by the subcontractor.

23. ARBITRATION: Any references made to arbitration contained in this Contract, Vendor's bid, or in any American Institute of Architects documents pertaining to this Contract are hereby deleted, void, and of no effect.

24. MODIFICATIONS: This writing is the parties' final expression of intent.

Notwithstanding anything contained in this Contract to the contrary no modification of this Contract shall be binding without mutual written consent of the Agency, and the Vendor, with approval of the Purchasing Division and the Attorney General's office (Attorney General approval is as to form only). Any change to existing contracts that adds work or changes contract cost, and were not included in the original contract, must be approved by the Purchasing Division and the Attorney General's Office (as to form) prior to the implementation of the change or commencement of work affected by the change.

25. WAIVER: The failure of either party to insist upon a strict performance of any of the terms or provision of this Contract, or to exercise any option, right, or remedy herein contained, shall not be construed as a waiver or a relinquishment for the future of such term, provision, option, right, or remedy, but the same shall continue in full force and effect. Any waiver must be expressly stated in writing and signed by the waiving party.

26. SUBSEQUENT FORMS: The terms and conditions contained in this Contract shall supersede any and all subsequent terms and conditions which may appear on any form documents submitted by Vendor to the Agency or Purchasing Division such as price lists, order forms, invoices, sales agreements, or maintenance agreements, and includes internet websites or other electronic documents. Acceptance or use of Vendor's forms does not constitute acceptance of the terms and conditions contained thereon.

27. ASSIGNMENT: Neither this Contract nor any monies due, or to become due hereunder, may be assigned by the Vendor without the express written consent of the Agency, the Purchasing Division, the Attorney General's office (as to form only), and any other government agency or office that may be required to approve such assignments.

28. WARRANTY: The Vendor expressly warrants that the goods and/or services covered by this Contract will: (a) conform to the specifications, drawings, samples, or other description furnished or specified by the Agency; (b) be merchantable and fit for the purpose intended; and (c) be free from defect in material and workmanship.

29. STATE EMPLOYEES: State employees are not permitted to utilize this Contract for personal use and the Vendor is prohibited from permitting or facilitating the same.

30. PRIVACY, SECURITY, AND CONFIDENTIALITY: The Vendor agrees that it will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the Agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the Agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/default.html>.

31. YOUR SUBMISSION IS A PUBLIC DOCUMENT: Vendor's entire response to the Solicitation and the resulting Contract are public documents. As public documents, they will be disclosed to the public following the bid/proposal opening or award of the contract, as required by the competitive bidding laws of West Virginia Code §§ 5A-3-1 et seq., 5-22-1 et seq., and 5G-1-1 et seq. and the Freedom of Information Act West Virginia Code §§ 29B-1-1 et seq.

DO NOT SUBMIT MATERIAL YOU CONSIDER TO BE CONFIDENTIAL, A TRADE SECRET, OR OTHERWISE NOT SUBJECT TO PUBLIC DISCLOSURE.

Submission of any bid, proposal, or other document to the Purchasing Division constitutes your explicit consent to the subsequent public disclosure of the bid, proposal, or document. The Purchasing Division will disclose any document labeled "confidential," "proprietary," "trade secret," "private," or labeled with any other claim against public disclosure of the documents, to include any "trade secrets" as defined by West Virginia Code § 47-22-1 et seq. All submissions are subject to public disclosure without notice.

32. LICENSING: In accordance with West Virginia Code of State Rules § 148-1-6.1.e, Vendor must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, West Virginia Insurance Commission, or any other state agency or political subdivision. Obligations related to political subdivisions may include, but are not limited to, business licensing, business and occupation taxes, inspection compliance, permitting, etc. Upon request, the Vendor must provide all necessary releases to obtain information to enable the Purchasing Division Director or the Agency to verify that the Vendor is licensed and in good standing with the above entities.

SUBCONTRACTOR COMPLIANCE: Vendor shall notify all subcontractors providing commodities or services related to this Contract that as subcontractors, they too are required to be licensed, in good standing, and up-to-date on all state and local obligations as described in this section. Obligations related to political subdivisions may include, but are not limited to, business licensing, business and occupation taxes, inspection compliance, permitting, etc. Notification under this provision must occur prior to the performance of any work under the contract by the subcontractor.

33. ANTITRUST: In submitting a bid to, signing a contract with, or accepting a Award Document from any agency of the State of West Virginia, the Vendor agrees to convey, sell, assign, or transfer to the State of West Virginia all rights, title, and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to Vendor.

34. VENDOR NON-CONFLICT: Neither Vendor nor its representatives are permitted to have any interest, nor shall they acquire any interest, direct or indirect, which would compromise the performance of its services hereunder. Any such interests shall be promptly presented in detail to the Agency.

Revised 11/1/2022

35. VENDOR RELATIONSHIP: The relationship of the Vendor to the State shall be that of an independent contractor and no principal-agent relationship or employer-employee relationship is contemplated or created by this Contract. The Vendor as an independent contractor is solely liable for the acts and omissions of its employees and agents. Vendor shall be responsible for selecting, supervising, and compensating any and all individuals employed pursuant to the terms of this Solicitation and resulting contract. Neither the Vendor, nor any employees or subcontractors of the Vendor, shall be deemed to be employees of the State for any purpose whatsoever. Vendor shall be exclusively responsible for payment of employees and contractors for all wages and salaries, taxes, withholding payments, penalties, fees, fringe benefits, professional liability insurance premiums, contributions to insurance and pension, or other deferred compensation plans, including but not limited to, Workers' Compensation and Social Security obligations, licensing fees, etc. and the filing of all necessary documents, forms, and returns pertinent to all of the foregoing.

Vendor shall hold harmless the State, and shall provide the State and Agency with a defense against any and all claims including, but not limited to, the foregoing payments, withholdings, contributions, taxes, Social Security taxes, and employer income tax returns.

36. INDEMNIFICATION: The Vendor agrees to indemnify, defend, and hold harmless the State and the Agency, their officers, and employees from and against: (1) Any claims or losses for services rendered by any subcontractor, person, or firm performing or supplying services, materials, or supplies in connection with the performance of the Contract; (2) Any claims or losses resulting to any person or entity injured or damaged by the Vendor, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use, or disposition of any data used under the Contract in a manner not authorized by the Contract, or by Federal or State statutes or regulations; and (3) Any failure of the Vendor, its officers, employees, or subcontractors to observe State and Federal laws including, but not limited to, labor and wage and hour laws.

37. NO DEBT CERTIFICATION: In accordance with West Virginia Code §§ 5A-3-10a and 5-22-1(i), the State is prohibited from awarding a contract to any bidder that owes a debt to the State or a political subdivision of the State. By submitting a bid, or entering into a contract with the State, Vendor is affirming that (1) for construction contracts, the Vendor is not in default on any monetary obligation owed to the state or a political subdivision of the state, and (2) for all other contracts, neither the Vendor nor any related party owe a debt as defined above, and neither the Vendor nor any related party are in employer default as defined in the statute cited above unless the debt or employer default is permitted under the statute.

38. CONFLICT OF INTEREST: Vendor, its officers or members or employees, shall not presently have or acquire an interest, direct or indirect, which would conflict with or compromise the performance of its obligations hereunder. Vendor shall periodically inquire of its officers, members and employees to ensure that a conflict of interest does not arise. Any conflict of interest discovered shall be promptly presented in detail to the Agency.

39. REPORTS: Vendor shall provide the Agency and/or the Purchasing Division with the following reports identified by a checked box below:

☒ Such reports as the Agency and/or the Purchasing Division may request. Requested reports may include, but are not limited to, quantities purchased, agencies utilizing the contract, total contract expenditures by agency, etc.

☐ Quarterly reports detailing the total quantity of purchases in units and dollars, along with a listing of purchases by agency. Quarterly reports should be delivered to the Purchasing Division via email at purchasing.division@wv.gov.

40. BACKGROUND CHECK: In accordance with W. Va. Code § 15-2D-3, the State reserves the right to prohibit a service provider's employees from accessing sensitive or critical information or to be present at the Capitol complex based upon results addressed from a criminal background check. Service providers should contact the West Virginia Division of Protective Services by phone at (304) 558-9911 for more information.

41. PREFERENCE FOR USE OF DOMESTIC STEEL PRODUCTS: Except when authorized by the Director of the Purchasing Division pursuant to W. Va. Code § 5A-3-56, no contractor may use or supply steel products for a State Contract Project other than those steel products made in the United States. A contractor who uses steel products in violation of this section may be subject to civil penalties pursuant to W. Va. Code § 5A-3-56. As used in this section:

- a. "State Contract Project" means any erection or construction of, or any addition to, alteration of or other improvement to any building or structure, including, but not limited to, roads or highways, or the installation of any heating or cooling or ventilating plants or other equipment, or the supply of and materials for such projects, pursuant to a contract with the State of West Virginia for which bids were solicited on or after June 6, 2001.
- b. "Steel Products" means products rolled, formed, shaped, drawn, extruded, forged, cast, fabricated or otherwise similarly processed, or processed by a combination of two or more or such operations, from steel made by the open hearth, basic oxygen, electric furnace, Bessemer or other steel making process.
- c. The Purchasing Division Director may, in writing, authorize the use of foreign steel products if:
 1. The cost for each contract item used does not exceed one tenth of one percent (.1%) of the total contract cost or two thousand five hundred dollars (\$2,500.00), whichever is greater. For the purposes of this section, the cost is the value of the steel product as delivered to the project; or
 2. The Director of the Purchasing Division determines that specified steel materials are not produced in the United States in sufficient quantity or otherwise are not reasonably available to meet contract requirements.

42. PREFERENCE FOR USE OF DOMESTIC ALUMINUM, GLASS, AND STEEL: In Accordance with W. Va. Code § 5-19-1 et seq., and W. Va. CSR § 148-10-1 et seq., for every contract or subcontract, subject to the limitations contained herein, for the construction, reconstruction, alteration, repair, improvement or maintenance of public works or for the purchase of any item of machinery or equipment to be used at sites of public works, only domestic aluminum, glass or steel products shall be supplied unless the spending officer determines, in writing, after the receipt of offers or bids, (1) that the cost of domestic aluminum, glass or steel products is unreasonable or inconsistent with the public interest of the State of West Virginia, (2) that domestic aluminum, glass or steel products are not produced in sufficient quantities to meet the contract requirements, or (3) the available domestic aluminum, glass, or steel do not meet the contract specifications. This provision only applies to public works contracts awarded in an amount more than fifty thousand dollars (\$50,000) or public works contracts that require more than ten thousand pounds of steel products.

The cost of domestic aluminum, glass, or steel products may be unreasonable if the cost is more than twenty percent (20%) of the bid or offered price for foreign made aluminum, glass, or steel products. If the domestic aluminum, glass or steel products to be supplied or produced in a “substantial labor surplus area”, as defined by the United States Department of Labor, the cost of domestic aluminum, glass, or steel products may be unreasonable if the cost is more than thirty percent (30%) of the bid or offered price for foreign made aluminum, glass, or steel products. This preference shall be applied to an item of machinery or equipment, as indicated above, when the item is a single unit of equipment or machinery manufactured primarily of aluminum, glass or steel, is part of a public works contract and has the sole purpose or of being a permanent part of a single public works project. This provision does not apply to equipment or machinery purchased by a spending unit for use by that spending unit and not as part of a single public works project.

All bids and offers including domestic aluminum, glass or steel products that exceed bid or offer prices including foreign aluminum, glass or steel products after application of the preferences provided in this provision may be reduced to a price equal to or lower than the lowest bid or offer price for foreign aluminum, glass or steel products plus the applicable preference. If the reduced bid or offer prices are made in writing and supersede the prior bid or offer prices, all bids or offers, including the reduced bid or offer prices, will be reevaluated in accordance with this rule.

43. INTERESTED PARTY SUPPLEMENTAL DISCLOSURE: W. Va. Code § 6D-1-2 requires that for contracts with an actual or estimated value of at least \$1 million, the Vendor must submit to the Agency a disclosure of interested parties prior to beginning work under this Contract. Additionally, the Vendor must submit a supplemental disclosure of interested parties reflecting any new or differing interested parties to the contract, which were not included in the original pre-work interested party disclosure, within 30 days following the completion or termination of the contract. A copy of that form is included with this solicitation or can be obtained from the WV Ethics Commission. This requirement does not apply to publicly traded companies listed on a national or international stock exchange. A more detailed definition of interested parties can be obtained from the form referenced above.

44. PROHIBITION AGAINST USED OR REFURBISHED: Unless expressly permitted in the solicitation published by the State, Vendor must provide new, unused commodities, and is prohibited from supplying used or refurbished commodities, in fulfilling its responsibilities under this Contract.

45. VOID CONTRACT CLAUSES: This Contract is subject to the provisions of West Virginia Code § 5A-3-62, which automatically voids certain contract clauses that violate State law.

46. ISRAEL BOYCOTT: Bidder understands and agrees that, pursuant to W. Va. Code § 5A-3-63, it is prohibited from engaging in a boycott of Israel during the term of this contract.

DESIGNATED CONTACT: Vendor appoints the individual identified in this Section as the Contract Administrator and the initial point of contact for matters relating to this Contract.

(Printed Name and Title) Susan P. Wheeler, Partner

(Address) 900 United Center, 500 Virginia Street East, Charleston, WV 25301

(Phone Number) / (Fax Number) +1 304 357 5974

(Email address) susan.wheeler@ey.com

CERTIFICATION AND SIGNATURE: By signing below, or submitting documentation through wvOASIS, I certify that: I have reviewed this Solicitation/Contract in its entirety; that I understand the requirements, terms and conditions, and other information contained herein; that this bid, offer or proposal constitutes an offer to the State that cannot be unilaterally withdrawn; that the product or service proposed meets the mandatory requirements contained in the Solicitation/Contract for that product or service, unless otherwise stated herein; that the Vendor accepts the terms and conditions contained in the Solicitation, unless otherwise stated herein; that I am submitting this bid, offer or proposal for review and consideration; that this bid or offer was made without prior understanding, agreement, or connection with any entity submitting a bid or offer for the same material, supplies, equipment or services; that this bid or offer is in all respects fair and without collusion or fraud; that this Contract is accepted or entered into without any prior understanding, agreement, or connection to any other entity that could be considered a violation of law; that I am authorized by the Vendor to execute and submit this bid, offer, or proposal, or any documents related thereto on Vendor's behalf; that I am authorized to bind the vendor in a contractual relationship; and that to the best of my knowledge, the vendor has properly registered with any State agency that may require registration.

By signing below, I further certify that I understand this Contract is subject to the provisions of West Virginia Code § 5A-3-62, which automatically voids certain contract clauses that violate State law; and that pursuant to W. Va. Code 5A-3-63, the entity entering into this contract is prohibited from engaging in a boycott against Israel.

Ernst &Young LLP

(Company)

(Signature of Authorized Representative)

Susan P. Wheeler, Partner

March 7, 2023

(Printed Name and Title of Authorized Representative) (Date)

+1 304 357 5974

+1 304 357 5994

(Phone Number) (Fax Number)

susan.wheeler@ey.com

(Email Address)

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SECTION 4: PROJECT SPECIFICATIONS

4.1 Background and Current Operating Environment: The services to be provided under this contract are for a Statewide Single Audit of the State of West Virginia, which requires both a financial and a compliance audit. Those services must include the determination and report whether the Basic Financial Statements in the State's ACFR present fairly the financial position and results of financial operations in accordance with GAAP. There will be two deliverables, the ACFR and the Statewide Single Audit.

The State has completed a ACFR since 1992, through the efforts of the Financial Accounting and Reporting Section (FARS). Since the 1995 ACFR, the State has been awarded the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting. To produce the ACFR, FARS gathers information from all State agencies, accounts, departments, boards, and commissions.

West Virginia has filed all previous Single Audit reports with the federal government for fiscal years 1986-2021. The FY 2022 Single Audit is scheduled to be submitted by January 31. The State has established a good working relationship with the Department of Health and Human Services, the federal cognizant agency for West Virginia's Single Audit.

Federal Financial Assistance: The fiscal year 2022 Schedule of Expenditures of Federal Awards (SEFA) identifies more than 493 individual awards, with 22 Type A programs. These grants were received from 27 different federal grantor agencies. Included in the SEFA is the Student Financial Aid (SFA) program at the colleges and universities. Three higher education institutions have research corporations which obtain federal grants for the benefit of the institutions. The scope of this RFP will not include audits of these research corporations.

Chief Inspector's Office of the West Virginia State Auditor's Office: The State Auditor's Office is responsible for conducting or subcontracting audits of local governments. Many State agencies provide grants to sub-recipients. The Chief Inspector Division has controls and procedures in place that are designed to ensure local governments (sub-recipients) which are subject to the A-133 and Uniform Guidance audit requirements have Single Audits performed timely for submission and review by the grantor agency. The potential exists for certain agencies to not be within the requirements of their grants. The Chief Inspector's Office had its last peer review performed by the National State Auditors' Association on October 8, 2021. The opinion is available at the Chief Inspector's web site: <http://www.wvsao.gov/ChiefInspector>. The letter is under the Advisory Memorandums section: "Quality Control Review Opinion Letter."

Financial Reporting Entity: West Virginia has approximately 100 State agencies of varying size and structural organization. Its agencies receive their funding from a combination of fees and annual appropriations of the West Virginia Legislature. The State's most significant sources of revenues in the governmental funds are federal grants, personal income tax, and consumer sales and use tax.

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The annual general revenue budget of the State is approximately \$4.636 billion. The majority of the State's general revenue budget is dedicated to Education.

The State of West Virginia has an executive branch of government that is structured to maintain separation of powers and responsibilities. The elected state officials are the Governor, State Auditor, Attorney General, Commissioner of Agriculture, State Treasurer, and Secretary of State. The legislative branch also operates a legislative auditor's office with accounting and audit responsibilities that are set forth in the West Virginia Code. These audit responsibilities do not overlap or duplicate the Single Audit.

There are several component units of State government which have been identified in accordance with GASB Statement No. 14, No. 61, and No. 80. The majority of these component units and the enterprise funds presently have independent GAAP audits of their operations on an annual basis. The Single Audit firm is expected to rely on the stand-alone financial statement audits to the greatest extent possible. These audit reports are required to be issued each year in a timeframe established by the Financial Accounting and Reporting Section of the Department of Administration. See Attachment D for a list of entities which are audited on a stand-alone basis.

State Finance Division:

The State Finance Division is responsible for issuing the State's ACFR and ensuring that the basic financial statements of the State are audited annually by an independent certified public accounting firm. Additionally, the Finance Division is responsible for maintaining the State's financial records in accordance with GAAP along with maintaining the official chart of accounts of the State, the centralized accounting system of the State, and statewide accounting policies and procedures. The Finance Division is also responsible for ensuring the State's component units submit financial statements, audited by independent certified public accountants, in the form and time frames necessary for inclusion in the State's ACFR.

wvOASIS

The State of West Virginia's centralized accounting system is known as wvOASIS or Our Advanced Solution with Integrated Systems. The first phase of wvOASIS was implemented August 2013. To date, all phases have successfully rolled.

The wvOASIS system is an integrated system which includes budget, human resources, payroll, procurement, financial and treasury management, and transportation operations. The system provides management with on-line "real time" critical information. wvOASIS has approximately 1,800 active funds in which the State tracks postings for all transactions. wvOASIS also has approximately 3,300 revenue and sub-revenue accounts and 1,900 expenditure accounts in which activity is recorded. In 2022, approximately, 2.3 million disbursements, 233,000 purchase card transactions and 4,400 intergovernmental transfers were processed.

As part of the audit, a SOC (System and Organization Controls) audit is not required for the Office of Technology only general control testing will need to be performed. However, a SOC audit report for the wvOASIS system will be required.

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The vendor that the State uses for time and leave is Kronos (UKG). For fiscal years 2021 and prior, a SOC report was given to us by Kronos (which was commissioned by and paid for by Kronos) by December 1 of each year. Due to a data breach at Kronos, for fiscal year 2022, the report was issued but excluded several months in the fiscal year. Management has decided, in light of these events, that December 1 is too late to wait for the report and if there are conditions in the report that are adverse, it leaves little time to do additional audit work. While there may be a SOC audit performed by Kronos it will not be relied upon for this audit. **Going forward, the cost of auditing the system and its controls must be included in the inclusive ACFR price.**

GAAP Basis Financial Data:

The Department of Revenue, State Budget Office, maintains responsibility for the budget process.

The Department of Administration maintains responsibility for the encumbrance accounting, purchasing rules and regulations, fixed asset accounting, hiring and classification of employees, spending controls, and preparation of GAAP basis financial statements.

The data available with respect to cash, investments, and accounts payable is centralized within wvOASIS.

With the implementation of wvOASIS, State agencies now have access to a centralized accounts receivable module. Currently only the Enterprise Readiness Board and Department of Highways are using this functionality. Each are using the module for various activity.

Annually, each State agency is required to report litigation and claims to FARS. This information is compiled, and a list is sent to the Attorney General's Office and approximately 10 other attorneys representing other State agencies. The Attorney General and other attorneys then review the lists of litigation and claims. The attorneys respond directly to the audit firm as part of the confirmation process.

The State of West Virginia does not have a statewide internal audit function. Various agencies of government have an internal audit staff, which may be available to assist the external audit firm.

The State provides a retirement program for its employees and employees of local governmental units, including school boards. These retirement programs are administered through the Consolidated Public Retirement Board (CPRB), 4101 MacCorkle Ave. S.E, Charleston, WV. CPRB is audited separately.

Department of Transportation (DOT):

The Department of Highways within the DOT is required by the WV Constitution to be audited through the Legislative Auditor's Office and will continue to be separately audited. Also, the Railroad Maintenance Authority (WV State Rail) and the Parkways Authority both require separately audited financial statements, which are produced by the entities themselves. The remaining divisions under DOT, Public Transit, Public Port Authority, Aeronautics Commission, Motor Vehicles, and Office of Administrative Hearings will be included in this contract.

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AACFR:

The State has completed a AACFR every year since 1992. FARS is primarily responsible for the preparation of the AACFR. Information reported in the AACFR comes from a variety of sources. The State has approximately 27 component units and enterprise funds which are required to submit GAAP basis audited financial statements to FARS. For funds which are not audited on a stand-alone basis, working papers are prepared from information gathered in the form of "closing books." For the 2022 AACFR, FARS used 20 closing forms that are completed by approximately 60 State agencies. The following is a list of working papers prepared from closing book information or other sources.

Cash - Outside	Other Assets
Accounts Receivable	Claims & Judgments
Inventory	Compensated Absences
Other Liabilities	Right to Use Leases
Custodial Funds	Transfers
Taxes Receivable	Investments
Financing Leases	Accounts Payable
IGT's Receivable	Budget to Actual Schedule
Medicaid Accrual	Budget to GAAP
Due To/From Federal Government	General Fund Opening Balances
Due To/From Local Government	Internal Service Funds (4 unaudited)
Statistical Section	Long-Term Debt - Bonds
Capital Assets (10 work papers)	Claims and Judgments
Tax Refunds Payable	Funds without Financial Statements
Summary of Significant Accounting Policies	Management Discussion & Analysis
Deposit & Investment Risk Disclosure	OPEB
Restricted Assets	Fund Equity (Changes in)
Retirement Systems	Lease Purchase Accounts (16)
Subsequent Events	Multi-year revenue
Pollution Remediation	School Construction Fund
Dept. of Transportation (not Highways)	GASB 34 Reconciliations
GASB 54 Reconciliation	Right to Use Software

All working papers are centrally located in the library of FARS. Working papers consist of closing book information from various State agencies, copies of audited financial statements from component units, information used to prepare the footnote disclosures, and other required statements. Detailed budgetary basis activity for the year as recorded in wvOASIS is summarized for entry into theCAFR2000, a PC-based reporting tool, which produces the financial statements. Work sheets from CAFR2000 are printed, which document the adjustments made by FARS.

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State Auditor's Office (SAO):

The West Virginia State Auditor is a separate elected official. The SAO reviews and examines all disbursements, including vendor and payroll checks of the State of West Virginia. The SAO operates a budgetary fund accounting system on a modified cash basis.

The individual State agencies enter transactions on wvOASIS. Transactions are then processed and approved by the State Auditor for payment. The SAO maintains supporting documentation (some scanned and some paper) centrally in its office.

The State has approximately 40,800 employees who are paid by the Auditor's Office through the payroll module within wvOASIS. WVU and Marshall both process their payroll within their own systems and interface the information into wvOASIS. Currently, WVU has approximately 14,700 and Marshall has 2,100 active employees and 3,400 temporary employees.

Investments: The State Treasurer's Office (STO), Board of Treasury Investments (BTI), and the Investment Management Board (IMB) have the responsibility for the investment of funds for all State agencies, departments, boards, and commissions, unless otherwise specified in the West Virginia Code. The STO has the responsibility for the cash management of funds for all State agencies, departments, boards, and commissions unless otherwise specified in the West Virginia Code.

State Treasurer's Office:

The STO provides check depository services for State agencies. Agencies that are not located in the Capitol Complex are required to deposit their checks at an approved State depository. The checks and coupons are batched together and processed through transports to capture the data. Deposit documents are entered, modified, and completed in the general ledger. Both the STO and the Tax Department prepare cash letter deposits on a daily basis. Currently, the STO prepares an Image Cash Letter (ICL) that is transmitted directly to the Federal Reserve in Cleveland through a secure internet connection. The Federal Reserve reports the daily deposit amount from the ICL to the State's clearing bank.

Checks written to and sent directly to the WV Tax Department are presented for daily processing directly to the Federal Reserve Bank via Image Cash Letter (ICL). The Tax Department remittance processing system electronically endorses and MICR-encodes the amount of each check. The checks are imaged for transmission and presented to the Federal Reserve Bank via Image Cash Letter (ICL) on a daily basis. The State's clearing bank receives the cash letter amount where funds are posted to a receipt account owned by the State Treasurer's Office. The images are maintained by the Tax Department. The Federal Reserve Bank provides a daily account balance with debit and credit adjustments through an online application. This information is used for the daily cash management of the account.

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Cash and checks deposited into banks throughout the State are concentrated into the STO's main receipt account, either by wire transfer or through automated clearing house transactions. The STO is responsible for reconciling all receipt and disbursement of bank accounts. Approximately 46 bank accounts are reconciled monthly. The banking records are tracked through the banking ledgers in wvOASIS. All supporting documents are located at the STO.

The STO monitors all bank account balances to ensure that the bank has pledged sufficient collateral to cover all deposits held by the bank. The STO approves all imprest funds and outside bank accounts used by State agencies. An outside bank account may be used by a State agency to deposit those funds not due the State of West Virginia, e.g., direct student loans.

The STO is responsible for the administration of the Federal Cash Management Improvement Act. The STO performs all calculations required by the Cash Management Improvement Act and submits each annual report calculating the State's liability to the US Treasury.

The STO prepares a quarterly and annual debt management report, which is used in the preparation of the State's ACFR.

Investment Management Board (IMB):

The IMB is responsible for the State's long-term investments including various pension assets, insurance assets, and endowment assets. The total value of the assets under the IMB's authority was \$22.7 billion on June 30, 2022. The IMB has engaged professional investment managers who exercise full discretionary authority, within the policies established by the IMB, over their assigned investments.

Board of Treasury Investments (BTI):

The BTI is responsible for investing the State's general operating cash, and cash for participating local governments and State agencies. The total value of the assets was under the BTI's authority was \$9.3 billion on June 30, 2022. The BTI has engaged professional investment managers to provide investment advice on all the investment pools except for the participant directed accounts.

Availability of Reports and Working papers: In accordance with Statement on Auditing Standards Number 84, the State intends to request that the predecessor firm respond to reasonable inquiries of the successor auditor and allow access to review working papers on matters of continuing significance. The State's working papers, and copies of audited reports are available upon request.

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4.2 Project Goals and Mandatory Requirements: The firm must meet minimum standards in order to perform and manage and audit of this size. Vendor should describe its approach and methodology to providing the service or solving the problem described by meet the goals/objectives identified below. Vendor's response should include any information about how the proposed approach is superior or inferior to other possible approaches.

4.2.1 Goals and Objectives – The project goals and objectives are listed below.

4.2.1.1 Goal/Objective 1 - Firm with Statewide auditing experience.

4.2.1.2 Goal/Objective 2 - Qualified audit staff and specialists or outside consultants.

4.2.1.3 Goal/Objective 3 - Qualified senior audit staff, including partners, managers, and supervisors.

4.2.1.4 Goal/Objective 4 - Completed ACFR audit by December 15 and Single Audit by January 31.

4.3 Mandatory Project Requirements – The following mandatory requirements relate to the goals and objectives and must be met by the Vendor as a part of its submitted proposal. Vendor should describe how it will comply with the mandatory requirements and include any areas where its proposed solution exceeds the mandatory requirement. Failure to comply with mandatory requirements will lead to disqualification, but the approach/methodology that the vendor uses to comply, and areas where the mandatory requirements are exceeded, will be included in technical scores where appropriate. The mandatory project requirements are listed below.

4.3.1 Time Requirements, Contract Deliverables:

4.3.1.1 Date Services May Commence:

The audits will commence on a date to be mutually agreed upon. Preliminary work before fiscal year-end is encouraged to help ensure that the audit is completed in the time frame established in **Attachment E**.

4.3.1.2 Schedule for the Fiscal Year 2023 Audit:

Each of the following shall be completed by the audit firm no later than the time indicated in the timetable included in **Attachment E**:

4.3.1.2.1 Interim Work: During this phase, the audit firm shall gain a detailed understanding of the controls that exist over expenditures of federal awards and the GAAP basis financial statements.

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4.3.1.2.2 Detailed Audit Plan: The audit firm shall provide detailed audit plans and requests for audit assistance within the time frame specified in **Attachment E**.

4.3.1.2.3 Field Work: The audit firm shall complete all field work within the time frame specified in **Attachment E** in order to ensure that the draft and final reports are delivered as agreed.

4.3.1.2.4 Draft Reports: The audit firm shall have drafts of the audit reports and recommendations to the respective management of the Agency available for their review by the dates specified in **Attachment E**.

4.3.1.2.5 Final Reports: The audit firm shall deliver the final audit reports and recommendations to the respective management of the Agency and other State agencies, where applicable, by the dates specified in **Attachment E**.

4.3.1.2.6 All work under the proposed contract will be under the direction of the Agency. Written reports must be submitted initially in draft form in order that any necessary changes may be discussed and agreed upon before final acceptance. Any public statements which may be required must be discussed with the Agency prior to the statements being made or released.

All requests for extensions of the deadlines for submission of reports must be made in writing to the Chief Financial Officer at least ten (10) working days before the first deadline for which an extension is requested. The request must include:

4.3.1.2.6.1 what deadlines the request applies to.

4.3.1.2.6.2 the new date of submission should the request be granted and the impact the request will have on subsequent report deadlines; and

4.3.1.2.6.3 a concise discussion of the reason(s) for the delay which includes the cause of the delay, what events precipitated that delay, what action was taken to resolve the issues involved without a delay, and likelihood of meeting the new date of submission.

The Chief Financial Officer will either grant or reject the request within ten (10) working days of its receipt, in a written notification to the audit firm.

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4.3.1.3 *Entrance Conferences, Progress Reporting, and Exit Conferences:*

The audit firm shall hold in-person entrance conferences with all key financial accounting personnel to discuss interim work to be performed and any anticipated audit problems. The meetings also will be used to establish an overall liaison for the audits and to make arrangements for workspace and other needs of the audit firm.

During field work, the audit firm will meet at intervals as outlined in Attachment E with the Chief Financial Officer or other designated financial personnel in order to report the progress of its work and identify any problems, issues, and significant findings. The audit firm shall provide the Agency with written minutes of the meeting, including issues discussed and actions to be taken within three (3) working days after the meeting.

The audit firm shall hold exit conferences with the Single Audit Coordinator and other key personnel from each agency in which ACFR and SEFA field work is conducted to summarize the results of their field work and to review significant findings. Agency representatives must be provided an opportunity to respond to the findings in a reasonable time frame in order to correct audit firm's errors or oversights identified by the audit firm, or to provide information that may have been previously unavailable. The meetings should be coordinated with FARS.

4.3.1.4 *Date for Final Reports:*

The audit firm shall provide all reports, findings, recommendations, revisions, management letters, and suggestions for improvement to the Chief Financial Officer.

The Chief Financial Officer will complete the review of the draft reports as expeditiously as possible. It is not expected that this process should exceed one week. During that period, the audit firm should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed audit reports shall be delivered within seven (7) working days, but not later than the final delivery dates specified in **Attachment E**.

4.3.1.5 *Audit Requirements:*

To meet the requirements of this RFP, the audit firm shall perform all audits in accordance with GAAP, Government Auditing Standards, the requirements of OMB Uniform Guidance, and all other applicable regulations and standards.

4.3.1.6 *Reports to Be Issued:*

As required by Federal OMB circular A-133 and Uniform Guidance, the services required by this RFP must include reporting on all of the following:

4.3.1.6.1 Whether the Basic Financial Statements in the State's ACFR present fairly the State's financial position and results of financial operations in conformity with generally accepted accounting principles.

4.3.1.6.2 Whether the SEFA is fairly presented in relation to the basic financial statements.

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4.3.1.6.3 Internal control related to the financial statements and major programs.

4.3.1.6.4 Compliance with laws, regulations and the provisions of contracts or grant agreements, noncompliance with which could have a material effect upon the State's financial statements.

4.3.1.6.5 Compliance with laws, regulations and the provisions of contracts or grant agreements which could have a direct and material effect on each major program.

4.3.1.6.6 Findings and questioned costs.

4.3.1.6.7 The summary of the auditor's results, which includes:

4.3.1.6.7.1 type of report issued on financial statements.

4.3.1.6.7.2 type of report issued on compliance for major programs.

4.3.1.6.7.3 where applicable, a statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses.

4.3.1.6.7.4 where applicable, a statement of reportable conditions in internal control over major programs disclosed by the audit and whether any such conditions were material weaknesses.

4.3.1.6.7.5 a statement as to whether the audit disclosed any audit findings which the auditor is required to report.

4.3.1.6.7.6 an identification of major programs.

4.3.1.6.7.7 the dollar threshold used to distinguish between Type A and Type B programs; and

4.3.1.6.7.8 a statement as to whether the auditee qualified as a low-risk auditee.

4.3.1.6.8 Any irregularities, fraud, or illegal acts. The firm shall be required to give to the Chief Financial Officer under the authority of Section 5A-2-33 of the State Code an immediate, written report of all irregularities and illegal acts of which the firm becomes aware.

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4.3.1.6.9 Any additional requirements under OMB Circular A-133, Uniform Guidance, or future federal OMB circulars that may become effective during this audit contract.

4.3.1.6.10 The firm must inform the Cabinet Secretary of the Department of Administration, the Assistant Cabinet Secretary/Chief Financial Officer of the Department of Administration, and the Acting Director of Finance of each of the following:

4.3.1.6.10.1 The auditor's responsibility under GAAP.

4.3.1.6.10.2 Significant accounting policies.

4.3.1.6.10.3 Management judgments and significant revisions of past and current estimates and projections.

4.3.1.6.10.4 Significant audit adjustments and significant revisions of past and current estimates and projections.

4.3.1.6.10.5 Other information in documents containing audited financial statements or estimates and projections.

4.3.1.6.10.6 Disagreements with management.

4.3.1.6.10.7 Consultation with other accountants and actuaries.

4.3.1.6.10.8 Major issues discussed with management prior to retention.

4.3.1.6.10.9 Difficulties encountered in performing the audit.

4.3.1.6.10.10 Any additional requirements under SAS 61 or any other related requirements that are currently in effect or may become effective during this audit contract.

4.3.2 Assistance to be Provided to the Auditor:

4.3.2.1 *Information and Assistance:* The accounting staff of the Agency and the State agencies as well as management will be available during the audit to assist the audit firm by providing information, documentation, and explanations. The preparation of confirmations will be the responsibility of the audit firm.

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4.3.2.2 *Work Area, Telephone, Photocopying, and Fax Machines:* The Agency will provide the audit firm with reasonable workspace, desks, and chairs. The audit firm will also be provided with access to telephone lines, photocopying facilities, and fax machines. The audit firm will provide the Agency with an estimate of the number of personnel to be assigned to the audit in the detailed audit plan. The audit firm will bear the cost of on-line use of the State's data processing systems for audit tests and will work with the Office of Technology staff on estimating and coordinating that work. Parking will be the responsibility of the audit staff.

4.3.2.3 *Report Preparation:* Final preparation, editing, and printing of the Agency reports, including the ACFR, SEFA, and the summary schedule of prior year audit findings, shall be the responsibility of the Agency.

4.3.3 Working Paper Retention and Access to Working Papers:

4.3.3.1 All working papers and reports must be retained, at the auditor firm's expense, for a minimum of five (5) years after the issuance of all reports, unless the firm is notified in writing by the Agency of the need to extend the retention period. The audit firm will be required to make working papers available, upon request, to the representatives of the federal cognizant agency, other government audit staff, the Government Accountability Office (GAO), and the Agency.

4.3.3.2 In addition, the audit firm shall respond to the reasonable inquiries of successor auditors and allow them to review working papers relating to matters of continuing significance, in accordance with Statement on Auditing Standards Number 84.

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4.4 Qualifications and Experience: Vendor should provide information and documentation regarding its qualifications and experience in providing services or solving problems similar to those requested in this RFP. Information and documentation should include, but is not limited to, copies of any staff certifications or degrees applicable to this project, proposed staffing plans, descriptions of past projects completed (descriptions should include the location of the project, project manager name and contact information, type of project, and what the project goals and objectives were and how they were met.), references for prior projects, and any other information that vendor deems relevant to the items identified as desirable or mandatory below.

4.4.1.1 Qualification and Experience Information: See Attachment B: Vendor Response Sheet.

Vendors will provide in **Attachment B: Vendor Response Sheet** information regarding their firm, such as a list of audits and references that have been completed that demonstrate the ability to manage an audit engagement of this magnitude; list proposed audit staff with their degrees, qualifications, and experience in completing similar projects; describe aspects of the engagement which may require the services of specialists or involve consultation outside the engagement; prior government experience (description of past projects completed entailing the location of the project, project manager name and contact information, type of project, and what the project goals and objectives were and how they were met) including any specific prior experience with West Virginia state government; and continuing education of senior audit staff, partners, managers, and supervisors; describe specific audit work plan including subcontractors, firm's responsibilities under the applicable auditing standards and federal regulations, describe how the firm's approach to this engagement will demonstrate that all requirements are met, and describe any potential problems in performing all services described in this RFP, including the effects of GASB standards, the firm's approach to resolving these problems and any special assistance that will be requested of the Agency or the State agencies.

4.4.2 Mandatory Qualification/Experience Requirements – The following mandatory qualification/experience requirements must be met by the Vendor as a part of its submitted proposal. Vendor should describe how it meets the mandatory requirements and include any areas where it exceeds the mandatory requirements. Failure to comply with mandatory requirements will lead to disqualification, but areas where the mandatory requirements are exceeded will be included in technical scores where appropriate. The mandatory qualifications/experience requirements are listed below.

4.4.2.1 Mandatory Requirement 1 - The firm and any joint proposers or subcontractors must be independent and licensed to practice in West Virginia.

4.4.2.2 Mandatory Requirement 2 – All directors, principals or partner equivalents on the engagement must be licensed CPA's with at least 5 years of audit experience with governmental entities. All manager level employees on this engagement must be CPAs with 3 years of experience on governmental engagements. Once awarded, the Agency must be informed in writing of any changes in staffing at the supervisory level and above. The Agency retains the

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right to approve or reject replacements based upon their qualifications, experience, or performance. This requirement relates to the firm proposing as well as any joint proposers or subcontractors.

4.4.2.3 Mandatory Requirement 3 - The firm and its staff (as well as any joint proposers or subcontractors) must all meet the qualifications to perform audits in accordance with the requirements of the Uniform Guidance.

4.4.2.4 Mandatory Requirement 4 – The firm and any joint proposers or subcontractors must all have experience auditing a minimum of three different State government entities (agencies) over the past 5 years (does not have to be in West Virginia) . The firm (s) **MUST** have audited at least one of the 50 States and must submit a list of those State audits in their proposal. The list of State government entities must be clearly listed on the proposals for the firm and separately for all joint proposers or subcontractors.

4.4.2.5 Mandatory Requirement 5 – All firms, joint proposers, and subcontractors, contracted for any work related to the Single Audit must all have experience performing audits in accordance with the requirements of the Uniform Guidance.

4.4.2.6 Mandatory Requirement 6 – The firm shall submit a copy of one (1) Single Audit and one (1) State ACFR report issued in the last five (5) years performed by the Vendor. The reports must be submitted with the Vendor's proposal.

4.4.2.7 Mandatory Requirement 7 – The firm, joint proposers and subcontractors shall all submit a statement that they have not failed their 2 most recent AICPA Peer Reviews of their audit/accounting practice and submit a copy of its most recent review with their proposal.

4.4.2.8 Mandatory Requirement 8 – The firm, any joint proposers or subcontractors must not have had a final audit issued by the proposing firm that had to be reissued due to material errors or omissions discovered by West Virginia Financial Accounting and Reporting Section or other West Virginia State agency two times or more.

4.4.2.9 Mandatory Requirement 9-The firm, any joint proposers or subcontractors must all provide a statement that they are a member in good standing of the AICPA's Governmental Audit Quality Center.

4.4.2.10 Cost of Services:

Total All-Inclusive Maximum Price:

The cost proposal shall contain all pricing information relative to performing the engagement as described in the RFP, including any work

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necessary to implement any new GASB pronouncements, including but not limited to:

*GASB No. 91 Conduit Debt Obligations

*GASB No. 94 Public-Private and Public-Public Partnerships and Availability Payment Arrangements.

*GASB No. 96 Subscription-Based Information Technology Arrangements

*GASB No. 99 Omnibus 2022

*GASB No. 100 Accounting Changes and Error Corrections

*GASB No. 101 Compensated Absences

The total all-inclusive maximum price to be bid is to contain all costs including out-of-pocket expenses.

The State of West Virginia and the Agency are not responsible for and will not reimburse any entity for expenses incurred in preparing and submitting the proposal or the sealed dollar cost proposal.

The first page of the cost proposal should include the following information:

1. Name of Firm;
2. A total all-inclusive maximum price for the one-year engagement of fiscal year 2023 (See Attachment A)
3. A total all-inclusive maximum price for the one-year engagement of fiscal year 2024 (See Attachment A); and
4. A total all-inclusive maximum price for the one-year engagement of fiscal year 2025 (See Attachment A); and
5. A total all-inclusive maximum price for the one-year engagement of fiscal year 2026 (See Attachment A); and

Out-of-Pocket Expenses in the Total All-Inclusive Maximum Price and Reimbursement Rates:

All estimated out-of-pocket expenses must be included in the cost proposal as part of the total all-inclusive maximum price submitted by the firm. It is anticipated that there will be weeks of in person/on site required hours for the chosen auditor (outside of the audit time that can be performed remotely). For the ACFR we estimate approximately 1/3 of the audit will be performed on-site. For the Single Audit, certain case files and sample documentation will have to be reviewed on site. It is estimated up to 1/3 of that testing will need to be performed on site as well. These hours are estimates only and may exceed this amount. While some of the audit work can be done remotely and uploaded to secure portals, many files will have to be reviewed in person due to volume or sensitivity of data. All bids should account for in person audit days and the travel expenses necessary.

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Rates for Additional Professional Staff:

If it should become necessary for the Agency to request the firm to render any additional services either to supplement the services requested in this RFP or to perform additional work unforeseen at the issuance of the RFP but necessary to fulfill results required under this RFP, then such additional work shall be performed only if set forth in a written addendum to the contract between the Agency and the firm. Any such additional work agreed to between the Agency and or the agencies and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the cost proposal.

- 4.5 Oral Presentations (Agency Option):** The Agency has the option of requiring oral presentations of all Vendors participating in the RFP process. If this option is exercised, points will be allocated in Section 6.2 below at the time the RFP is issued, or via addendum prior to technical bid opening. During oral presentations, Vendors may not alter or add to their submitted proposal, but only clarify information. A description of the materials and information to be presented is provided below:

Materials and Information Requested at Oral Presentation:

There will be no oral presentations.

SECTION 5: VENDOR PROPOSAL

- 5.1. Economy of Preparation:** Proposals should be prepared simply and economically providing a concise description of the items requested in Section 4. Emphasis should be placed on completeness and clarity of the content.

- 5.2. Incurring Cost:** Neither the State nor any of its employees or officers shall be held liable for any expenses incurred by any Vendor responding to this RFP, including but not limited to preparation, delivery, or travel.

- 5.3. Proposal Format:** Vendors should provide responses in the format listed below:

- 5.3.1. Two-Part Submission:** Vendors must submit proposals in two distinct parts: technical and cost. Technical proposals must not contain any cost information relating to the project. Cost proposal must contain all cost information and must be sealed in a separate envelope from the technical proposal to facilitate a secondary cost proposal opening.

- 5.3.2. Title Page:** State the RFP subject, number, Vendor's name, business address, telephone number, fax number, name of contact person, e-mail address, and Vendor signature and date.

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5.3.3. **Table of Contents:** Clearly identify the material by section and page number.

Attachment A: Complete **Attachment A: Cost Sheet** included in this RFP and submit in a separate sealed envelope. Cost should be clearly marked.

Attachment B: Within the attached response sheet (**Attachment B: Vendor Response Sheet**), provide the following: firm and staff qualifications and experience in completing similar projects including any prior experience in completing similar projects for West Virginia state government; references; copies of any staff certifications or degrees applicable to this project; proposed staffing plan; descriptions of past projects completed entailing the location of the project, project manager name and contact information, type of project, and what the project goals and objectives were and how they were met. Also, describe the approach and methodology proposed for this project. This should include how each of the goals and objectives listed is to be met. You must describe the use of technology within your audit plan.

Attachment C: Complete **Attachment C: Mandatory Specification Checklist**. By signing and dating this attachment, the Vendor acknowledges that they meet or exceed each of these specifications as outlined in 4.3 of Section Four: Project Specifications. The State reserves the right to require documentation detailing how each is met at its discretion.

Attachment D: Listing of agencies with stand-alone audits.

Attachment E: Timetable for completion of the audit.

5.3.4. **Response Reference:** Vendor's response should clearly reference how the information provided applies to the RFP request. For example, listing the RFP number and restating the RFP request as a header in the proposal would be considered a clear reference.

Proposal Submission: All proposals (both technical and cost) must be submitted to the Purchasing Division **prior** to the date and time listed in Section 2, Instructions to Vendors Submitting Bids as the bid opening date and time.

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SECTION 6: EVALUATION AND AWARD

- 6.1. Evaluation Process:** Proposals will be evaluated in two parts by a committee of three (3) or more individuals. The first evaluation will be of the technical proposal and the second is an evaluation of the cost proposal. The Vendor who demonstrates that it meets all of the mandatory specifications required, attains the minimum acceptable score and attains the highest overall point score of all Vendors shall be awarded the contract.
- 6.2. Evaluation Criteria:** Proposals will be evaluated based on criteria set forth in the solicitation and information contained in the proposals submitted in response to the solicitation. The technical evaluation will be based upon the point allocations designated below for a total of 70 of the 100 points. Cost represents 30 of the 100 total points.

Evaluation Point Allocation:

Project Goals and Proposed Approach (§ 4.2)

- Approach & Methodology to Goals/Objectives (§ 4.2.1)
(Including technology use discussion related to audit) 15 Points Possible

- Approach & Methodology to Compliance with
Mandatory Project Requirements (§ 4.3) 15 Points Possible

Qualifications and experience (§ 4.4)

- Firm 15 Points Possible
- Staff 10 Points Possible
- Experience 15 Points Possible

(Oral interview, if applicable) (§ 4.4) 0 Points Possible

Total Technical Score: 70 Points Possible

Total Cost Score: 30 Points Possible

Total Proposal Score: 100 Points Possible

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- 6.3. Technical Bid Opening:** At the technical bid opening, the Purchasing Division will open and announce the technical proposals received prior to the bid opening deadline. Once opened, the technical proposals will be provided to the Agency evaluation committee for technical evaluation.
- 6.4. Technical Evaluation:** The Agency evaluation committee will review the technical proposals, assign points where appropriate, and make a final written recommendation to the Purchasing Division.
- 6.5. Proposal Disqualification:**
- 6.5.1. Minimum Acceptable Score ("MAS"):** Vendors must score a minimum of 70% (49 points) of the total technical points possible in order to move past the technical evaluation and have their cost proposal evaluated. All vendor proposals not attaining the MAS will be disqualified.
 - 6.5.2. Failure to Meet Mandatory Requirement:** Vendors must meet or exceed all mandatory requirements in order to move past the technical evaluation and have their cost proposals evaluated. Proposals failing to meet one or more mandatory requirements of the RFP will be disqualified.
- 6.6. Cost Bid Opening:** The Purchasing Division will schedule a date and time to publicly open and announce cost proposals after technical evaluation has been completed and the Purchasing Division has approved the technical recommendation of the evaluation committee. All cost bids received will be opened. Cost bids for disqualified proposals will be opened for record keeping purposes only and will not be evaluated or considered. Once opened, the cost proposals will be provided to the Agency evaluation committee for cost evaluation.

The Purchasing Division reserves the right to disqualify a proposal based upon deficiencies in the technical proposal even after the cost evaluation.

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- 6.7. Cost Evaluation:** The Agency evaluation committee will review the cost proposals, assign points in accordance with the cost evaluation formula contained herein and make a final recommendation to the Purchasing Division.

Cost Evaluation Formula: Each cost proposal will have points assigned using the following formula for all Vendors not disqualified during the technical evaluation. The lowest cost of all proposals is divided by the cost of the proposal being evaluated to generate a cost score percentage. That percentage is then multiplied by the points attributable to the cost proposal to determine the number of points allocated to the cost proposal being evaluated.

Step 1: $\text{Lowest Cost of All Proposals} / \text{Cost of Proposal Being Evaluated} = \text{Cost Score Percentage}$

Step 2: $\text{Cost Score Percentage} \times \text{Points Allocated to Cost Proposal} = \text{Total Cost Score}$

Example:

Proposal 1 Cost is \$1,000,000

Proposal 2 Cost is \$1,100,000

Points Allocated to Cost Proposal is 30

Proposal 1: Step 1 – $\$1,000,000 / \$1,000,000 = \text{Cost Score Percentage of } 1 (100\%)$
Step 2 – $1 \times 30 = \text{Total Cost Score of } 30$

Proposal 2: Step 1 – $\$1,000,000 / \$1,100,000 = \text{Cost Score Percentage of } 0.909091 (90.9091\%)$
Step 2 – $0.909091 \times 30 = \text{Total Cost Score of } 27.27273$

- 6.8. Availability of Information:** Proposal submissions become public and are available for review immediately after opening pursuant to West Virginia Code §5A-3-11(h). All other information associated with the RFP, including but not limited to, technical scores and reasons for disqualification, will not be available until after the contract has been awarded pursuant to West Virginia Code of State Rules §148-1-6.3.d.

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By signing below, I certify that I have reviewed this Request for Proposal in its entirety; understand the requirements, terms and conditions, and other information contained herein; that I am submitting this proposal for review and consideration; that I am authorized by the bidder to execute this bid or any documents related thereto on bidder's behalf; that I am authorized to bind the bidder in a contractual relationship; and that, to the best of my knowledge, the bidder has properly registered with any State agency that may require registration.

Ernst & Young LLP

(Company)



(Representative Name, Title)

Phone: +1 304 357 5974 / Fax: +1 304 357 5993

(Contact Phone/Fax Number)

March 7, 2023

(Date)

Trainings on the audit process

In our focus of always challenging our process, we recognize that you are managing many agencies, departments and programs especially related to the Uniform Guidance audit. Many times, these entities have personnel turnover that may not be familiar with the audit process. In addition to the kickoff meetings with program personnel, we will host an hour webcast with key program personnel to walk through the audit process and provide examples on the audit steps and the expectations. There are aspects of the audit that are under appreciated, such as program narratives and management's identification of key compliance controls. Without receiving these at the beginning of the audit, we are unable to effectively design our testing and have a detailed client assistance request list to satisfy the requirements in an efficient manner.

As in the past, our schedule will remain flexible to allow us to work concurrently with the FARS group as information becomes available, including working with draft financial statements of separately audited agencies until final drafts become available. By working together as a team, this process should allow for a smooth path to completion of the ACFR.

If you experience agency/departmental delays and at your request, we have the depth of resources and will modify our staff model to deploy the necessary additional resources upon receipt of the information to work with state personnel towards deadlines. We are committed to your audit and Susan is committed to staffing your audit when you need the resources. Susan has the ability to deliver EY resources when you need them to complete your audit and she will continue that level of commitment. Susan and the engagement executives are also available for face-to-face meetings to address accounting and auditing issues as they arise. Our timely reviews by our partners is critical to the timeframe. Susan will continue that practice, and Susan and Lou Roberts will conduct their reviews of the ACFR at your location. This condenses our partner review process and eliminates surprises late in the audit. Our local presence and commitment of resources has enabled us to not cause the State further delays.

While the above are some areas for potential problems, our project management approach is designed to address unforeseen issues as well. We believe that timely communication and accessibility are keys to a successful project of this magnitude.

Attachment C: Mandatory specification checklist

List mandatory specifications contained in Section 4, Subsection 5:

Section 4, Subsection 4.3.1: The firm (and any joint proposers or subcontractors) must be independent and licensed to practice in West Virginia.

Independence and no conflict of interest

As the State is an existing audit client, there are no additional independence matters to clarify or cumbersome client acceptance procedures to undergo.

Independence is a responsibility of both EY and our clients, and it is something we take very seriously. It is critical that we not only establish independence at the onset of an engagement, but that it is maintained throughout the relationship. Our independence process, which was developed under the scrutiny of regulators, requires thorough investigation of our firm's independence from the State in business and relationship matters.

We have deployed independence assessment procedures and guidance for our audit client relationships – from inception up to and through our annual audit process. We continually remind all of our people that compliance with our independence policies is essential and that noncompliance has consequences. All of our people are required to confirm their compliance with the independence rules each quarter. Our Ethics Oversight Board evaluates potential breaches of independence regarding financial and business relationships and, where appropriate, dispenses disciplinary, remedial and/or other sanctions.

To assist our professionals with independence, we developed the EY Global Monitoring System (GMS). This automated tool for partners and principals, in addition to client-serving personnel, helps monitor personal independence requirements. The system allows our professionals to record family, business and financial relationships (e.g., loans, deposits, investments, securities). To help confirm ongoing compliance, GMS confirms quarterly or annual compliance with our EY Independence Policy.

Newly hired personnel are also required to complete an independence confirmation upon being hired. This verification process is necessary for EY to comply with various professional, regulatory and other independence requirements and is an important element of the quality control processes.

Because we take independence very seriously, additional tools and resources are made available to our professionals, including:

- Service Offering Resource Tool (SORT) is a global tool that provides quality and risk management information about all EY services. SORT helps our professionals determine allowable and prohibited non-audit services to remain compliant.

- Independence consultants are available to assist our professionals with questions about independence matters.

- Our Global Independence System (GIS) reflects all independence restrictions applicable to all of our clients.

- Global Watch List (GWL) is a database of all relationships that we have with certain individuals and entities that could impact our independence if such an entity becomes and audit client.

As your current auditor, we confirm that EY and proposed subcontractor firms are independent of the State and its component units under the requirements of auditing standards generally accepted in the United States and the GAO *Government Auditing Standards* (Yellow Book). As a service provider to the State, EY will continue to take the steps necessary to make certain of our independence with respect to the State. **In retaining EY and our proposed subcontractor firms, you will not have to wait, while a new firm would go through the arduous independence process before beginning any work.**

Our independence standards are governed by the AICPA and the government audit auditing standards. We are required to be independent to the State of West Virginia as outlined in mandatory requirement Section 4, Subsection 4.3.1: The firm must be independent and licensed to practice in West Virginia. Per the AICPA *Audit Guide State and Local Governments*, - .127 *The "Indemnification of an Attest Client" interpretation* (AICPA, *Professional Standards*, ET sec. 1.228.020) indicates that a member's independence would be impaired in an attestation engagement if, as a condition to being retained, the member (or the auditor's firm) was requested by the client or potential client to indemnify the client or potential client for damages, losses, or costs arising from lawsuits, claims, or settlements that relate, directly or indirectly, to client acts. Governments often include such clauses in requests for proposals for audit services and proposed audit contracts. Therefore, auditors

should carefully review requests for proposals and proposed audit contracts for such clauses to ensure that they are not agreeing to such provisions.

As such, in order to maintain our independence so we can perform the services requested in the CRFP, we respectfully are unable to agree to the indemnification clause as it is currently written in the CRFP.

Neither EY nor our proposed subcontractor firms have any interest nor shall acquire any interest, direct or indirect, which would compromise the performance of its services hereunder. Any such interests would be promptly presented in detail to DOA, Finance Division.

License to practice in West Virginia

EY is licensed to operate in every state in the United States, including West Virginia. EY's Federal ID, Department of Labor Registered Vendor Number is 346565596. Our proposed subcontractor firms are also properly licensed to practice in West Virginia. S&S' Federal ID, Department of Labor Registered Vendor Number is 55-0538163.

In addition, all key assigned audit professional staff of EY and proposed subcontractor firms that are certified public accountants are properly licensed by the West Virginia Board of Accountancy to practice in the State.

Furthermore, EY and proposed subcontractor firms meet the requirements imposed by the State and other local laws, rules and regulations, and are registered resident vendors authorized to transact business with the State.

Section 4, Subsection 4.3.2: All directors, principals or partner equivalents on the engagement must be licensed CPA's with at least 5 years of audit experience with governmental entities. All manager level employees on this engagement must be CPA's with 3 years of experience on governmental engagements. Once awarded, the Agency must be informed in writing of any changes in staffing at the supervisory level and above. The Agency retains the right to approve or reject replacements based upon their qualifications, experience, or performance. This requirement relates to the firm proposing as well as any joint proposers or subcontractors.

Within our response to the CRFP, we have included resumes of our team members in Appendix 3. Please note that all Assurance Services practice executive and management team members are certified public accountants. All team members have met your audit experience requirements and the required continuing professional education within the preceding two years. Please see Appendix 4 for applicable documentation.

We understand the importance of team continuity and the impact it can have on the success of our business relationship. We are committed to recruiting and retaining the most knowledgeable professionals in our GPS practice. We pledge to make a conscientious effort to provide staffing continuity at every level of the State's service team. Should events bring about a personnel change, we will keep you informed of these matters in writing. One hundred percent of our team included in this proposal has experience with the State. We understand that the DOA retains the right to approve or reject replacements based upon their qualifications, experience or performance. Additionally, if the State requests a change in staffing, we will respond appropriately.

Section 4, Subsection 4.3.3: The firm and its staff (as well as any joint proposers or subcontractors) must meet the qualifications to perform audits in accordance with the requirements of the Uniform Guidance.

EY and S&S are qualified to perform audits in accordance with the requirements of the Uniform Guidance. Furthermore, the proposed staff also meet the requirements as they have met the appropriate CPE requirements. As discussed in our response to Section 4, Subsection 4.2.1.1, we have a long history of completing these audits and a proven track record with the State. We have a robust methodology that makes certain all aspects of the audit and risks are addressed.

On February 26, 2023 and April 7, 2022, we received notice from the Office of Inspector General stating the Single Audit for June 30, 2022 and June 30, 2021, conducted by EY met federal audit requirements. See Appendix 1 below for additional documentation.

Section 4, Subsection 4.3.4: The firm and any joint proposers or subcontractors must all have experience auditing a minimum of three different State government entities (agencies) over the past 5 years (does not have to be in West Virginia). The firm(s) MUST have audited at least one of the 50 States and must submit a list of those State audits in their proposal. The list of State government entities must be clearly listed on the proposals for the firm and separately for all joint proposers or subcontractors.

EY and S&S meet this requirement and satisfies Goal/Objective 1-Firm with Statewide auditing experience through our experience in being the primary auditor for the State of West Virginia, which includes issuing an audit opinion on the State's ACFR.

- State of West Virginia ACFR

- State of West Virginia Uniform Guidance Audit

EY and S&S also meet the requirement of auditing more than the minimum of 3 state agencies. See Section 4, Subsection 4.2.1.3 for a sample of our clients.

While Guam and the Northern Mariana Islands are US Territories, both Guam's and the Northern Mariana Island's financial reporting are prepared under GASB identically to a State. EY has been engaged to audit the primary government (government-wide financial statements) as well as various authorities/component units. We also refer to the opinions of other auditors in our report for the entities not audited by EY. Both Guam and Northern Mariana Islands have similar complexities to a State including OPEB and/or pension plans. We also perform the Uniform Guidance audits for both Guam and the Northern Mariana Islands and the major programs are generally consistent with West Virginia, including Medicaid, Highway Planning & Construction Cluster, Child Care & Development Block Grant Cluster, Child Nutrition Cluster, Special Education Cluster, Unemployment Insurance as well as monies received related to the Coronavirus programs including the Education Stabilization Fund. Susan and Jeremy serve as technical resources to this team.

Section 4, Subsection 4.3.5: The firm, joint proposers and subcontractors, contracted for any work related to the Single Audit must all have experience performing audits in accordance with the requirements of the Uniform Guidance.

As highlighted through this proposal, EY has extensive Uniform Guidance experience in state and local government, colleges and universities and health care systems. In addition to the State of West Virginia, we have provided specific examples of uniform guidance clients in Sections 4.2.1.1 and 4.2.1.3. EY audits and performs over 150 Uniform Audits a year. Covering over \$50 billion in Federal expenditures in accordance with the requirements of the Uniform Guidance and we have personnel specifically trained to perform these procedures.

As mentioned throughout our proposal, our proposed subcontractor also has extensive experience performing audits in accordance with the requirements of the Uniform Guidance. We have provided a list below:

Suttle & Stalnaker

- Uniform Guidance Audit of the State of West Virginia

- Boone County Board of Education

- Doddridge County Board of Education

- Roane County Board of Education

- Tyler County Board of Education

- City of Charleston, WV

- City of Parkersburg, WV

- City of Wheeling, WV

- Central West Virginia Regional Airport Authority

- Kanawha Valley Regional Transportation Authority

- Randolph County Commission

- Kanawha Valley Senior Services, Inc.

- Potomac Highlands Mental Health Guild, Inc.

- The West Virginia Humanities Council, Inc.

Section 4, Subsection 4.3.6: The firm shall submit a copy of one (1) Single Audit and one (1) State ACFR report issued in the last five (5) years performed by the Vendor. The reports must be submitted with the Vendor's proposal.

A copy of the 2022 State of West Virginia ACFR, Single Audit Report, West Virginia State Rail Authority (State Rail) report and the West Virginia Enterprise Resource Planning Board (wvOASIS) Control 1 (SOC 1) Report can be found in Appendix 2 for your reference. EY and Suttle & Stalnaker were part of the 2022 audit of the State. We have also included the 2022 State Rail report and the SOC 1 report to evidence our experience with these reports that are also part of this CRFP.

Section 4, Subsection 4.3.7: The firm, joint proposers and subcontractors shall all submit a statement that they have not failed their 2 most recent AICPA Peer Reviews of their audit/accounting practice and submit a copy of its most recent review with their proposal.

EY has not failed our two most recent AICPA Peer Reviews of our audit/accounting practice.

S&S has not failed their two most recent AICPA Peer Reviews of their audit/accounting practice.

EY is supplying the most recent report, and note that we expect the next report will be issued by the peer review firm on or before May 31, 2023, pursuant to an extension granted by the AICPA and concurred with by the GAO.

Grant Thornton LLP (GT) completed the 2019 peer review of our accounting and auditing practice for EY engagements not subject to permanent PCAOB inspection and issued a report with a "pass" rating. Peer review results are issued every three years. The peer review results confirm that the EY system of quality control for our accounting and auditing practice for these engagements has been suitably designed and complied with to provide our firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Grant Thornton's report is included in Appendix 1.

Kelly, Galloway, and Company, PSC completed the peer review of S&S's non-SEC audit practice for the year ended May 31, 2020, and issued a report dated December 14, 2020, with a peer review rating of pass with no deficiencies identified. The peer review results confirm that S&S's system of quality control for the accounting and auditing practice applicable to non-SEC issuers meets the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and is being complied with, providing the firm with reasonable assurance of compliance with applicable professional standards. The most recent S&S report is included within Appendix 1.

Our subcontractor firm has federal desk reviews by various agencies through EY; there have been no issues found through state desk reviews in the past three years.

Section 4, Subsection 4.3.8: The firm, any joint proposers, or subcontractors must not have had a final audit issued by the proposing firm that had to be reissued due to material errors or omissions discovered by West Virginia Financial Accounting and Reporting section or other West Virginia State agency two times or more.

EY and Suttle and Stalnaker confirm that they have not had a final audit issued that had to be reissued due to material errors or admissions discovered by the West Virginia Financial Accounting Reporting Section or other West Virginia state agency two times or more.

Section 4, Subsection 4.3.9: The firm, any joint proposers, or subcontractors must all provide a statement that they are a member in good standing of the AICPA's Governmental Audit Quality Center.

EY and S&S are members in good standing with the AICPA's Government Audit Quality Center (GAQC).

In addition, Jeremy Robinson, EY managing director, is on the AICPA's GAQC executive committee. This committee establishes general policies of GAQC and oversees its activities. He works closely with teams across the United States to keep teams informed of the latest developments in governmental auditing.

Technical proposal to provide auditing services
to the State of West Virginia

By signing below, we certify that we have reviewed the Mandatory specification checklist in its entirety; understand the requirements, terms and conditions, and other information contained in this proposal.

Ernst & Young LLP
Company
Susan Wheeler
Susan Wheeler, EY Partner

+1 304 357 5974
Contact Phone/Fax Number

March 7, 2023
Date

Suttle & Stalnaker, PLLC
Company
CR
Christopher Deweese, S&S Member

304-343-4126
Contact Phone/Fax Number

March 7, 2023
Date

Attachment D: Entities audited on a stand-alone basis

AGENCY NAME

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
Water Pollution Control Revolving Fund - (DEP) A-133 version also
Housing Development Fund
Insurance Commission | Workers' Compensation Fund
Jobs Investment Trust
West Virginia Lottery
Parkways Authority
Public Employees Insurance Agency
Retiree Health Benefit Trust Fund
WV College Prepaid Tuition and Smart 529 Savings Program
Public Defender Corporations (18)
Racing Commission
Division of Corrections and Rehabilitation Services
School Building Authority
Solid Waste Management Board
Division of 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 3 years (2021)
WV Infrastructure & Jobs Development Council
WV Investment Management Board
WV State Rail Authority
Higher Education (including WVNET and Higher Education Policy Commission)
Municipal Pension Oversight Board

Attachment E: Timetable for completion of audit

EY and its proposed subcontractor firms understand better than any other firm the importance and nature of your timing requirements. We are prepared to "hit the ground running" as we continue together. Engaging new auditors would require significant investment in time (and money) by all state parties involved, as new auditors attempt to develop an understanding of all significant GAAP audit segments and major programs. This is in addition to your time incurred supporting the evaluation of significant accounts and processes. This could result in delays to your timeline. As your current auditors, we carry forward voluminous amounts of accumulated audit knowledge documented in permanent files, including walk-throughs of significant processes that are widespread across the State, as well as significant knowledge of the State's information technology systems.

We understand your timeline below and due to our history with the State, we believe we are the only firm with the ability to meet your requirements, thus satisfying the State's Goal/Objective 4.2.14 Completed ACFR audit by December 15, 2023, and Single Audit by January 31, 2024

Required submission/event	Required completion/ submission date
Entrance conference	Within three (3) weeks of award of contract
Any interim work must be completed	June 30, 2023
Detailed audit plan	June 30, 2023
Fieldwork to begin (no later than)	
Federal awards	August 1, 2023
ACFR	August 1, 2023
Tests of federal awards substantially complete	October 26, 2023
Closing conferences with agencies substantially complete	November 1, 2023
Draft ACFR audit report	November 15, 2023
Draft single audit findings and other management comments	December 9, 2023
Final ACFR audit report	December 15, 2023
Final single audit findings	January 2, 2024
Final single audit reports	January 31, 2024

Technical proposal to provide auditing services
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We will be proactive in monitoring this timeline in order to make certain that all requirements are met. If issues are encountered that pose a threat to the timeline being met, we will communicate such items timely through our "Red, Yellow, Green" letter. As is consistent with the prior year, this letter identifies areas of concern and categorizes them into three categories:

	Low level of concern. Management's progress to date is on schedule, and sufficient resources and time appear to have been dedicated for the State's remaining efforts.
	More than a low level of concern. A significant amount of work remains, and the time schedule will be tight. If delays occur in this area, management may not be able to meet the reporting deadline.
	Significant concern. Management is facing a significant risk of not meeting the reporting deadline. The State appears behind schedule in this area and a significant amount of work remains. The State needs to immediately re-evaluate the project plan and timetable, dedicate additional resources to the project and accelerate progress going forward. If progress is not accelerated, management likely will not be able to meet the reporting deadline.
	Critical concern. All items listed are needed for the audit to be completed and could impact our audit conclusions. These critical items are of higher importance because of the significance the request. Responses to all of our requests and follow up questions is critical to the timely completion of the audit.

In addition, we will also have status meetings with key personnel from FARS and various agencies throughout the audit process to communicate/address issues and findings in a timely manner.



Appendix 6:

**Our summary of services and
timeline**

Our summary of services

As required by the CRFP, the services must include reporting on all the following:

1. Whether the basic financial statements in the State's Annual Comprehensive Financial Report (ACFR) present fairly the State's financial position and results of financial operations in conformity with generally accepted accounting principles.
2. Whether the SEFA is fairly presented in relation to the basic financial statements.
3. Internal control related to the financial statements and major programs.
4. Compliance with laws, regulations and the provisions of contracts or grant agreements, noncompliance with which could have a material effect upon the State's financial statements.
5. Compliance with laws, regulations and the provisions of contracts or grant agreements that could have a direct and material effect on each major program.
6. Findings and questioned costs.
7. The summary of the auditor's results, which includes:
 - Type of report issued on the financial statements
 - Type of report issued on compliance for major programs
 - Where applicable, a statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses
 - Where applicable, a statement of reportable conditions in internal control over major programs disclosed by the audit and whether any such conditions were material weaknesses
 - A statement as to whether the audit disclosed any audit findings that the auditor is required to report
 - An identification of major programs
 - The dollar threshold used to distinguish between Type A and Type B programs
 - A statement as to whether the auditee qualified as a low-risk auditee.
8. Any irregularities, fraud or illegal acts. The firm shall be required to give to the Director of Finance under the authority of Section 5A-2-33 of the State Code an immediate, written report of all irregularities and illegal acts of which the firm becomes aware.
9. Any additional requirements under Uniform Guidance or future federal OMB circulars that may become effective during this audit contract.

Our work plan is responsive to your needs. As required by GAAS, GAS and Uniform Guidance, AICPA, and our understanding of your requirements outlined above, we will design our audit to:

1. Express an opinion, based on our audit and the reports of other auditors, on the financial statements of the State.
2. Review other financial information included with the audited financial statements for consistency with the financial statements.
3. Review the Annual State's Comprehensive Financial Report submitted to the GFOA.
4. Issue a report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with GAS.
5. Issue a report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with Uniform Guidance based on our audit.
6. Issue a written communication to management and the secretary of the Department of Administration describing significant deficiencies and material weaknesses identified during our audit.

7. Issue a management letter including recommendations for improvements in controls and procedures, if necessary.
8. Issue Type 2 service auditor's examination for the ERP Board in accordance with Statement on Standards for Attestations Engagements No. 16, *Reporting on Controls at a Service Organization*, of the AICPA.

Those properly designed procedures will address all the reporting requirements outlined in the CRFP.

As outlined in the CRFP, we will inform the Cabinet Secretary of the DOA and the Director of Finance in writing of each of the following:

1. The auditor's responsibility under GAAS
2. Significant accounting policies
3. Management judgments and significant revisions of past and current estimates and projections
4. Significant audit adjustments and significant revisions of past and current estimates and projections
5. Other information in documents containing audited financial statements or estimates and projections
6. Disagreements with management
7. Consultation with other accountants and actuaries
8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit
10. Any additional requirements under SAS 61 or any other related requirements that are currently in effect or may become effective during this audit contract.

As required by the professional standards, we will communicate to the Cabinet Secretary of the DOA and the Finance Director in writing each of the following to address all required communications outlined above in the CRFP:

1. Overview of the planned scope and timing of the audit
2. Auditor's responsibility under generally accepted auditing standards, including discussion of the type of auditor's report we are issuing and if there are any events or conditions that cause us to conclude that there is substantial doubt about the entity's ability to continue as a going concern
3. A summary of areas of emphasis including our views about the qualitative aspects of the State's significant accounting practices, including:
 - Accounting policies
 - Sensitive accounting estimates
 - Financial statement disclosures and related matters
 - Significant unusual transactions
4. Uncorrected misstatements
5. Material corrected misstatements
6. Significant deficiencies and material weaknesses in internal control
7. Our responsibility, any procedures performed and the results relating to other information in documents containing audited financial statements
8. Fraud and illegal acts involving senior management and fraud and illegal acts that cause a material misstatement of the financial statements
9. Independence matters

10. Representations we are requesting from management
11. Changes to the terms of the audit with no reasonable justification for the change
12. Significant findings and issues arising during the audit relating to related parties
13. Significant findings or issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management
14. Significant difficulties encountered during the audit
15. Disagreements with management
16. Management's consultations with other accountants
17. Findings regarding external confirmations
18. AICPA ethics ruling regarding third-party service providers
19. Other findings or issues regarding the oversight of the financial reporting process

In addition, we understand that you expect the following:

- Vendor relationship: EY agrees that our relationship to the State will continue to be that of an independent contractor and no principal-agent relationship or employer-employee relationship is contemplated or created by this contract. EY acknowledges that we are liable for the acts and omissions of its employees.
- After the successful vendor is selected, we understand a formal contract document/engagement letter will be executed between the State and the vendor, similar to prior years. Under professional audit standards, the execution of a mutually acceptable contract/engagement letter between the State and EY is required.
- Compliance with governing laws and regulations: EY and its proposed subcontractor firms abide with the laws, regulations and ordinances of the United States. The Charleston office of EY is governed by the laws of the State and licensed to do business in this State. We also comply with the Civil Rights Act of 1964 and all other applicable federal, state and local government regulations.
- Term of contract and renewals: We understand that the contract will be effective upon award and shall extend for the period of one year, at which time the contract may, upon mutual consent, be renewed. Renewal of this contract is limited to three successive one-year periods. At the sole direction of the Purchasing Division Director, and with approval from the Attorney General's Office, this contract may be extended for a reasonable time after the initial contract term or after any renewal term as may be necessary to obtain a new contract or renew this contract. We understand that the "reasonable time" period shall not exceed 12 months.
- Record retention: EY and our proposed subcontractor firms will comply with all applicable federal and state rules, regulations and requirements governing the maintenance of documentation to verify any cost of services or commodities rendered under this contract by us. We shall maintain such records a minimum of five years and make such records available to the DOA, Finance Division at the EY location during normal business hours upon written request by the DOA, Finance Division within ten days after receipt of the request.
- EY and our proposed subcontractor firms will have access to private and confidential data maintained by the DOA, Finance Division to the extent required for us to carry out the duties and responsibilities defined in this contract. We will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from this contract, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the State's policies, procedures and rules.
- We have appropriate insurance, as required by the CRFP, Section 1, Part 8. Relevant documents are available upon request.
- As your incumbent audit service providers, all returning on-site team members have already passed the background check as required by the CRFP Section 3 Part 40. Furthermore, any new on-site team members will comply with this requirement prior to working on your engagement.

Activities	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan
Planning and risk identification										
Entrance conference and establish communication protocols with management (within three weeks of award of contract)										
Understand service requirements and audit scope and coordinate with management										
Update our understanding of the business										
Finalize the team, including determining the need for particular skills or knowledge										
Audit planning, including identification of significant risks and budgeting, and determine preliminary Federal programs to be audited										
Establish understanding of terms of the audit and communicate audit plan to management (June 30, 2023)										
Status communications										
Hold formal and informal status meetings with management, following established protocol										
Strategy and risk assessment										
Evaluate entity-level internal controls (ACFR and Single Audit)										
Update our understanding of significant classes of transactions and perform walk-throughs										
Make combined (inherent and control) risk assessments and develop audit approach										
Execution of audit procedures										
Perform interim procedures, both ACFR and Single Audit (completed by June 30, 2023)										
Perform year-end field work (to begin no later than August 1, 2023), both ACFR and Single Audit (testing of Federal awards to be substantially complete (October 26, 2023))										
Closing conferences with agencies substantially complete (November 1, 2023)										
Draft ACFR Audit Report (November 15, 2023)										
Perform general audit procedures, ACFR (through December 15, 2023) and Single Audit (through January 31, 2024)										
Draft Single Audit findings and other management comments (December 9, 2023)										
Final Single Audit findings (January 2, 2024)										
Conclusion and reporting										
Complete audit and issue audit opinion on the ACFR (December 15, 2023)										

Technical proposal to provide auditing services
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Activities	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan
Issue final reports to management on any significant deficiencies or material weaknesses										
Submit final data collection form Issue final reports to management on any significant deficiencies or material weaknesses										
Complete audit and issue opinion on Single Audit (January 31, 2024)										



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

State of West Virginia
Centralized Request for Proposals
Service - Prof

Proc Folder: 1162442

Doc Description: State of WV Annual Comprehensive Financial Report (AACFR)

Reason for Modification:

Addendum No. 1

Proc Type: Central Contract - Fixed Amt

Date Issued	Solicitation Closes	Solicitation No	Version
2023-02-27	2023-03-07 13:30	CRFP 0209 FAR2300000001	2

BID RECEIVING LOCATION

BID CLERK
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION
2019 WASHINGTON ST E
CHARLESTON WV 25305
US

VENDOR

Vendor Customer Code:

Vendor Name :

Address :

Street :

City :

State :

Country :

Zip :

Principal Contact :

Vendor Contact Phone:

Extension:

FOR INFORMATION CONTACT THE BUYER

Melissa Pettrey
(304) 558-0094
melissa.k.pettrey@wv.gov

**Vendor
Signature X**

FEIN#

DATE

All offers subject to all terms and conditions contained in this solicitation

SOLICITATION NUMBER: FAR2300000001

Addendum Number: 2

The purpose of this addendum is to modify the solicitation identified as ("Solicitation") to reflect the change(s) identified and described below.

Applicable Addendum Category:

- ☐ Modify bid opening date and time
- ☐ Modify specifications of product or service being sought
- ☒ Attachment of vendor questions and responses
- ☐ Attachment of pre-bid sign-in sheet
- ☐ Correction of error
- ☐ Other

Description of Modification to Solicitation:

1. To publish vendor questions and agency responses.

No other changes.

Additional Documentation: Documentation related to this Addendum (if any) has been included herewith as Attachment A and is specifically incorporated herein by reference.

Terms and Conditions:

1. All provisions of the Solicitation and other addenda not modified herein shall remain in full force and effect.
2. Vendor should acknowledge receipt of all addenda issued for this Solicitation by completing an Addendum Acknowledgment, a copy of which is included herewith. Failure to acknowledge addenda may result in bid disqualification. The addendum acknowledgement should be submitted with the bid to expedite document processing.

Vendor Questions:

- 1. While we have a substantial public sector/governmental practice throughout the firm that includes working with the Office of State Auditor in many states and performing the audits of many state departments/agencies, we do not currently perform the financial audits for any state. Question 4.4.2.4 seems to indicate a requirement to an audit of one of the 50 states. As a large portion of the states in the country do not engage an external audit firm to perform their state-wide ACFR and rather utilize them for a large portion of their state department/agencies. Would this be acceptable experience for the mandatory experience requirements? May we still bid on this opportunity or are we not eligible to participate?**

4.4.2.4 of the RFP indicates the State's mandatory is that the auditor must have one of the 50 states listed as experience. It is possible to partner with a firm as a joint proposer that has provided this service to another state.

- 2. Question 4.4.2.6 requires a copy of one single audit and one state ACFR report issued in the last 5 years performed by the Vendor. While our firm does not currently perform state-wide audits, we do comparable work including internal audits of certain states, audits of comparable sized governments, uniform guidance audits of most major programs within the state's single audit and have team members that have served state clients while employed at other firms. Some examples of comparable sized governments include tribe's that are considered sovereign nations and have the same types of programs, department, agencies and federal funds as a state, or substantial work on state agencies/departments for which the Firm audits the majority of the state's activity, but the state's audit department issues the state-wide ACFR. These examples support that we have experience and resources to audit the State and a state contact reference could be provided for multiple states who don't engage an external audit firm. Please confirm if this experience is acceptable to the State.**

See answer to question 1. As it relates to the Single Audit, the firm must have issued a Single Audit report.

- 3. Can you please clarify that as noted in paragraph 5.3.3, attachment D, that these agencies with stand-alone audits are or are not included in this bid? Also, when will these audits be available?**

The agencies listed in Attachment D are stand-alone separately issued audits and as such are NOT included as part of this proposal. They are bid separately by each individual agency at different times/ renewal years. The final component unit audits are due to the State by October 15 each year. The only exception is the Consolidated Higher Education audit that is due October 31.

- 4. Has the State conducted a completeness exercise to determine the number of potential subscription-based IT arrangements? If so, how many are there anticipated and what software is the State utilizing in this present value analysis?**

The State's Financial Accounting and Reporting Section has been reviewing IT subscription based arrangements and has been contracting with a third party accounting firm to make sure the analysis is complete and performed correctly. As this process is not yet complete, we do not know at this time how many exist. The software being utilized is Visual Lease. We anticipate completion of this project by June 30, 2023.

- 5. Are there any postretirement programs not administered through the Consolidated Public Retirement Board that would need to be audited as part of this opportunity?**

No

- 6. What areas of this project would be performed outside of Charleston, WV and please describe the location, nature, and significance of the work?**

See answer to question 7 as it relates to Single Audit locations. All ACFR work is performed in Charleston, WV.

- 7. Of the 22 major programs from the previous single audit, what were the test locations?**

All of the major programs are in Charleston with the exception of the state colleges and universities. On site field work is performed at *most* of the colleges/universities for the Single Audit. A couple of the very small ones are immaterial / and or done remotely. It is estimated that 75% to 85% of the state college and universities are audited on-site at their respective location, none of which are in Charleston. A list of state colleges and universities and their respective cities are listed below:

Bluefield State University Bluefield, WV
Concord University, Athens, WV
Fairmont State University, Fairmont, WV
Glenville State University, Glenville, WV
Marshall University, Huntington, WV
Potomac State College of West Virginia University, Keyser, WV
Shepherd University, Shepherdstown, WV
West Liberty University, West Liberty, WV
West Virginia School of Osteopathic Medicine, Lewisburg, WV
West Virginia State University, Institute, WV
West Virginia University, Morgantown, WV
West Virginia University Institute of Technology, Beckley, WV

- 8. Is it anticipated through the contract period that the five entities listed in Note 8 that have separate uniform guidance audits and submissions will be the same throughout the contract period?**

Yes

- 9. Does the State anticipate any changes in the reporting entity during the contract period (i.e., new major funds, new component units, etc.)?**

No

- 10. What is the status of the mitigation for the 44 findings noted in the schedule of findings and questioned costs in the 2022 Single Audit? Are any anticipated to repeat in 2023?**

Each agency manages their own findings. Some of the findings have been repeat findings and others are new and not anticipated to appear in future reports.

- 11. Was there any internal audit or program audit regarding unemployment insurance program findings to review for potential fraud over the last three years?**

Per Workforce: "There has been no internal audit or audit by DOL, but the unemployment insurance program has been audited as part of the State's Single audit as a Type A program for the last three years." Workforce WV is also separately audited as a component unit of the State.

- 12. What were the prior year base fees and out-of-scope billings for the 2022 State ACFR and Single Audit?**

Prior year base fee for 6-20-22 was \$984,000. Out of scope billing was \$1,345,981. A significant portion of the out-of-scope billing related to major programs not bid or contemplated in the RFP that was bid five years ago. Significant programs such as the Coronavirus Relief Act and Higher Education Relief Fund had to be audited and were not contemplated in the initial bid (prior to Covid), thus were considered out of scope. The RFP five years ago anticipated 13 major programs and for 6-30-22 we had 22.

13. How many hours were incurred for the 2022 State ACFR and Single Audit by your prior audit firm?

We do not ask our audit firm for hours spent on the audit as it is bid as an all-inclusive cost.

14. Does the State team prepare the State's ACFR including financial statements? How much preparation assistance is anticipated from the audit firm selected?

The State's Financial Accounting and Reporting Section prepares the ACFR which includes the financial statements. Preparation assistance from the auditor is not anticipated.

15. What is the reason for issuing an RFP?

We are required to bid this contract as it does not have renewals remaining.

16. Are the current auditors eligible to submit a proposal? How long have the current auditors performed the annual audit?

Yes, the current auditors are eligible to submit a bid. They have performed the audit for the past 20 years.

17. What were the fees for the ACFR, Single Audit, SOC 1 and State Rail for the years 2021 and 2022?

See answer to question 12 and see attached engagement letter.

18. Is the transition to a new auditor a concern? If so, why? What would lessen your concern?

No

19. What was the nature and magnitude of any audit adjustments for the FY 2022 audit, if any?

There were none.

20. What were the most significant challenges faced during the FY 2022 audit, if any? Do you anticipate any for FY 2023?

Federal guidelines issued relating to auditing COVID related expenditures increased audit work. We do not anticipate any significant challenges for FY 2023.

20. How long were the auditors in the field for interim and final fieldwork and how many auditors?

Interim fieldwork typically begins in April and auditors work most of the summer and work on this project until completion of the Single Audit in January. There is a large audit team assigned to the state that consists of staff, seniors, managers and two partners that work on this audit. There are also subject matter experts, such as IT personnel, that review areas and assist as well.

21. Has the current auditor been performing the State fieldwork remotely?

As stated in the RFP we anticipate at least 1/3 of the work should be done on-site. It is not anticipated that this audit will be performed any more than that remotely. If this is the case with any vendor/auditor, we will seek to rebid the contract immediately for the following year. Also see the answer to question 7.

22. Have there been significant review comments from the GFOA in the last two years for the State?

None of the comments received in recent years were significant and all required minor revisions, if any. Our staff at the Financial Accounting and Reporting Section makes all adjustments from the comments that necessitate modifications.

23. Are there any improvements you would like to see in the audit process?

No.

24. Are there any significant changes in operations in the current year vs. the prior year?

No

25. Has the State investigated any significant fraud in the last two years that would have affected the annual audit?

No

26. What is the State's plan for the implementation of GASB 96? Is there a software solution that will be utilized?

See answer to question 4.

26. Outside of the audit process, what does the State find/define value from its auditors?

We look at our auditors as subject matter experts as well as our auditors.

- 27. Assuming each bidder's proposed fees are equal, what is the next most important thing to the State?**

See answer to 26.

- 28. What is the State's process for implementing significant new standards making sure they are implemented across all entities within the ACFR?**

See answer to question 4. The Financial Accounting and Reporting Section serves as the central agency for assisting, gathering, and dispersing information to all state agencies.

- 29. With respect to the Student Financial Assistance Cluster, what IT systems or third-party service organizations are utilized for this program? How many instances of the IT system are utilized across the college/university system? Are the controls at each college/university or are they centralized?**

There are several IT systems used for the Student Financial Assistance Cluster. They include wvOasis, Banner, and G5 for their federal drawdowns. Controls are separate for each university.

- 30. With respect to the Education Stabilization Fund, how many spending units are involved (i.e., agencies/colleges/universities) are spending these funds? Are the controls centralized or decentralized across the spending units?**

21 agencies/institutions are spending the Education Stabilization Fund monies, the controls are separate at each institution for expenditures.

- 30. Are there other major programs that you anticipate monies will be spent across multiple spending units (i.e., agencies/colleges/universities) and controls are decentralized? If so, which programs do you anticipate this organization and how many spending units would be involved?**

No. DHHR administers several programs that have other state agencies as subrecipients. Controls are decentralized and individual for each agency.

- 31. Will the incumbent service provider be allowed to bid on this project?**

Yes

- 32. What were the total number of hours and dollars billed by the incumbent service provider by year for the past two years of the contract (providing the base fee and any extra billings over the past 2 years.)**

See question 12. The fee for 6-30-21 was \$984,000 and out of scope billings were \$1,168,553 (again primarily due to significant increase in major programs)

33. Can you provide an allocation for the last 2 years of the contract of the hours billed by month by the incumbent service provider?

Billings are not monthly but paid at the end of the engagement. We do not ask the vendor for hours as this is an all-inclusive contract.

34. Can you provide some context of how much (hours worked) and the kind (nature of) of work that was done in person by the incumbent over the last 2 contract years versus providing the service virtually?

See answer to question 21.

35. Can you provide a copy of the most recent engagement letter with the service provider?

See attached.

36. In implementing GASB 87 last year, did you use a 3rd party service provider, internally implement, or rely on the auditor to perform the implementation? Was there a particular calculation tool purchased for that effort?

The State implemented internally with the help of a 3rd party consultant. FARS uses Visual Lease as their calculation tool for leases.

37. Has the State developed a system of identifying each year any new leases meeting the definition of GASB 87 that require attention on a going forward basis?

Yes, the State currently only reports building leases for unaudited agencies that FARS is responsible for. All other leases have been considered immaterial. FARS works closely with the Real Estate Division to identify any new leases. FARS also receives updated lease agreements from agencies as part of their annual closing book process.

38. Does the State have a plan or strategy for the implementation of GASB 96 related to Subscription-Based Information Technology Arrangements? Have they conducted a preliminary assessment of those items meeting the definition?

See the answer to question 4.

39. Who is currently serving as the State of WV's Chief Financial Officer?

Sarah Long is the State's Chief Financial Officer and has been in that role for the past 5 years.

40. Can you please clarify the experience requirements? There appear to be inconsistencies in what qualifies the successful bidder as follows:

a. Section 4.4.2.4 “The Firm (s) must have audited at least one of the 50 states” – Does this requirement apply only to the signing audit firm (the Firm providing the opinion) or to all firms represented in a combined or joint proposal?

b. Section 4.4.2.6. “The State ACFR report issued in the last five years performed by the vendor” - Does this requirement apply only to the signing audit firm (the Firm providing the opinion) or to all firms represented in a combined or joint proposal?

The firm who is signing the opinion must have audited one of the 50 states and issued a Single Audit report. Any other firms who are subcontractors or part of a joint proposal must have uniform guidance experience and have three government entity clients over the past five years. Additional requirements are listed in that section as well.

41. How many audit adjustments were proposed in the prior audit year?

See answer to question 19.

42. Have there been any significant disagreements with the prior auditor over any matters or standards implementation?

No

43. What was the prior year rate per hour by level of professional?

See attached engagement letter for these rates.

44. How does the State of WV estimate its taxes receivable?

Actual subsequent tax collections reports are submitted by the Tax department. Actual collections received through November following the fiscal year are reviewed and used as part of the calculation for taxes receivable.

45. How does the State of WV estimate its Medicaid or other retained obligations among the various agencies and are those items supported by experts used in the estimation process such as actuaries?

FARS receives a Medicaid claims paid file from a third party administrator. These claims are used to perform a lag study that is used in the Medicaid calculation. This same claims paid file is used by the auditor for them to also perform their own calculation which is then compared to the auditor's actuaries calculations. DHHR contracts with a third party accounting firm who uses the same data to also perform a Medicaid calculation.

- 46. Who are some of the other outside experts used in other State of WV estimates and the nature of those estimates related to financial reporting?**

CPRB and Retiree Health Benefit Trust use actuarial studies that FARS uses to prepare their Pension and OPEB footnote disclosures. Both of these agencies are audited separately.

- 47. Please describe the amount, nature and acceptable reasons for any change orders issued in the previous 2 audit years.**

See answers to question 12 and 32.

- 48. Approximately how many times over a typical audit year does the independent auditor meet with the Agency or other personnel in conducting updates or other business? Are there minutes kept of those meetings by the Agency?**

During the audit there are weekly update meetings held between the auditor, the Chief Financial Officer for the State and the Director of the Financial Reporting Section. No minutes are kept.

- 49. Can you estimate or speak to the impact of the proposed “splitting” of the State of WV’s DHHR on the audit effort going forward and when do you anticipate that change to take effect?**

Much is unknown about the details of the DHHR split at this time. From an audit perspective, the programs and the accountants who are in charge of those programs will remain the same.

- 50. Are there any changes in audit scope, changes in entity, or significant new processes or procedures that are known at this time that will have an impact on the upcoming audit?**

No

- 51. Has there been any significant actual fraud investigated and detected and if so what was the impact on the State of WV?**

No

- 52. We understand an outside consultant was hired to assist the State of WV with coronavirus relief and post pandemic relief (such as ARPA, etc.), have there been any reports or other forms of documentation provided to the Agency that are available to the successful auditor in determining any audit responses?**

Any documentation provided by the third party vendor to the State will be made available to the successor auditor.

53. How many State of WV funds/accounts are not audited as part of other external component auditors?

40

54. Has the State determined any changes in classification of funds, major funds, or additional blended or discreetly presented component units since the most recent audit?

We are not aware of any changes in classifications that may occur since the FY 22 audit.

55. Can you describe the nature of auditing the WV Higher Education Group and the impact on the Single Audit portion of this contract?

From an ACFR perspective, a separate audit is submitted for Higher Education. As part of the Single Audit, the state colleges and universities will need to be audited by the proposing firm. See the answer to question 7 for more information.

56. Does the State College and University System still utilize Banner for Student Financial Aid Assistance?

Yes

57. Do you anticipate the State of WV implementing any new systems over the life of this contract?

No

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: FAR2300000001

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

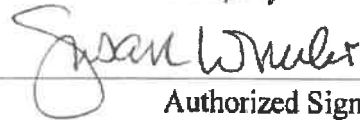
Addendum Numbers Received:

(Check the box next to each addendum received)

<input checked="" type="checkbox"/> Addendum No. 1	<input type="checkbox"/> Addendum No. 6
<input type="checkbox"/> Addendum No. 2	<input type="checkbox"/> Addendum No. 7
<input type="checkbox"/> Addendum No. 3	<input type="checkbox"/> Addendum No. 8
<input type="checkbox"/> Addendum No. 4	<input type="checkbox"/> Addendum No. 9
<input type="checkbox"/> Addendum No. 5	<input type="checkbox"/> Addendum No. 10

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding.

Ernst & Young LLP
Company


Authorized Signature

3-7-23

Date

NOTE: This addendum acknowledgment should be submitted with the bid to expedite document processing.

Attachment A: Cost sheet

Ernst & Young's estimated fees

We are pleased to present the following fee estimates for the annual financial statement audits of the State of West Virginia. Our fee estimates are based upon our understanding of your service needs as communicated by you to the prospective auditors during the CRFP process and as outlined in our Technical Response to your CRFP. Our fee estimates are based upon the quality inherent in our streamlined audit process, experienced professionals and quality control checks and safeguards we have in place. We feel such quality is an attribute that management should cultivate from its auditor, particularly in the current business environment. Such quality is our commitment to all of our clients and would be a central aspect of our continued working relationship with the State.

Cost Proposal for Fiscal Year 2023 (each item is an All-Inclusive Cost):	
ACFR cost should reflect any work necessary to implement any new GASB's including but not limited to GASB 91, 94, and 96	\$530,000
Single Audit cost should reflect work for up to and including 23 major programs (we currently have 22)	1,159,000
wvOASIS SSAE 16 Service Organization Control 1 Report	53,000
State Rail (separately published audit)	35,000
Total	\$1,777,000
Cost Proposal for Fiscal Year 2024 (each item is an All-Inclusive Cost):	
ACFR cost should reflect any work necessary to implement any new GASB's including but not limited to GASB 99 and 100	\$520,000
Single Audit cost should reflect work for up to and including 23 major programs (we currently have 22)	998,000
wvOASIS SSAE 16 Service Organization Control 1 Report	53,000
State Rail (separately published audit)	35,000
Total	\$1,606,000
Cost Proposal for Fiscal Year 2025 (each item is an All-Inclusive Cost):	
ACFR cost should reflect any work necessary to implement any new GASB's including but not limited to GASB 101	\$525,000
Single Audit cost should reflect work for up to and including 23 major programs (we currently have 22)	998,000
wvOASIS SSAE 16 Service Organization Control 1 Report	53,000
State Rail (separately published audit)	35,000
Total	\$1,611,000
Cost Proposal for Fiscal Year 2026 (each item is an All-Inclusive Cost):	
ACFR cost should reflect any work necessary to implement any new GASB's	\$520,000
Single Audit cost should reflect work for up to and including 23 major programs (we currently have 22)	998,000
wvOASIS SSAE 16 Service Organization Control 1 Report	53,000
State Rail (separately published audit)	35,000
Total	\$1,606,000
Grand Total of Cost Proposal for Fiscal Years 2023, 2024, 2025, and 2026	\$6,600,000

Note: We will absorb out-of-pocket expenses incurred conducting the audit.

In developing our fee assumptions, we reviewed the information provided in the CRFP and the responses to the Q&A. We note the following:

- Audits conducted in accordance with Generally Accepted Auditing Standards, Uniform Administrative Requirements, cost principles and Audit Requirements for Federal Award (Uniform Guidance), and *Governmental Auditing Standards*, issued by the Comptroller General of the United States.
- We will be spending at least 1/3 of our time on site.
- Based on the CRFP and Q&A, our quoted fee assumes that there will be 23 programs to be subject to audit in 2023, 2024, 2025 and 2026.
- While we are assuming 23 programs for all of the contract years, based on the current Federal regulations, we assumed that with respect to the Educational Stabilization fund that the HEERF monies will be spent by June 30, 2023, and any ESSAR monies would be spent by September 30, 2024. From the Q&A, we understand that this program is decentralized and more complex than other programs. The change in complexity is reflected our fees in years 2024, 2025 and 2026.
- Because of our commitment to and investment in our relationship with West Virginia, we have discounted our rates in the fee quote above for all four years of this contract by 40% of the FY2023 standard rates provided below.
- Our response considered the scope outlined in the CRFP and Q&A.
- We have assumed that the State will provide a central point of contact for the following programs: programs historically managed by DHHR and programs within the higher education system to assist in managing the timeliness of client assistance responses and availability of information.

We do not charge incremental fees for routine phone calls or minor consultations. Hours related to ongoing customary and periodic discussions of accounting and technical matters are included in our estimated hours above. We have included our proposed training sessions on the audit process within our fees.

For services that extend beyond the scope of our audit, we will discuss the scope, the estimated hours, and the estimated fee with management and/or those charged with governance prior to incurring time. These services will be invoiced at agreed-upon standard billing rates per hour based on the professional rank of the personnel involved and the leverage-mix of the personnel involved in the respective audit services.

Should it become necessary for the State to request Ernst & Young LLP to render any additional services either to supplement the services requested in your CRFP or to perform additional work unforeseen at the issuance of the CRFP, but necessary to fulfill results required in the CRFP, we will provide a written addendum to the contract between the State and Ernst & Young LLP. Any such additional work agreed to between the State and Ernst & Young LLP will be performed at the hourly rates for FY 2023 through FY 2026 according to the schedule below:

Personnel	FY 2023 hourly rate	FY 2024 hourly rate	FY 2025 hourly rate	FY 2026 hourly rate
Partner/Member/Managing Director	\$530	\$551	\$573	\$596
Senior Manager	430	447	465	484
Manager	380	395	411	427
Senior	270	281	292	304
Staff	160	166	173	180
FAIT Managing Director	530	551	573	596
FAIT Senior Manager	430	447	465	484
FAIT Manager	380	395	411	427
FAIT Senior	270	281	292	304
FAIT Staff	160	166	173	180
Actuary	530	551	573	596