

Proposal to Provide Annual Auditing Services

West Virginia Lottery Commission

June 13, 2006

RFQ Number: Lot 331  
Firm Name: Gibbons & Kawash, CPAs  
Address: 300 Chase Tower  
707 Virginia St., East  
Charleston, WV 25301  
Telephone: 304-345-8400  
Contacts: Timothy J. Gibbons  
Robert R. Denyer  
Robert E. Adams

**Gibbons  
& Kawash**  
Certified Public Accountants

June 13, 2006

West Virginia Lottery  
312 MacCorkle Avenue, SE  
Charleston, WV 25314-1143

We are pleased to present our credentials to continue to provide professional auditing services to the West Virginia Lottery (the Lottery). Gibbons & Kawash is a leader in providing services to state and local governments in West Virginia. As a client of our firm, you can be sure of our total commitment to provide timely, responsive and quality service.

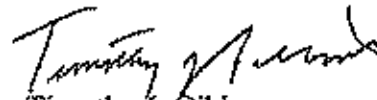
We will perform an audit of the West Virginia Lottery's financial statements as of and for the year ended June 30, 2006, with the option of two additional one year renewals. Our audit will be performed in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. As described in Appendix B, we have committed an engagement team with extensive experience serving governmental and similar entities, as well as the Lottery in prior fiscal years.

Providing audit services to state and local governments is an important part of our practice and one in which we have extensive expertise. We have experience auditing 17 State of West Virginia component units, including the Lottery's audit for the last six years. Our experience during the past three years includes 22 audits of six State of West Virginia component units reporting as business type activities or enterprise funds similar to the Lottery. These component units individually range in size up to \$800 million in assets and \$1.4 billion in revenue. Should we be appointed to serve as auditors once again, the West Virginia Lottery will receive high quality professional services from auditors that will plan, conduct, and report on the audit with competence, integrity, objectivity, and that are independent of the West Virginia Lottery in all respects.

Gibbons & Kawash (G&K) is one of only four auditing firms in West Virginia to have provided technical assistance and consulting services to State of West Virginia entities for the successful submission of a Comprehensive Annual Financial Report to receive the Certificate of Achievement for Excellence in Financial Reporting. We have assisted five component units with over 20 successful submissions for the Certificate. Our experience with similar entities is further described on pages 10-11 of this proposal.

We have structured this proposal to communicate Gibbons & Kawash's experience and qualifications to effectively and efficiently respond to the requirements and expectations of the Lottery, and have made every effort to completely respond to all matters identified in your request for quotation. We would be pleased to meet with the Finance Committee and formally present our proposal upon your request. If you have any questions, please do not hesitate to contact me or Bob Denyer at 345-8400.

Very truly yours,

  
Timothy J. Gibbons  
Partner

West Virginia Lottery  
Proposal to Provide  
Annual Auditing Services

Table of Contents

	<u>Page No.</u>
Request for Quotation Form/Vendor Preference Certificate	1-7
Specified Elements in Request for Quotation	8-9
Firm Qualifications	10-13
Partner, Supervisory and Staff Qualifications and Experience	14-15
Similar Engagements with Other Governmental Entities	16-17
Audit Approach	18-28
Appendix A	Cost Bid
Appendix B	Partner and Supervisory Qualifications and Experience
Appendix C	External Peer Review
Appendix D	No Debt Affidavit
Appendix E	Corporate Political Disclosure
Appendix F	Corporate Affidavit
Appendix G	Vendor Disclosure Form
Appendix H	Personal Data and Financial Disclosure, Individual Political Contributions, Fingerprint Information, Individual Affidavit



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

# Request for Quotation

RFQ NUMBER  
**LOT331**

PAGE  
**1**

ADDRESSES CORRESPONDENCE TO ATTENTION OF  
**CHUCK BOWMAN  
 304-558-2157**

VENDOR

RFQ COPY  
 TYPE NAME/ADDRESS HERE

VENDOR

**LOTTERY COMMISSION**  
  
**312 MACCORKLE AVENUE, SE  
 CHARLESTON, WV  
 25314-1143 558-0500**

DATE PRINTED	TERMS OF SALE	SHIP VIA	FIVE	TRIG/TERMS
05/03/2006				
BID OPENING DATE: 06/06/2006		BID OPENING TIME 01:30PM		

LINE	QUANTITY	UNIT	DAY NO.	ITEM/DESCRIPTION	UNIT PRICE	AMOUNT
0001	1	HR		946-20		
<p><b>AUDITING SERVICES</b></p> <p>THE WEST VIRGINIA PURCHASING DIVISION, ON BEHALF OF THE AGENCY, THE WEST VIRGINIA LOTTERY COMMISSION, IS SOLICITING BIDS FOR A CPA FIRM TO PROVIDE ANNUAL AUDIT SERVICES FOR THE FISCAL YEAR ENDING JUNE 30, 2006, PER THE ATTACHED SPECIFICATIONS, BID REQUIREMENTS, AND TERMS AND CONDITIONS.</p> <p>PLEASE SEE THE ATTACHED SPECIFICATIONS AND FORMS. VENDORS ARE ENCOURAGED TO INDICATE THEIR ALL-INCLUSIVE MAXIMUM PRICE FOR THE ANNUAL AUDIT AND OTHER SERVICES AS REQUIRED IN THIS RFQ IN THE SPACE PROVIDED ON THE COST BID SCHEDULE INCLUDED HEREIN.</p> <p>EXHIBIT 3</p> <p>LIFE OF CONTRACT: THIS CONTRACT BECOMES EFFECTIVE ON UPON AWARD AND EXTENDS FOR A PERIOD OF ONE (1) YEAR OR UNTIL SUCH "REASONABLE TIME" THEREAFTER AS IS NECESSARY TO OBTAIN A NEW CONTRACT OR RENEW THE ORIGINAL CONTRACT. THE "REASONABLE TIME" PERIOD SHALL NOT EXCEED TWELVE (12) MONTHS. DURING THIS "REASONABLE TIME" THE VENDOR MAY TERMINATE THIS CONTRACT FOR ANY REASON UPON GIVING THE DIRECTOR OF PURCHASING 30 DAYS WRITTEN NOTICE.</p> <p>UNLESS SPECIFIC PROVISIONS ARE STIPULATED ELSEWHERE IN THIS CONTRACT DOCUMENT, THE TERMS, CONDITIONS AND PRICING SET HEREIN ARE FIRM FOR THE LIFE OF THE CONTRACT.</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE: \_\_\_\_\_ TELEPHONE: **304-345-8400** DATE: **June 13, 2006**

TITLE: **President** FIRM: **55-0738985** ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



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

# Request for Quotation

RFQ NUMBER  
**LOT331**

PAGE  
**2**

ADDRESS CORRESPONDENCE TO ATTENTION OF  
**CHUCK BOWMAN**  
**304-558-2157**

RFQ COPY  
 TYPE NAME/ADDRESS HERE

**LOTTERY COMMISSION**  
  
**312 MACCORKLE AVENUE, SE**  
**CHARLESTON, WV**  
**25314-1143 558-0500**

DATE PRINTED: <b>05/03/2006</b>	TERMS OF SALE	SNL VIA	FOB	FREIGHT TERMS
------------------------------------	---------------	---------	-----	---------------

BID OPENING DATE: **06/06/2006** BID OPENING TIME **01:30PM**

LINE	QUANTITY	UOM	CAT. NO.	ITEM/DESCRIPTION	UNIT PRICE	AMOUNT
<p><b>RENEWAL: THIS CONTRACT MAY BE RENEWED UPON THE MUTUAL WRITTEN CONSENT OF THE SPENDING UNIT AND VENDOR, SUBMITTED TO THE DIRECTOR OF PURCHASING THIRTY (30) DAYS PRIOR TO THE EXPIRATION DATE. SUCH RENEWAL SHALL BE IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE ORIGINAL CONTRACT AND SHALL BE LIMITED TO TWO (2) ONE (1) YEAR PERIODS.</b></p> <p><b>CANCELLATION: THE DIRECTOR OF PURCHASING RESERVES THE RIGHT TO CANCEL THIS CONTRACT IMMEDIATELY UPON WRITTEN NOTICE TO THE VENDOR IF THE COMMODITIES AND/OR SERVICE SUPPLIED ARE OF AN INFERIOR QUALITY OR DO NOT CONFORM TO THE SPECIFICATIONS OF THE BID AND CONTRACT HEREIN.</b></p> <p><b>OPEN MARKET CLAUSE: THE DIRECTOR OF PURCHASING MAY AUTHORIZE A SPENDING UNIT TO PURCHASE ON THE OPEN MARKET, WITHOUT THE FILING OF A REQUISITION OR COST ESTIMATE, ITEMS SPECIFIED ON THIS CONTRACT FOR IMMEDIATE DELIVERY IN EMERGENCIES DUE TO UNFORESEEN CAUSES (INCLUDING BUT NOT LIMITED TO DELAYS IN TRANSPORTATION OR AN UNANTICIPATED INCREASE IN THE VOLUME OF WORK.)</b></p> <p><b>QUANTITIES: QUANTITIES LISTED IN THE REQUISITION ARE APPROXIMATIONS ONLY, BASED ON ESTIMATES SUPPLIED BY THE STATE SPENDING UNIT. 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.</b></p> <p><b>ORDERING PROCEDURE: SPENDING UNIT(S) SHALL ISSUE A WRITTEN STATE CONTRACT ORDER (FORM NUMBER WV-39) TO THE VENDOR FOR COMMODITIES COVERED BY THIS CONTRACT. THE ORIGINAL COPY OF THE WV-39 SHALL BE MAILED TO THE VENDOR AS AUTHORIZATION FOR SHIPMENT, A SECOND COPY</b></p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	TELEPHONE	DATE
TITLE	FIRM	ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



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

# Request for Quotation

RFQ NUMBER  
**LOT331**

PAGE  
**3**

ADDRESS CORRESPONDENCE TO ATTENTION OF  
**CHUCK BOWMAN**  
**504-558-2157**

RFQ COPY

TYPE NAME/ADDRESS HERE

S M I O

LOTTERY COMMISSION

312 MACCORKLE AVENUE, SE  
 CHARLESTON, WV  
 25314-1143 558-0500

DATE PRINTED <b>05/03/2006</b>	TERMS OF SALE	SHIP VIA	FOB	WEIGHT/TERMS
-----------------------------------	---------------	----------	-----	--------------

BID OPENING DATE: **06/06/2006** BID OPENING TIME **01:30PM**

LINE	QUANTITY	U/P	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>MAILED TO THE PURCHASING DIVISION, AND A THIRD COPY RETAINED BY THE SPENDING UNIT.</p> <p>BANKRUPTCY: IN THE EVENT THE VENDOR/CONTRACTOR FILES FOR BANKRUPTCY PROTECTION, THIS CONTRACT IS AUTOMATICALLY NULL AND VOID, AND IS TERMINATED WITHOUT FURTHER ORDER.</p> <p>THE TERMS AND CONDITIONS CONTAINED IN THIS CONTRACT SHALL SUPERSEDE ANY AND ALL SUBSEQUENT TERMS AND CONDITIONS WHICH MAY APPEAR ON ANY ATTACHED PRINTED DOCUMENTS SUCH AS PRICE LISTS, ORDER FORMS, SALES AGREEMENTS OR MAINTENANCE AGREEMENTS, INCLUDING ANY ELECTRONIC MEDIUM SUCH AS CD-ROM.</p> <p>REV. 04/11/2001</p> <p>VENDOR PREFERENCE CERTIFICATE</p> <p>CERTIFICATION AND APPLICATION* IS HEREBY MADE FOR PREFERENCE IN ACCORDANCE WITH WEST VIRGINIA CODE, 5A-3-37 (DOES NOT APPLY TO CONSTRUCTION CONTRACTS).</p> <p>A. APPLICATION IS MADE FOR 2.5% PREFERENCE FOR THE REASON CHECKED:</p> <p>( ) BIDDER IS AN INDIVIDUAL RESIDENT VENDOR AND HAS RESIDED CONTINUOUSLY IN WEST VIRGINIA FOR FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION; OR</p> <p>(X) BIDDER IS A PARTNERSHIP, ASSOCIATION OR CORPORATION RESIDENT VENDOR AND HAS MAINTAINED ITS HEAD-QUARTERS OR PRINCIPAL PLACE OF BUSINESS CONTINUOUSLY IN WEST VIRGINIA FOR FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION; OR 80% OF THE OWNERSHI</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	TELEPHONE	DATE
FILE	SHIP	ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia  
 Department of Administration  
 Purchasing Division  
 2019 Washington Street East  
 Post Office Box 50130  
 Charleston, WV 25306-0130

### Request for Quotation

RFQ NUMBER  
**LOT331**

PAGE  
**4**

ADDRESSEE CORRESPONDENCE TO A DIVISION OF  
**CHUCK BOWMAN**  
**304-558-2157**

RFQ COPY

TYPE NAME/ADDRESS HERE

RFQ COPY

LOTTERY COMMISSION

312 MACCORKLE AVENUE, SE  
 CHARLESTON, WV  
 25314-1143 558-0500

DATE PRINTED <b>05/03/2006</b>	TERMS OF SALE	SHIP VIA	EDS	FREIGHT TERMS
BID OPENING DATE: <b>06/06/2006</b>	BID OPENING TIME		<b>01:30PM</b>	

DNE	QUANTITY	UNIT	QTY	QTY	RFQ NUMBER	UNIT PRICE	TOTAL
<p>INTEREST OF BIDDER IS HELD BY ANOTHER INDIVIDUAL, PARTNERSHIP, ASSOCIATION OR CORPORATION RESIDENT VENDOR WHO HAS MAINTAINED ITS HEADQUARTERS OR PRINCIPAL PLACE OF BUSINESS CONTINUOUSLY IN WEST VIRGINIA FOR FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION; OR</p> <p>( ) BIDDER IS A CORPORATION NONRESIDENT VENDOR WHICH HAS AN AFFILIATE OR SUBSIDIARY WHICH EMPLOYS A MINIMUM OF ONE HUNDRED STATE RESIDENTS AND WHICH HAS MAINTAINED ITS HEADQUARTERS OR PRINCIPAL PLACE OF BUSINESS WITHIN WEST VIRGINIA CONTINUOUSLY FOR THE FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION.</p> <p>B. APPLICATION IS MADE FOR 2.5% PREFERENCE FOR THE REASON CHECKED:</p> <p>(X) BIDDER IS A RESIDENT VENDOR WHO CERTIFIES THAT, DURING THE LIFE OF THE CONTRACT, ON AVERAGE AT LEAST 75% OF THE EMPLOYEES WORKING ON THE PROJECT BEING BID ARE RESIDENTS OF WEST VIRGINIA WHO HAVE RESIDED IN THE STATE CONTINUOUSLY FOR THE TWO YEARS IMMEDIATELY PRECEDING SUBMISSION OF THIS BID;</p> <p>OR</p> <p>( ) BIDDER IS A NONRESIDENT VENDOR EMPLOYING A MINIMUM OF ONE HUNDRED STATE RESIDENTS OR IS A NONRESIDENT VENDOR WITH AN AFFILIATE OR SUBSIDIARY WHICH MAINTAINS ITS HEADQUARTERS OR PRINCIPAL PLACE OF BUSINESS WITHIN WEST VIRGINIA EMPLOYING A MINIMUM OF ONE HUNDRED STATE RESIDENTS WHO CERTIFIES THAT, DURING THE LIFE OF THE CONTRACT, ON AVERAGE AT LEAST 75% OF THE EMPLOYEES OR BIDDERS' AFFILIATE'S OR SUBSIDIARY'S EMPLOYEES ARE RESIDENTS OF WEST VIRGINIA WHO HAVE RESIDED IN THE STATE CONTINUOUSLY FOR THE TWO YEARS IMMEDIATELY PRECEDING SUBMISSION OF THIS BID.</p>							

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	TELEPHONE	DATE
TITLE	RFQ#	ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'





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

# Request for Quotation

RFQ NUMBER  
**107331**

PAGE  
**5**

ADDRESS FOR CORRESPONDENCE TO ATTENTION OF  
**CHUCK BOWMAN  
 504-558-2157**

RFQ COPY

TYPE NAME/ADDRESS HERE

RFQ COPY

**LOTTERY COMMISSION**  
  
**312 MACCORKLE AVENUE, SE  
 CHARLESTON, WV  
 25314-1143 558-0500**

DATE PRINTED <b>05/03/2006</b>	TERMS OF SALE	SHIP VIA	FOB	FREIGHT TERM
BID OPENING DATE <b>06/06/2006</b>	BID OPENING TIME <b>01:30PM</b>			

LINE	QUANTITY	UOP	UNIT PRICE	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>BIDDER UNDERSTANDS IF THE SECRETARY OF TAX &amp; REVENUE DETERMINES THAT A BIDDER RECEIVING PREFERENCE HAS FAILED TO CONTINUE TO MEET THE REQUIREMENTS FOR SUCH PREFERENCE, THE SECRETARY MAY ORDER THE DIRECTOR OF PURCHASING TO: (A) RESCIND THE CONTRACT OR PURCHASE ORDER ISSUED; OR (B) ASSESS A PENALTY AGAINST SUCH BIDDER IN AN AMOUNT NOT TO EXCEED 5% OF THE BID AMOUNT AND THAT SUCH PENALTY WILL BE PAID TO THE CONTRACTING AGENCY OR DEDUCTED FROM ANY UNPAID BALANCE ON THE CONTRACT OR PURCHASE ORDER.</p> <p>BY SUBMISSION OF THIS CERTIFICATE, BIDDER AGREES TO DISCLOSE ANY REASONABLY REQUESTED INFORMATION TO THE PURCHASING DIVISION AND AUTHORIZES THE DEPARTMENT OF TAX AND REVENUE TO DISCLOSE TO THE DIRECTOR OF PURCHASING APPROPRIATE INFORMATION VERIFYING THAT BIDDER HAS PAID THE REQUIRED BUSINESS TAXES, PROVIDED THAT SUCH INFORMATION DOES NOT CONTAIN THE AMOUNTS OF TAXES PAID NOR ANY OTHER INFORMATION DEEMED BY THE TAX COMMISSIONER TO BE CONFIDENTIAL.</p> <p>UNDER PENALTY OF LAW FOR FALSE SWEARING (WEST VIRGINIA CODE 61-5-3), BIDDER HEREBY CERTIFIES THAT THIS CERTIFICATE IS TRUE AND ACCURATE IN ALL RESPECTS; AND THAT IF A CONTRACT IS ISSUED TO BIDDER AND IF ANYTHING CONTAINED WITHIN THIS CERTIFICATE CHANGES DURING THE TERM OF THE CONTRACT, BIDDER WILL NOTIFY THE PURCHASING DIVISION IN WRITING IMMEDIATELY.</p> <p>BIDDER: <u>Gibbons &amp; Kawash</u></p> <p>DATE: <u>June 13, 2006</u></p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS		
SIGNATURE	TELEPHONE	DATE
TITLE	FIRM	ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



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

### Request for Quotation

RFQ NUMBER  
**LOT331**

PAGE  
**6**

ADDRESS (CORRESPONDENCE TO ATTENTION OF)  
**CHUCK BONMAN  
 304-558-2157**

RFQ COPY  
 TYPE NAME/ADDRESS HERE

**LOTTERY COMMISSION**  
  
**312 MACCORKLE AVENUE, SE  
 CHARLESTON, WV  
 25314-1143 558-0500**

DATE PRINTED: <b>05/03/2006</b>	TERMS OF SALE	SHIP VIA	JOB	PRESENT TERMS
BID OPENING DATE: <b>06/06/2006</b>	BID OPENING TIME			<b>01:30PM</b>

LINE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
<p>SIGNED: <i>Timothy J. ...</i></p> <p>TITLE: <u>President</u></p> <p>* CHECK ANY COMBINATION OF PREFERENCE CONSIDERATION(S) IN EITHER "A" OR "B", OR BOTH "A" AND "B" WHICH YOU ARE ENTITLED TO RECEIVE. YOU MAY REQUEST UP TO THE MAXIMUM 5% PREFERENCE FOR BOTH "A" AND "B". (REV. 12/00)</p> <p>NOTICE</p> <p>AN ORIGINAL, SIGNED BID MUST BE SUBMITTED TO:</p> <p>DEPARTMENT OF ADMINISTRATION          PURCHASING DIVISION          BUILDING 15          2019 WASHINGTON STREET, EAST          CHARLESTON, WV 25305-0130</p> <p>AN EXACT DUPLICATE MUST BE SUBMITTED TO:</p> <p>STATE AUDITOR'S OFFICE          BID OBSERVER          BUILDING 1, ROOM W114          1900 KANAWHA BOULEVARD, EAST          CHARLESTON, WV 25305-0230</p> <p>BOTH BIDS MUST CONTAIN THIS INFORMATION ON THE FACE OF THE ENVELOPES OR THE BIDS MAY NOT BE CONSIDERED:</p>				

SEE REVERSE SIDE FOR TERMS AND CONDITIONS		
SIGNATURE	TELEPHONE	DATE
TITLE	FIRM	ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



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

### Request for Quotation

RFQ NUMBER: **LOT331**

PAGE: **7**

ADDRESS CORRESPONDENCE TO ATTENTION OF:  
**CHUCK BOWMAN**  
**304-558-2157**

RFQ COPY

TYPE NAME/ADDRESS HERE

RFQ COPY

LOTTERY COMMISSION

312 MACCORKLE AVENUE, SE  
 CHARLESTON, WV  
 25314-1143 558-0500

DATE PRINTED	TERMS OF SALE	SHIP VIA	FOB	FREIGHT TERMS
05/03/2006				

BID OPENING DATE: **06/06/2006** BID OPENING TIME: **01:30PM**

LINE	QUANTITY	UOP	UNIT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
SEALED BID						
BUYER:			CB-23			
RFQ. NO.:			LOT331			
BID OPENING DATE:			06/06/2006			
BID OPENING TIME:			1:30 PM			
PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR BID: 304-345-8451						
-----						
CONTACT PERSON (PLEASE PRINT CLEARLY): Timothy J. Gibbons						
-----						
***** THIS IS THE END OF RFQ LOT331 ***** TOTAL:						\$ 32,625

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE: *Timothy J. Gibbons* TELEPHONE: 304-345-8400 DATE: June 13, 2006  
 TITLE: President FAX: 55-0738985 ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

## SPECIFIED ELEMENTS FOR REQUEST FOR QUOTATION

---

The *Government Auditing Standards* issued by the Comptroller General of the United States outlines requirements that must be met by certified public accounting firms that perform audits of governmental units. Three of these requirements are:

- Individual CPAs and CPA firms must be independent in fact and appearance from personal, external, and organizational impairments to independence.
- CPAs performing audits of governmental units should have continuing professional education in programs directly related to government auditing and accounting.
- CPAs performing audits of governmental units must establish an internal quality control review program and participate in an external peer review program for audits of governmental units.

### *Independence*

The credibility of the audit results is critical for oversight by the Lottery and in meeting public expectations. Gibbons & Kawash carefully evaluates all services provided to audit clients to ensure that the very detailed requirements for independence of *Government Auditing Standards* applicable to individual auditors and audit firms are satisfied. We are independent under the requirements of *Government Auditing Standards* and generally accepted auditing standards with respect to the Lottery, the State of West Virginia and its component units, and will carefully guard and maintain our independence during the course of any audit services provided to the Lottery and State of West Virginia. Gibbons & Kawash currently audits a licensed racetrack which operates under the Racetrack Video Lottery Act and is the drawing auditor for the West Virginia Lottery. Gibbons & Kawash is independent of these entities as defined by U.S. generally accepted auditing standards and *Government Auditing Standards*.

### *License to Practice in West Virginia*

All certified public accountants employed at Gibbons & Kawash are members of the AICPA, the West Virginia Society of CPAs, and are licensed to practice in West Virginia through the West Virginia Board of Accountancy.

### *General Terms and Conditions*

Gibbons & Kawash agrees to be bound by all terms and conditions contained in Part 3 of the request for quotation dated May 3, 2006.

Gibbons & Kawash has no conflict of interest with regard to any other work performed by Gibbons & Kawash for the State of West Virginia.

Gibbons & Kawash's professional personnel have met all continuing professional education requirements.

## **SPECIFIED ELEMENTS FOR REQUEST FOR QUOTATION**

---

Gibbons & Kawash will provide special assistance to the West Virginia Lottery to meet the requirements of the certificate of Achievement for Excellence in Financial Reporting program.

Gibbons & Kawash will provide special assistance to the State of West Virginia's auditors regarding inclusion of the Lottery's financial statements as a component unit of the State of West Virginia.

## FIRM QUALIFICATIONS

---

### *Gibbons & Kawash's Practice*

Gibbons & Kawash is a regional accounting corporation based in Charleston, West Virginia, with a staff of 30 professionals who provide accounting, assurance, business advisory, and tax services to a broad spectrum of clients throughout West Virginia and surrounding states. We direct significant resources to serving the needs of governmental entities, and recognize this focus as a major factor in our past success and a key element in our strategy for continued growth. Within the public sector practice group, we have developed several highly specialized service niches, including audits of state government agencies and nonprofit organizations. Gibbons & Kawash's foremost goal is to provide **superior quality service**. Everything else is secondary to that goal. The primary focus of our service approach is to exceed client expectations. This approach has helped Gibbons & Kawash build its extensive governmental practice.

Gibbons & Kawash is a member of the three AICPA audit quality centers, including the Governmental Audit Quality Center. We are a registered firm with the Public Company's Accounting Oversight Board (PCAOB) and issue reports in accordance with PCAOB standards, as well as U.S. generally accepted auditing standards.

We have experience auditing 17 State of West Virginia component units, including the Lottery's audit for the last six years. Our experience during the past three years includes 22 audits of six State of West Virginia component units reporting as business type activities or enterprise funds similar to the Lottery. These component units range in size up to \$800 million in assets and \$1.4 billion in revenue.

### *Governmental Services Practice*

Within the public sector practice group, we have developed several highly specialized service niches, including audits of state government agencies and OMB Circular A-133 audits of governments and nonprofit organizations.

This practice includes four partners, two managers, and three senior auditors who have extensive experience serving government clients. The core engagement team for the audit of the West Virginia Lottery has been selected from this pool of highly qualified professionals. The team's public sector experience includes cities, authorities, and State of West Virginia agencies and component units, including the Lottery. The team has assisted clients in earning and maintaining GFOA certificates in addition to conducting financial and compliance audits and audits conducted under the Single Audit Act Amendments of 1996 and OMB Circular A-133. The specific supervisory engagement team to be employed during the audit of the West Virginia Lottery is discussed in Section B.

## FIRM QUALIFICATIONS

---

### *External Quality Control Review*

Gibbons & Kawash is a member of the Center for Public Company Audit Firms (the Center) of the American Institute of Certified Public Accountants. The Center has established a self-regulatory process which includes requirements for periodic peer reviews of member firms.

These reviews, which are performed by knowledgeable independent CPAs from other firms, periodically evaluate and test systems of quality control of member firms. Our system of quality control provides assurance that we maintain, on a continuing basis, the highest professional standards to which we are committed. Our most recent external quality control review, which was completed on November 6, 2003, was performed by Rea & Associates, Inc. and is included as Exhibit C. Their opinion was unqualified and no letter of comment was issued. This quality control review included governmental audit engagements.

There have been no field reviews of any Gibbons & Kawash audits by federal or state agencies during the past three years. All audits for which desk reviews have been completed have been accepted.

### *Continuing Professional Education*

One of the best measures of a firm's commitment to its audit practice is the depth of specialized training provided to its professionals. Gibbons & Kawash has developed a comprehensive professional development program to help our professionals enhance their proficiency in serving the unique needs of governmental entities. Our program includes intensive internal training, using course materials developed by the AICPA and our own experienced managers, as well as attendance at national conferences addressing specialized industry topics. All of our auditors must complete 40 hours of continuing education each year, with no less than 24 hours every two years in topics specifically related to governmental accounting and auditing. Some recent courses attended by our professionals include the following:

- GASB Statement No. 40: Disclosing Investment Risk in the 21<sup>st</sup> Century
- Solving Complex Single Audit Issues for Governmental and Nonprofit Organizations
- Accounting and Auditing Workshop
- GASB 34 and Other Governmental Accounting and Auditing Issues
- Preparing a Comprehensive Annual Financial Report
- Tax Issues of Exempt Organizations
- Governmental and Nonprofit Accounting
- Auditing Local Governments Efficiently and Effectively

## FIRM QUALIFICATIONS

---

### *Litigation And Insurance*

Gibbons & Kawash has had no litigation directed against it since its inception and has no pending or threatened litigation or regulatory complaints against the firm. We evaluate our level of insurance coverage annually and maintain a prudent amount of coverage, which is available upon request.

### *Computerizing the Audit*

Notebook computers are used by our auditors on every engagement to more efficiently complete a wide variety of audit activities. All staff members are permanently assigned a computer for completion of virtually every aspect of audit work. The benefit of this "computerization of the audit process," is that it enables our auditors to spend more time on judgment matters and in-depth analysis, rather than on "number crunching" and other mechanical aspects of auditing.

The Firm's commitment to "computerization of the audit process" is demonstrated by the following:

- Computer training is included in the initial training of all staff and continues throughout all levels.
- State-of-the-Art computer applications are used to analyze accounting data.

Some of the computer applications used by Gibbons & Kawash auditors include:

**Engagement CS** - Electronic Audit Documentation software utilized to prepare, review, store and maintain the resulting audit documentation. The use of this audit process allows the audit team to concentrate on evaluating audit evidence opposed to the traditional clerical tasks that are inherent in a paper based documentation environment.

**Trial Balance CS** - Trial Balance CS allows the preparation of lead sheets and trial balances, allows flexibility in adapting to changes and expedites the gathering and processing of information. Trial Balance CS will reduce time needed to prepare schedules and trial balances.

**Audit Program Generator Software** - Allows the preparation of tailored audit programs for the various segments of audits. Tailored general and specific audit programs will greatly increase audit effectiveness.

**Audit Sampling** - Software used to implement a statistical sampling method which is highly efficient and relatively easy to apply.



## FIRM QUALIFICATIONS

---

Other tools used in the audit process include:

A vast collection of templates used to accomplish various audit administrative tasks and common audit analyses and to expedite the confirmation and communication process.

Third party support products for spreadsheet applications, word processing, access to private and public data bases for accounting, tax research, and electronic mail.

### *Computerized System Analysis*

To demonstrate our commitment to the U.S. Comptroller General's efforts to emphasize the importance of internal control and computer controls in particular, Gibbons & Kawash utilizes an experienced in-house information technology analyst to assist our experienced auditors in performing evaluations of auditee's controls over computerized systems. We use a detailed system evaluation process that includes documentation of computer controls through the use of system schematics and flow charting. From this documentation, we will determine the controls that are effective and design tests of these controls as appropriate in completing our audit of the financial statements. We will make recommendations to develop and implement any controls we identify as deficient or not in place.

### *Statistical Auditing Techniques*

Gibbons & Kawash utilizes an easy-to-use approach to statistical sampling in auditing that has been thoroughly field-tested and adapted for use on all audits. We will use statistically valid sampling techniques whenever it is considered to be cost-effective.

## **PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE**

---

### **ENGAGEMENT TEAM**

The ultimate quality of our professional services to the West Virginia Lottery depends on our ability to provide an experienced and capable client service team. We have selected a group of individuals experienced in serving governmental entities.

Your client service team will include:

#### **Engagement Partner**

Robert R. Denyer, CPA, is an audit partner in Gibbons & Kawash's audit practice with over 28 years of specialized audit experience with governmental entities. Bob will serve as the engagement partner responsible for the audit. In this role Bob will assume primary responsibility for the successful completion of the audit and will maintain contact with senior management of the Lottery throughout the engagement to ensure that services and resources are provided to the Lottery in a timely professional manner. Bob will also provide technical expertise to the audit team on accounting, auditing and financial reporting matters and perform certain on-site review and supervision procedures. Bob annually serves as the audit partner on eight State of West Virginia component unit audits, including the Lottery for the past six years, ranging in size up to \$2.4 billion in assets and \$1.4 billion in revenue. His experience also includes assisting entities with 21 successful submissions under the GFOA's Certificate of Achievement program.

#### **Independent Review Partner**

Timothy J. Gibbons, CPA, a partner with Gibbons & Kawash who has over 28 years experience in serving governmental clients, will serve as independent review partner. The role of the independent review partner is an essential element of Gibbons & Kawash's quality control program over the delivery of services to a client. Tim will be available to consult with the audit team on accounting, auditing and reporting matters and provide technical expertise. Tim will be charged with the final review of the financial statements to evaluate the following criteria: clarity of presentation; adequacy of disclosures required by generally accepted accounting principles; and appropriateness of the auditors' report. Tim also has substantial experience with the GFOA's Certificate of Achievement for Excellence in Financial Reporting program having assisted entities with successful submissions for the certificate. His extensive experience with State of West Virginia entities will be of substantial benefit on this engagement.

#### **Audit Manager**

Robert E. Adams, CPA, is an audit manager with nine years of experience. He currently manages audits of seven State of West Virginia component units, including the five enterprise funds similar to the Lottery, ranging in size from \$340 million in assets to \$1.4 billion in revenues. The State of West Virginia component units audited by Rob collectively include revenue bonds and general obligation bonds outstanding, loans receivable, and revenue bonds receivable. Rob's experience in auditing the Lottery for the past six years will be of substantial benefit on this engagement.

## **PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE**

---

### **Senior Auditor**

Crystal Bradley is a senior auditor with two years of experience performing audits of three State of West Virginia component units, including two audits of the Lottery. She has been involved in six audits of State of West Virginia entities.

The above individuals, as indicated, are licensed to practice as certified public accountants in West Virginia and will be assigned to this engagement as set forth in our audit plan.

See **Appendix B** for resumes of our client service team.

## SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENTAL ENTITIES

---

Engagements performed in the last five years that are similar to the West Virginia Lottery are as follows:

	<u>Scope of Work</u>	<u>Years Served</u>	<u>Engagement Partner</u>	<u>Principal Client Contact</u>	<u>Phone Number</u>
West Virginia Parkways, Economic Development and Tourism Authority	GAS	2005, 2004, 2003, 2002, 2001	Robert R. Denyer	Greg Barr	926-1900
West Virginia Housing Development Fund	GAS/ OMB - A133	2005	John D. Galloway	Erica Boggess	926-1900
West Virginia Consolidated Public Retirement Board	GAS	2005, 2004	John D. Galloway	Teresa Miller	558-3570
West Virginia Economic Development Authority	GAS	2005, 2004, 2003, 2001	Robert R. Denyer	David Warner	558-3650
West Virginia Infrastructure and Jobs Development Council	GAS	2005, 2004, 2003	Robert R. Denyer	Barbara Meadows	558-3612
West Virginia Water Development Authority	GAS	2005, 2004, 2003	Robert R. Denyer	Barbara Meadows	558-3612
West Virginia Drinking Water Treatment Revolving Loan Fund	GAS/ OMB - A133	2005, 2004, 2003, 2002, 2001	Robert R. Denyer	Barbara Meadows	558-3612
West Virginia Water Pollution Control Fund	GAS/ OMB - A133	2005, 2004, 2003, 2002, 2001	Robert R. Denyer	Ramona Dickson	926-0440
West Virginia Racing Commission	GAS	2005, 2004, 2003, 2002	John D. Galloway	Linda Lucy	558-2150
West Virginia Jobs Investment Trust	GAS	2005, 2004, 2003, 2002, 2001	John D. Galloway	Richard Ross	345-6200
West Virginia Regional Jail and Correctional Facility Authority	GAS	2005, 2004, 2003, 2002, 2001	John D. Galloway	Tony Davis	558-2110
West Virginia Solid Waste Management Board	GAS	2005, 2004, 2003, 2002, 2001	Robert R. Denyer	Dick Cooke	926-0448
West Virginia School Building Authority	GAS	2005, 2004, 2003, 2002, 2001	John D. Galloway	Garry Stewart	558-2541
West Virginia Lottery	GAS	2005, 2004, 2003, 2002, 2001	Robert R. Denyer	Virgil Helton	558-0500

## **SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENTAL ENTITIES**

---

Gibbons & Kawash has provided technical assistance to the following state agencies in connection with obtaining the GFOA Certificate of Achievement for Excellence in Financial Reporting:

- West Virginia Department of Transportation, Division of Highways (8)
- West Virginia Parkways, Economic Development and Tourism Authority (5)
- West Virginia Lottery (6)
- West Virginia Prepaid College Tuition Fund (1)
- West Virginia Housing Development Fund (1)

## AUDIT APPROACH

---

### *Requirements of the Engagement*

Gibbons & Kawash will perform for the West Virginia Lottery (the Lottery) the professional auditing services required by the request for quotation thereto. Specifically these services will consist of an independent audit of its financial statements and records as it relates to assets, liabilities, receipts, disbursements, contracts, and other matters concerning its financial operations; and annual financial and compliance audits in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*, for the fiscal year ending June 30, 2006, with options to renew for two additional years.

Gibbons & Kawash will perform the audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in the Government Accountability Office's (GAO) *Government Auditing Standards (2003 revision)*, and other applicable laws, rules, regulations and policies.

### *Reports to be Issued*

The Lottery will provide draft financial statements including notes to the financial statements based on its monthly reports to the West Virginia Lottery and the Joint Committee on Government and Finance. Gibbons & Kawash will express an opinion on the financial statements based on our audit procedures performed in accordance with all applicable auditing standards. We will also prepare a report on internal control and compliance as required by *Government Auditing Standards (2003)*.

In the required reports on compliance and internal controls, the auditor shall communicate any reportable conditions found during the audit. Reportable conditions that are also material weaknesses shall be identified as such in the report. Nonreportable conditions identified by the auditor shall be reported in a separate letter to management, which shall be referred to in the reports on compliance and internal controls.

The reports on compliance and internal controls shall include all material instances of noncompliance. All immaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance and internal controls.

In addition to the financial statements we will report on the following, as applicable:

Fraud and Illegal Acts. We will make an immediate, written report in accordance with Part 3.2.3 of the request for quotation to the Lottery of any fraud and illegal acts of which we become aware.

Abuse. If abuse is identified which has a significant effect on financial statement amounts, we will include the matter as an audit finding in our report, as required by *Government Auditing Standards (2003)*. Any other potential abuse will be reported to the Lottery in the management letter.

## AUDIT APPROACH

---

Upon completion of the audit, Gibbons & Kawash will deliver the following reports to the deputy director of finance and administration:

- (a) Financial statements with additional information - statewide CAFR, ten (10) copies
- (b) Audit Results - management letter, twenty (20) copies
- (c) Financial Statements, fifty (50) copies

Reporting to the West Virginia Lottery Finance Committee. We will inform the Finance Committee of each of the following, as applicable:

1. The auditors responsibility under auditing standards generally accepted in the United States of America and *Government Auditing Standards*
2. Significant accounting policies
3. Management judgments and significant accounting estimates
4. Significant audit adjustments
5. Other information in documents containing audited financial statements
6. Disagreements with management
7. Management consultation with other accountants
8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit

### *Working Paper Retention and Access to Working Papers*

All working papers and reports will be retained, at our expense, for a minimum of five years, unless we are notified in writing by the Lottery of the need to extend the retention period. In addition, we will respond to the reasonable inquiries of any successor auditor and allow the successor auditor to review working papers relating to matters of continuing accounting significance.

### *Timing*

Upon notification of our successful proposal we will schedule our services to comply with your reporting deadline of the second Friday in September. We will schedule an entrance conference prior to the commencement of field work, to describe the audit plan and schedule of audit events.

## AUDIT APPROACH

---

Drafts of the audit reports and recommendations to management will be available for review by the deputy director of finance by August 31, 2006. Upon completion of our audit we will appear before the audit committee to present the results of our audit and answer any questions regarding the audit. All of these efforts will be coordinated with Lottery's staff.

### *GASB Statements Issued with Implementation Prior to June 30, 2008*

The following GASB Statements will become effective for various fiscal years from 2006 through 2008. A brief description of the standards are as follows:

	<u>Effective for year ended June 30</u>	<u>Expected to have impact on the Lottery</u>
GASB 42 <i>Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Proceeds</i> Consider asset impairment of capital assets	2006	Yes
GASB 43 <i>Financial Reporting for Postemployment Benefit Plans Other Than Pensions</i> Establishes uniform financial reporting standards for OPEB plans	2007	No
GASB 44 <i>Economic Condition Reporting: The Statistical Section</i> Standardizes the statistical section of the CAFR and provides guidance for governments other than local general purpose governments	2006	Yes
GASB 45 <i>Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions</i> Expands the reporting guidance and standardization of OPEB Plans	2008*	No
GASB 46 <i>Net Assets: Restricted by Enabling Legislation</i> Provides guidance on when net assets have been restricted to a particular use by the passage of enabling legislation and to specify how those net assets should be reported	2006	Yes
GASB 47 <i>Accounting for Termination Benefits</i> Establishes reporting requirements for voluntary and involuntary termination benefits	2007	No

\* May be effective sooner if State of WV decides to early implement.



## AUDIT APPROACH

---

Statements 44 and 45 are expected to have an impact on the financial reporting process of the Lottery for the fiscal year ended June 30, 2006. We will discuss these statements and their implementation with management and determine the effect on our audit procedures to be performed.

### PHASES OF THE AUDIT

Gibbons & Kawash understands that time and money are important concerns for our clients. Our audit approach takes these concerns seriously. Therefore, we organize the audit process to yield a rate of return that is reflected in timeliness, effectiveness and cost efficiency.

Our audit approach in performing the Lottery's audit will consist of five phases:

- I. Comprehensive Planning Process
- II. Internal Control Evaluation, including evaluation of information technology and related controls
- III. Development of Audit Plan, including preparation of tailored audit programs
- IV. Testing of Financial Data and Compliance Matters
- V. Reporting

The performance of phases I and II will occur concurrently due to the interrelationship of the various steps of these phases.

#### Phase I: A Comprehensive Planning Process

A comprehensive planning process is an important cornerstone in the process of adapting our audit approach to the Lottery. Effective and thorough planning allows for the early identification and resolution of audit issues, development of an agreed-upon audit timetable with the Lottery, and required assistance from Lottery personnel. We would expect to incorporate appropriate management and other personnel in our planning activities related to consideration of fraud.

#### Understanding of Internal Control

We will obtain a sufficient understanding of internal controls to plan the audit and determine the nature, timing and extent of tests to be performed. Internal control is comprised of the following five components; control environment, risk assessment, control activities, information and communication, and monitoring.

*Control Environment* - This component sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure. Control environment factors include the following:

- a. Integrity and ethical values
- b. Commitment to competence

## AUDIT APPROACH

---

- c. Board of directors (or other oversight organization) or audit committee participation.
- d. Management's philosophy and operating style
- e. Organizational structure

We will obtain our understanding of the control environment through the use of inquiry and observation procedures. We will inquire of Lottery Management and the key individuals in sensitive areas of the various transaction classes. Concentrating on the substance of the controls rather than their form is a key factor in evaluating the control environment.

*Risk Assessment* - This component for financial reporting purposes is the auditee's identification, analysis, and management of risk relevant to the preparation of financial statements that are fairly presented in conformity with generally accepted accounting principles.

Risks relevant to financial reporting include external and internal events and circumstances that may adversely affect the auditee's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Risk can arise or changes due to circumstances such as the following:

- Changes in operating environment
- New personnel
- New or revamped information systems
- Rapid growth
- New technology
- Organizational restructuring
- New accounting pronouncements.

We will obtain sufficient knowledge of the Lottery's risk assessment process to understand how management considers risks relevant to financial reporting objectives and decides about actions to address those risks. We will obtain this understanding in conjunction with our inquiry and observations regarding the control environment.

*Control Activities* - This component includes the policies and procedures that help ensure that management directives are carried out. They help ensure that necessary actions are taken to address risks to achievement of the Lottery's objectives. Control activities, whether automated or manual, have various objectives and are applied at various organizational and functional levels. Generally, control activities that may be relevant to an audit may be categorized as policies and procedures that pertain to the following:

- Performance reviews
- Information processing
- Physical controls
- Segregation of duties

## AUDIT APPROACH

---

We will obtain an understanding of how information technology affects control activities that are relevant to planning the audit and any areas that have been identified as areas of concern. We view the information technology control activities in terms of application controls and general controls. Application controls apply to the processing of individual applications. Accordingly, application controls relate to the use of information technology to initiate, record, process, and report transactions and other financial data. These controls help ensure that transactions occurred, are authorized, and are completely and accurately recorded and processed. General controls are policies and procedures that relate to many applications and support the effective functioning of application controls by helping ensure the continued proper operations of information systems. General controls commonly include controls over data center and network operations; system software acquisition and maintenance; access security; and application system acquisition, development, and maintenance.

*Information and Communication* - This component is relevant to the financial reporting objectives, which includes the accounting system, consists of procedures, whether automated or manual, and records established to initiate, record, process, and report entity transactions (as well as events and conditions) and to maintain accountability for the related assets, liabilities, and equity. The quality of system-generated information affects management ability to make appropriate decisions in controlling the Lottery's activities and to prepare reliable financial reports.

We will obtain sufficient knowledge of the information system relevant to financial reporting to understand the following:

- The classes of transactions in the Lottery's operations that are significant to the financial statements.
- The procedures, both automated and manual, by which transactions are initiated, recorded, processed, and reported from their occurrence to their inclusion in the financial statements.
- The related accounting records, whether electronic or manual, supporting information, and specific accounts in the financial statements involved in initiating, recording, processing, and reporting transactions.
- How the information system captures other events and conditions that are significant to the financial statements.
- The financial reporting process used to prepare the entity's financial statements, including significant accounting estimates and disclosures

We will obtain sufficient knowledge of the means the entity uses to communicate financial reporting roles and responsibilities and significant matters relating to financial reporting.

## AUDIT APPROACH

---

*Monitoring* - An important management responsibility is to establish and maintain internal control. Management monitors controls to consider whether they are operating as intended and that they are modified as appropriate for changes in conditions.

Monitoring is a process that assesses the quality of internal control performance over time. It involves assessing the design and operation of controls on a timely basis and taking necessary corrective actions. This process is accomplished through ongoing activities, separate evaluations, or a combination of the two. In many entities such as the Lottery, internal auditors or personnel performing similar functions contribute to the monitoring of an entity's activities. Monitoring activities may include using information from communications from external parties such as customer complaints and regulator comments that may indicate problems or highlight areas in need of improvement. In many entities, much of the information used in monitoring may be produced by the entity's information system. If management assumes that data used for monitoring are accurate without having a basis for that assumption, errors may exist in the information, potentially leading management to incorrect conclusions from its monitoring activities.

We will obtain sufficient knowledge of the major types of activities the entity uses to monitor internal control over financial reporting, including the source of the information related to those activities, and how those activities are used to initiate corrective actions.

### *Understanding of Computer Controls*

In conjunction with obtaining our understanding of internal controls in planning the audit we will concentrate significant audit effort in the area of computer controls. With the assistance of our information technology specialist, we will evaluate the general controls and application controls. Examples of areas that will be evaluated are as follows:

#### General Controls

- Organizational controls
- Access controls
- Application development controls
- System software controls
- Operational controls
- Disaster recovery/contingency planning

#### Applications Controls

- Input controls
- Processing controls
- Output controls
- Security

## AUDIT APPROACH

---

### *Time Management System*

Beginning with the planning phase of the audit, each audit segment will be provided with a detailed time budget to perform the necessary audit tasks based on the audit planning memos and supporting audit programs. Under the direction of the audit manager, time incurred and progress made with respect to the audits will be accumulated and entered into the time management system. This information and related explanations of variances from budget will be forwarded to the engagement partner for analysis. These estimates will be modified and resources redirected as necessary to ensure the successful completion of the engagement.

### *Planning Analysis*

An analytical review of the Lottery's preliminary account balances will then be performed. We will identify accounts and information streams that are significant and which may require particular attention.

### *Laws, regulations, contracts, agreements, and grants*

We will consult with management to assist in the identification of provisions of laws, regulations, contracts, agreements, and grants to be tested. Identifying and ensuring that the Lottery complies with laws and regulations is the responsibility of management. We will include appropriate inquiries of management to identify laws and regulations for which noncompliance could have a direct and material effect on the financial statements. We will also review relevant portions of the West Virginia Code and relevant regulations. We will test the provisions of those laws, regulations, contracts, agreements, and grants for noncompliance which could have a direct and material effect on the financial statements.

### *Risk Assessment*

The critical first step toward ensuring that the audit approach is both innovative and prudent is determining risk assessment; that is the risk of material misstatement associated with a given objective, including the opinion on the financial statements of the Lottery.

The ultimate risk of failure to identify a material error is the product of three risk components:

- a material error may occur;
- internal controls may fail to identify and correct that error; and
- the auditor's substantive procedures may fail to reveal the error.

Once risk has been assessed, the auditor then determines the quality and quantity of audit evidence required to limit that risk to an acceptable level.

## AUDIT APPROACH

---

We plan to concentrate our audit effort on those areas where the dollar volume of transactions is significant, transactions are of a more complex nature, and the risk of material misstatement is greatest.

We will make extensive use of analytical and quantitative techniques to support the opinion on the financial statements of the Lottery. We view analytical procedures such as economic and ratio analysis, and statistical sampling as a continuum of techniques to analyze transaction classes for unusual or unexpected activity for further testing and be matched against a continuum of audit risk, ranging from low to high. The audit tools used in each audit area will be matched against the specific audit risks of that area.

The engagement team members will perform the risk assessment based on their extensive experience and ensure audit efforts address areas of the highest risk of material misstatement in the financial statements, noncompliance with applicable provisions of laws, regulations, contracts, agreements, and grants and/or abuse.

### *Development of Tailored Audit Programs*

Upon completion of obtaining our understanding of the internal controls of the Lottery, we will develop audit programs for each audit area and transaction class that may be material to the Lottery's financial statements, pose increased risk of noncompliance with laws and regulations, abuse, or has been identified as an area of concern by management. Our audit programs contain detailed audit procedures which are developed to achieve specific audit objectives in obtaining sufficient evidential matter to allow us to form an opinion over the financial statements of the Lottery.

### *Comprehensive Planning Memorandum*

We will then write a comprehensive planning memorandum which will summarize the information gained in the planning phase of the audit. This memo will also include a detailed audit approach for the rest of the audit. This memo along with the final audit approach will be discussed with the entire audit team before beginning fieldwork.

### **Phase II: Internal Control Evaluation**

We will perform procedures to obtain an understanding of the internal controls, including controls over information technology, and computer system controls, of the Lottery. Assessment of the control environment will give us a general indication of the extent of reliance on the Lottery's internal control policies and procedures that may be possible. This will be done in conjunction with updating our understanding of the operating environment of the Lottery.

## **AUDIT APPROACH**

---

### **Phase III: Development of Audit Plan**

The planning and system evaluation phases of the audit culminate in the development of a detailed audit approach and the general audit plan.

Based on the information developed during the planning phase and an understanding of the Lottery's significant accounting and control systems, we will develop a detailed audit approach supported by tailored audit programs which will be used during the remainder of the audit.

Once prepared, the audit plan is carefully reviewed to ensure that there is no duplication of efforts, that the approaches planned address all of our audit and client service objectives and are consistent and appropriate in the circumstances, and that the approaches are efficient and will be minimally disruptive to Lottery personnel.

After the audit plan has been finalized and approved by the senior members of the engagement management team, the planning summary is developed. The planning summary addresses the following:

- Assurance that the composition of the client service team is appropriate;
- An explanation of known legislative, economic, or other issues that may impact the audit process;
- A description of the audit procedures to be performed by each audit segment; and
- A final engagement procedures timetable.

### **Phase IV: Testing of Financial Data and Compliance Matters**

These tests are designed to provide reasonable assurance as to the validity of the information provided by the accounting system; i.e., the accuracy and completeness of all transactions and account balances. Such tests will include confirmations of account balances, review of invoices supporting payments, review of individual contract documentation and approvals, predictive analytical tests and fluctuation analysis, for example.

We will test compliance with significant applicable provisions of laws, regulations, contracts, agreements, and grants. Generally, we will select and review transactions in sufficient detail to permit us to formulate conclusions regarding compliance.

At the conclusion of our compliance testing over laws, regulations, contracts, agreements and grants, and abuse and established control procedures, we will review the results of our testing to determine what changes should be made, if any, to our audit plan. If noncompliance with laws, regulations, contracts, agreements and grants, or abuse is noted during our testing, we will notify Board members and management regarding the nature and scope of the noncompliance or abuse before modifying our audit approach.

## AUDIT APPROACH

---

### **Phase V: Reporting**

Upon completion of all compliance and substantive testing, the reporting phase begins. During this phase, all data necessary for completion of all reports will be collected. The reports will be completed in draft form and reviewed by the engagement manager partner, and independent review partner prior to submission to management and the Lottery members for their review. After any questions or concerns of management and the Lottery members have been answered, the final reports will be issued.

In addition, we will follow the financial requirements of the Financial Accounting and Reporting Section (FARS) of the West Virginia Department of Administration including responding to specific requests for information, expression of an "in relation to" opinion on supporting schedules required by the Department of Administration for the preparation of the State's Comprehensive Annual Financial Report (CAFR), and attending conferences, meetings, or seminars held or presented by FARS regarding their requirements for report preparation, presentation, deadlines, etc.

During the entire audit process, we will be alert for any recommendations for improvement in your system of internal control and your operating and administrative procedures. If we find areas where improvements can be made, we will discuss the recommendation with those employees responsible for the area noted. This input is valuable to determine if the suggestion is reasonable and practical to implement. We will summarize our suggestions and recommendations in a letter addressed to the management of the Lottery. This letter would be in preliminary draft form to obtain your comments before any final draft is released.

### ***Approach for Determining Laws and Regulations that will be Subject to Audit***

We will determine the laws and regulations that will be tested through inquiry of management, inquiry of the Lottery's general legal counsel, and review of the West Virginia Code, the Lottery' enabling legislation, and other regulatory or statutes that may apply.

### ***Certification of Signatory of Proposal***

Robert R. Denyer is entitled to represent the firm of Gibbons & Kawash and is empowered to submit this proposal/bid and is authorized to sign a contract with the Lottery.



**APPENDIX A**

---

**COST BID**

## APPENDIX A

---

### COST BID

#### SCHEDULE OF TOTAL PROFESSIONAL FEES AND EXPENSES FOR THE ANNUAL FINANCIAL AUDIT.

	<u>Hours</u>	<u>Hourly Rates</u>	<u>Total</u>
Partners, Members	<u>65</u>	<u>125</u>	<u>8,125</u>
Managers	<u>100</u>	<u>95</u>	<u>9,500</u>
Supervisory Staff	<u>125</u>	<u>70</u>	<u>8,700</u>
Staff	<u>100</u>	<u>55</u>	<u>5,500</u>
Other (specify)*	<u>20</u>	<u>40</u>	<u>800</u>
Total all-inclusive maximum price for the annual audit and other services as required in this request for quotation			<u>\$ 32,625</u>

\* Clerical staff

#### Invoices, Progress Payments and Retainage:

Our policy is to invoice monthly as services are rendered. We would suggest invoicing for our services as follows:

July 31	Completion of audit planning and field work performed through July 31
August 31	Completion of field work and preparation of draft reports
September 30	Completion of audit
November 31	Completion of special assistance for CAFR and State of West Virginia schedules

All invoices would be subject to 10% retainage.

**APPENDIX B**

---

**PARTNER AND SUPERVISORY QUALIFICATIONS AND EXPERIENCE**

## APPENDIX B

---

### PARTNER

**Robert R. Denyer, CPA**

#### *Experience*

Bob has 27 years of experience in providing audit, tax, and consulting services to public sector entities, including state agencies, local governments and nonprofit organizations. His in-depth industry knowledge includes such areas as governmental financial reporting, federal grant compliance, indirect cost reimbursement, and internal control and operational matters. Bob's government financial reporting expertise has been demonstrated by his involvement with 21 successful submissions to the Government Finance Officer Association under the Certificate of Achievement for Excellence in Financial Reporting Program. His service to public sector entities includes the following:

- City of Charleston
- Kanawha County, West Virginia
- Kanawha Valley Regional Transportation Authority
- Marion County, West Virginia
- School Building Authority of West Virginia
- West Virginia Bureau of Employment Programs
- West Virginia Consolidated Public Retirement Board
- West Virginia Department of Transportation
- West Virginia Drinking Water Treatment Revolving Loan Fund
- West Virginia Economic Development Authority
- West Virginia Educational Broadcasting Authority
- West Virginia Housing Development Fund
- West Virginia Infrastructure and Jobs Development Council
- **West Virginia Lottery**
- West Virginia Parkways, Economic Development and Tourism Authority
- West Virginia Regional Jail and Correctional Facility Authority
- West Virginia Racing Commission
- West Virginia Solid Waste Management Board
- West Virginia State Rail Authority
- West Virginia Water Development Authority
- West Virginia Water Pollution Control Revolving Fund

#### *Professional Activities*

Bob is a member of the American Institute of Certified Public Accountants, West Virginia Society of Certified Public Accountants, and the Charleston Chapter of the West Virginia Society of CPAs.

Bob is a board member and past president of the South Charleston Rotary Club and a member of the South Charleston Chamber of Commerce.

## APPENDIX B

---

### *Education*

Bob graduated from West Virginia University with a Bachelor of Science degree in business administration.

### *Continuing Professional Education*

Bob is in compliance with all applicable CPE requirements.

## APPENDIX B

---

### PARTNER

**Timothy J. Gibbons, CPA**

#### *Experience*

Tim has 28 years of professional experience. He has been responsible for review of accounting systems, review and evaluation of internal controls and consulting with clients regarding management and systems issues. He has managed audits of many public and privately-owned commercial companies, as well as large governmental entities, colleges and universities and other nonprofit organizations. His experience includes the following:

- City of Charleston, West Virginia
- Kanawha County, West Virginia
- Kanawha Valley Regional Transportation Authority
- Central West Virginia Regional Airport Authority
- Region VI Planning and Development Council
- West Virginia Department of Transportation
- West Virginia Economic Development Authority
- West Virginia Infrastructure and Jobs Development Council
- West Virginia Lottery

#### *Professional Activities*

Tim is a member of the American Institute of Certified Public Accountants, West Virginia Society of Certified Public Accountants, National Association of Accountants and the Charleston Chapter of the West Virginia Society of CPAs (Past President).

He is President of the Charleston Rotary Club and has served on the boards of the Charleston Regional Chamber of Commerce, West Virginia Symphony, United Way of Kanawha Valley, and the Boy Scouts of America - Buckskin Council. He was past chairman of the finance committee of Sacred Heart Co-Cathedral and was past chairman of the Boy Scout Leadership Gifts Dinner.

#### *Education*

Tim graduated from Xavier University with a Bachelor of Science degree in business administration and from West Virginia College of Graduate Studies with a master's degree in business administration.

## APPENDIX B

---

### MANAGER

Robert E. Adams, CPA

#### *Experience*

Rob's professional experience during the last nine years has included auditing and managerial responsibilities for numerous nonprofit and public sector entities as follows:

- City of Charleston
- Kanawha County, West Virginia
- Kanawha Valley Regional Transportation Authority
- West Virginia Drinking Water Treatment Revolving Loan Fund
- West Virginia Economic Development Authority
- West Virginia Infrastructure and Jobs Development Council
- West Virginia Jobs Investment Trust
- West Virginia Lottery
- West Virginia Regional Jail and Correctional Facility Authority
- West Virginia Solid Waste Management Board
- West Virginia Water Development Authority
- West Virginia Water Pollution Control Revolving Fund

#### *Professional Activities*

Rob is a member of the American Institute of Certified Public Accountants, the West Virginia Society of Certified Public Accountants, and the Charleston Chapter of the West Virginia Society of CPAs.

#### *Education*

Rob graduated from West Virginia Wesleyan College with a bachelor of business administration in accounting.

#### *Continuing Professional Education*

Rob is in compliance with all applicable CPE requirements.

## APPENDIX B

---

### SENIOR AUDITOR

**Crystal Bradley**

#### *Engagement Responsibilities*

The senior auditor is responsible for performing the audit procedures, and directing the staff auditors, under the direction of the managers, the adequacy and appropriateness of the workpapers, and informing the managers about auditing or accounting problems encountered during the audit fieldwork.

#### *Experience*

Crystal's professional experience during the last two years has included auditing responsibilities for numerous public sector entities as follows:

- Kanawha County, West Virginia
- West Virginia Consolidated Public Retirement Board
- **West Virginia Lottery**
- West Virginia Regional Jail and Correctional Facility Authority

#### *Education*

Crystal graduated from Concord College with a bachelors of science degree in accounting.

#### *Continuing Professional Education*

Crystal is in compliance with all applicable CPE requirements.



## **APPENDIX C**

---

### **EXTERNAL PEER REVIEW**

100 Front Street, Fifth Floor  
Marietta, Ohio 45750-3142  
740 - 373 - 7423  
FAX: 740-373-7492  
www.reacpa.com

**Rea & Associates, Inc.**  
ACCOUNTANTS AND BUSINESS CONSULTANTS

To the Partners of  
Gibbons & Kawash  
And the SEC Practice Section Peer Review Committee

November 6, 2003

We have reviewed the system of quality control for the accounting and auditing practice of Gibbons & Kawash (the firm) in effect for the year ended February 28, 2003. A system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system, and compliance with it, are the responsibilities of the firm. In addition, the firm has agreed to comply with the membership requirements of the SEC Practice Section of the AICPA Division for CPA Firms (the Section). Our responsibility is to express an opinion on the design of the system, and the firm's compliance with that system and the Section's membership requirements based on our review.

Our review was conducted in accordance with standards established by the Peer Review Committee of the Section and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it or with the membership requirements of the Section since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice of Gibbons & Kawash in effect for the year ended February 28, 2003, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the firm with reasonable assurance of complying with professional standards. Also, in our opinion, the firm complied during that year with the membership requirements of the Section in all material respects.

*Rea & Associates, Inc.*

Columbus  
New Philadelphia  
Millsburg  
Coshocton  
Cambridge  
Marietta  
Wooster  
Medina  
Lima

**APPENDIX D**

---

**NO DEBT AFFIDAVIT**

**A F F I D A V I T**

056

**West Virginia Code §5A-3-10a states:**

No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owned is an amount greater than one thousand dollars in the aggregate.

**DEFINITIONS:**

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Debtor" means any individual, corporation, partnership, association, limited liability company or any other form or business association owing a debt to the state or any of its political subdivisions.

"Political subdivision" means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities.

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

**EXCEPTION:**

The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.


**LICENSING:**

The vendor must be licensed in accordance with any and all state requirements to do business with the state of West Virginia.

**CONFIDENTIALITY:**

The vendor agrees that he or she 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. Vendors should visit [www.state.wv.us/admin/purchase/privacy](http://www.state.wv.us/admin/purchase/privacy) for the Notice of Agency Confidentiality Policies.

Under penalty of law for false swearing (West Virginia Code, §61-5-3), it is hereby certified that the vendor acknowledges the information in this said affidavit and are in compliance with the requirements as stated.

Vendor's Name: Gibbons & KawashAuthorized Signature:  Date: June 13, 2006

**APPENDIX E**

---

**CORPORATE POLITICAL DISCLOSURE**

WEST VIRGINIA LOTTERY  
CORPORATE DISCLOSURE  
REGARDING POLITICAL CONTRIBUTIONS

I hereby certify that:

X I have made no political contribution to West Virginia federal candidates or to West Virginia local/state candidates or political committees in the preceding three years.

       I have made the following political contributions:

(Notary Statement)  
State of WV  
County of Kanawha

(Applicant)  
Full Name Gibbons & Kawash, A.C.  
Current Address 300 Chase Tower  
707 Virginia Street, East  
Charleston, WV 25301

Taken, subscribed and sworn to me this 25 day of May, 2006

FEIN No. 55-0738985  
Date 5-25-06

Mary Jane Tucker  
(Name)

Signature T. J. Tucker

My Commission Expires:  
July 31, 2006

A copy of this form will be sent to the Office of the West Virginia Secretary of State.



**APPENDIX F**

---

**CORPORATE AFFIDAVIT**

West Virginia Lottery  
CORPORATE AFFIDAVIT

019

To whom it may concern:

I hereby authorize any representative of the West Virginia Lottery Commission bearing this release or transmitting a copy of same to obtain information from you or your files or other sources pertaining to my personal background including, but not limited to, police records, academic, athletic, medical, credit or any other records you may have regarding me. I hereby direct you to release such information upon the request of any duly authorized representative of the West Virginia Lottery. This release is executed with the full knowledge and understanding that the information is for the official use of the West Virginia Lottery. I hereby release you, the institution or establishment which you represent including its officers, employees, and related personnel, both individually and collectively, from any and all liability for damages of whatever kind, which may at any time result to me, my heirs, family or associates because of compliance with this authorization and request to release information, or any attempt to comply with it. Should there be any question as to the validity of this release, you may contact me as indicated below.

I hereby swear or affirm that the corporation, firm or association listed below, or any of its officers or directors, owners or members *have*  / *have not*  been convicted of any violation under Chapter 29, Article 22, of the code of West Virginia or of any felony or crime related to theft, gambling or involving moral turpitude. (Explanation attached)

I understand that any untruthful or misleading answers are causes for the rejection of the application and/or termination of any lottery license so granted, and may subject me to prosecution under the State Lottery Act, Chapter 29, Article 22, West Virginia Code as amended.

Notary Statement

State of WV  
County of Kanawha

Taken, Subscribed and Sworn to before me this 25 day of

May 2006  
Mary Jane Yucker

My Commission expires:

July 31, 2006

This form may be copied as necessary  
NOTARY PUBLIC  
STATE OF WEST VIRGINIA  
MARY JANE YUCKER  
P.O. Box 244  
CEDAR GROVE, WV 26030  
My Commission Expires July 31, 2006

Gibbons & Kawash, A.C.  
(Corporate, Firm, Association Name)

Current Address 300 Chase Tower, 707 Virginia  
Street, East, Charleston, WV 25301

Telephone Number 304-345-8400

F.E.I.N. 55-0738985

Today's Date 5-25-06

Signature Tracy J. ...



**APPENDIX G**

---

**VENDOR DISCLOSURE FORM**

West Virginia Lottery

Vendor Disclosure Form

Please use this format to disclose all information your company must disclose to the West Virginia Lottery under WV code §29-22-23 and to the Secretary of State under WV code §29-22-24.

- (1) If the vendor is a corporation, list the officers, directors and each stockholder in such corporation; except that, in the case of stockholders of publicly held equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to own beneficially five percent or more of such securities need be disclosed.

Timothy J. Gibbons  
920 Ridgmont Road  
Charleston, WV 25314

Stephen E. Kawash  
37 Carriage Road  
Charleston, WV 25314

Valerie R. Ellis  
133 Oakmont Drive  
Poca, WV 25159

Anthony D. Rager  
413 Rambling Hills  
Elkview, WV 25071

John D. Galloway  
400 Clendenin St., Apt. J  
Charleston, WV 25301

Robert R. Denyer  
901 Echo Road  
South Charleston, WV 25303

- (2) If the vendor is a partnership or joint venture, list all of the general and limited partners or joint venturers; if such general and limited partners or joint venturers are themselves a partnership, joint venture, trust, association, corporation, subsidiary or intermediary corporation, the same information required by this section shall be supplied for such entities.

N/A

- (3) If the vendor is a trust, list the name of the trustees.

N/A

- (4) If the vendor is an association, list the members, officers and directors.

N/A

- (5) If the vendor intends to or does subcontract to another person or entity any integral or substantial portion of the work to be performed in supplying such materials or equipment, then the vendor shall supply the above-mentioned information for all such persons or entities.

N/A

- (6) The following information shall also be submitted:

- (A) List all jurisdictions in which the vendor has contracts to supply gaming materials or equipment and the types of gaming materials or equipment involved therewith.

NONE

- (B) List the details of any felony convictions of a criminal offense, state or federal, of the vendor or any person whose name and address are required by this section.

NONE

- (C) List all details of any disciplinary action of a judicial nature relating to gaming taken by any state or person against the vendor or any person whose name and address are required by this section.

NONE

- (D) List the number of years the vendor has been in the business of supplying gaming materials or equipment.

N/A

- (E) List a disclosure of each state and jurisdiction in which the vendor has been denied, or has had revoked a gaming license of any kind, and the disposition of such in each state of jurisdiction. If any gaming license has been revoked or has not been renewed or any gaming license application has been either denied or is pending for more than six months, all of the facts and circumstances underlying such failure to receive such license must be disclosed.

N/A

- (F) List a disclosure of the details of any bankruptcy, insolvency, reorganization or any pending litigation relating to gaming of each vendor.

N/A

- (G) Complete a signed authorization by each vendor and officer thereof allowing the deputy director for security to conduct a background investigation of such person. (Attached)

See Appendix B

- (H) Complete such other information, accompanied by such documents, as the commission, by rule or contract procurement documents, may require as being necessary or appropriate in the public interest to accomplish the purposes of this section. (Attached)

See Appendices B, D, E, F