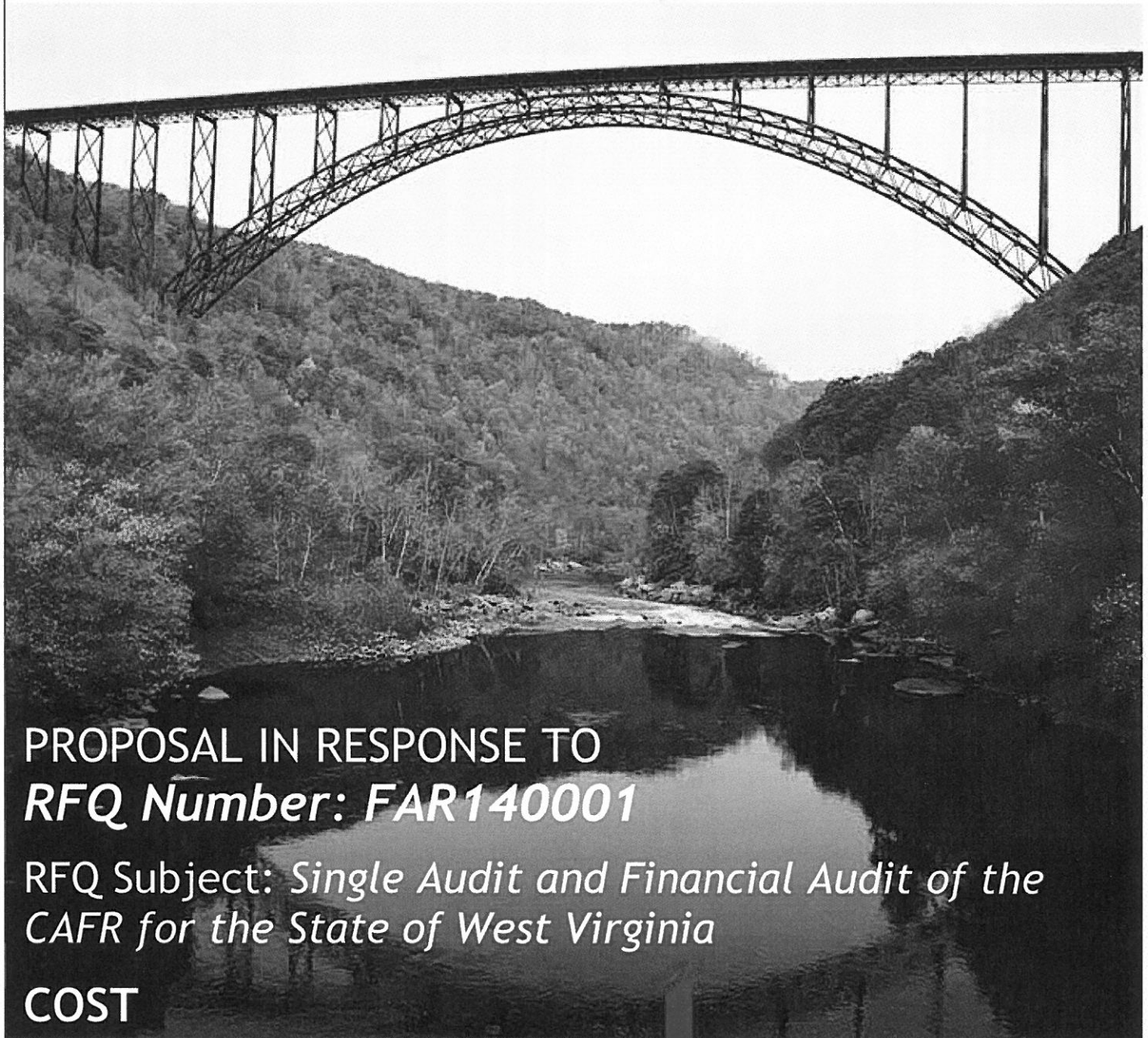




ORIGINAL



PROPOSAL IN RESPONSE TO
RFQ Number: FAR140001

*RFQ Subject: Single Audit and Financial Audit of the
CAFR for the State of West Virginia*

COST

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May 20, 2014



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TRANSMITTAL LETTER

May 20, 2014

Mr. Guy Nisbet
Financial Accounting and Reporting Section
2101 Washington Street, East
Charleston, West Virginia 25305-1510

Dear Mr. Nisbet:

BDO USA, LLP ("BDO"), in partnership with **Gibbons & Kawash, A.C.** ("Gibbons & Kawash") and **Dixon Hughes Goodman, LLP** ("DHG"), (collectively, the "BDO Team"), appreciates the opportunity to present our *Cost Proposal* to meet the auditing needs of the **State of West Virginia** (the "State").

Value for Fees. We are sensitive to your objective of controlling costs in this current economic climate. We understand the importance of efficiencies and cost control and have specifically designed our audit methodology to provide your engagement team with the tools they need to perform a high quality audit in as cost effective a manner as possible. Additionally, we have instituted rigorous internal procedures to maintain our high professional standards and to control the scope and the cost of the engagement, which brings further value to you as our client.

We believe our capabilities, combined with a streamlined, accessible organizational structure translates to a unique value proposition for our clients. We have enclosed on the next page a competitive fee structure, associated with the scope of services described in our *Technical* proposal that we feel would be valuable to the State.

Closing. In the interest of being thorough, we want to emphasize our sincere interest to help foster the continued success of the State and we look forward to working with the State on such an important engagement.

Sincerely,

William Eisig, CPA
Partner and National Practice Leader
Governmental and Nonprofit Services
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REQUEST FOR PROPOSAL

Finance, DOA and RFP FAR 140001

Attachment C: Cost Sheet

Cost information below as detailed in the Request for Proposal and submitted in a separate sealed envelope. Cost should be clearly marked.

Cost Proposal for Fiscal Year 2014 (each item is an All Inclusive Cost):

CAFR	\$459,850	
Single Audit	\$689,770	
WVFIMS SSAE 16 Service Organization Control 1 Report		\$70,000
State Rail (Separately Published Audit)	\$27,000	

Cost Proposal for Fiscal Year 2015 (each item is an All Inclusive Cost):

CAFR	\$471,345	
Single Audit	\$707,020	
wvOASIS SSAE 16 Service Organization Control 1 Report		\$72,000
State Rail (Separately Published Audit)	\$27,000	

Cost Proposal for Fiscal Year 2016 (each item is an All Inclusive Cost):

CAFR	\$483,130	
Single Audit	\$724,695	
wvOASIS SSAE 16 Service Organization Control 1 Report		\$74,000
State Rail (Separately Published Audit)	\$27,000	

Cost Proposal for Fiscal Year 2017 (each item is an All Inclusive Cost):

CAFR	\$495,210	
Single Audit	\$742,815	
wvOASIS SSAE 16 Service Organization Control 1 Report		\$75,000
State Rail (Separately Published Audit)	\$27,000	

Grand Total of Cost Proposal for Fiscal Year 2014, 2015, 2016, and 2017 \$5,172,835

If applicable, sign and submit the attached Resident Vendor Preference Certificate with the proposal.

(All Inclusive)

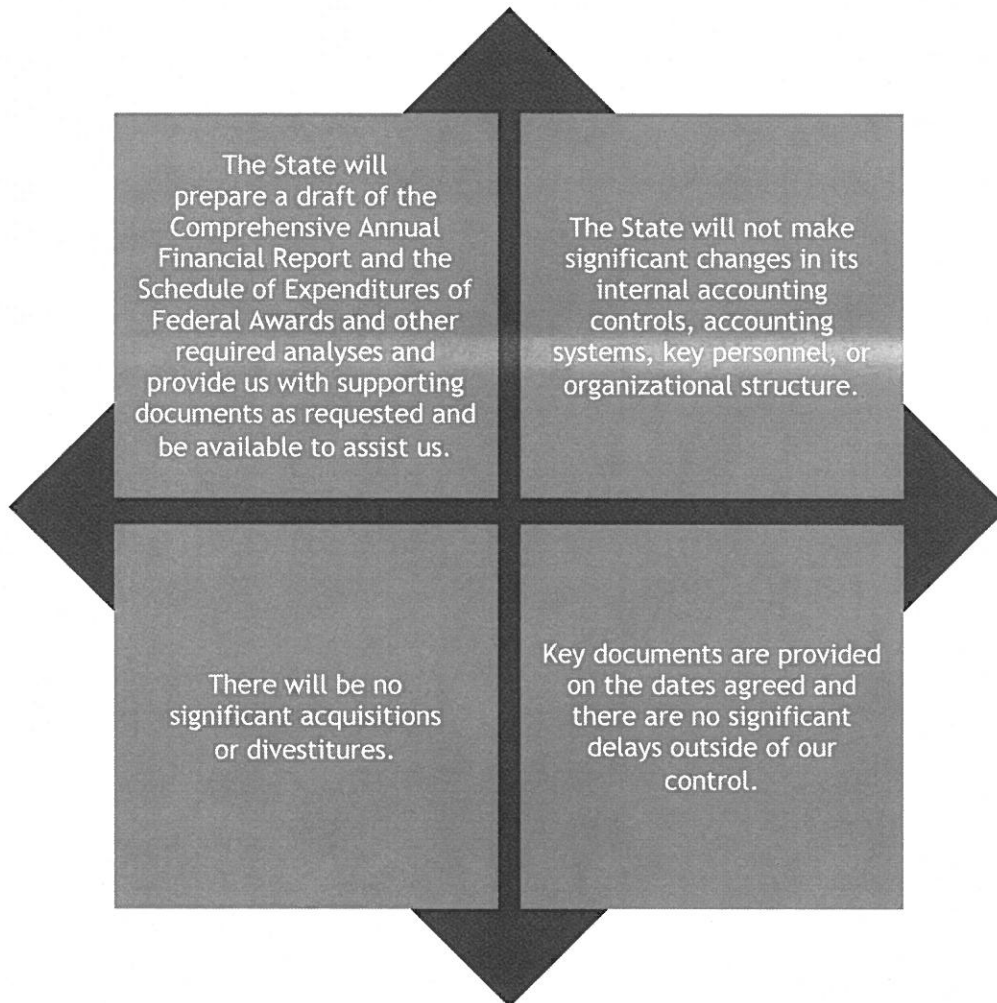
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YOUR INVESTMENT

Fee Assumptions

The fee estimates are based on the facts and circumstances made available to us at the time the proposal was developed. Should changes in accounting rules, federal regulations, auditing standards, tax laws, the State's organizational structure, or client personnel warrant additional fees, you will be notified prior to any time being incurred. Our current fees are based on the following assumptions:



Service Gap Expectations

We have found that the best way to avoid service gap expectations or surprise billings is to maintain an open dialogue with key members of the State's staff. During the planning, performance, and reporting phase of the engagement, communication will be a critical component of the success formula.

Our fee is subject to revision only if unforeseeable circumstances are encountered. In that unlikely event, we will discuss the matter with you before incurring any additional costs so that mutually acceptable revisions can be made.

PROPOSAL IN RESPONSE TO RFQ NUMBER: FAR140001


RFQ Subject: Single Audit and Financial Audit of the CAFR for the State of West Virginia

Below is our standard and discounted billing rate schedule by staff level. We are pleased to offer you our discounted rates as we work with our public sector clients in providing discounts from our standard hourly billable rates. Our billing rates have increased approximately 3% per year based on the standard cost of living over the last three years.

Level	Standard Rate	Discounted Rate
Partner	\$550	\$300
Director/Senior Manager	\$400	\$185
Manager	\$370	\$160
Senior	\$250	\$125
Staff	\$160	\$110

Routine Consultation

As our client, you will have unlimited access to the many resources our combined Firms have to offer. Your complete client service team is available to consult with the State throughout the year, whenever questions or issues arise. Day-to-day contact between the professional staff at the State and the BDO Team ensures that the audit is efficient, focused appropriately on risk areas, and functioning to keep management well informed.

<p>We encourage clients to call us with any questions or issues as they arise and we do not bill for routine calls and questions. We have found that this greatly improves communication with our clients and allows us a much better understanding of their operations.</p>	
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Occasionally, your personnel may wish to seek more comprehensive advice and information regarding accounting systems, benefit packages, cost allocations, operating efficiencies, or other matters. If such extended research is required, we will provide you with a fee estimate and request your approval before we begin.

Vendor Registration and Disclosure Statement

We will submit the Vendor Registration and Disclosure Statement (Form WV-1) and remit the registration fee prior to beginning any work for the State's engagement.

It is our understanding that the liquidated damages provision will not apply to the proposed engagement because to otherwise require liquidated damages might cause a violation of an auditor's independence requirement as defined by the American Institute of Certified Public Accountants. However, the BDO Team has a strong record of meeting all audit filing deadlines and client requirements and would be willing to discuss and accept other means of assuring our timely performance and delivery of all required work product.