

Cost proposal to provide  
auditing services to the  
**State of West Virginia**

RFP Number: FAR140001

May 20, 2014

ORIGINAL

**Submitted by: Ernst & Young LLP**

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05/20/14 12:40:04PM  
West Virginia Purchasing Division



Building a better  
working world

## Attachment C: 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 outlined in our Technical Response to your RFP. 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.

<b>Cost Proposal for Fiscal Year 2014 (each item is an All Inclusive Cost):</b>	
CAFR	\$469,500
Single Audit	571,000
WVFIMS SSAE 16 Service Organization Control 1 Report	55,000
State Rail (Separately Published Audit)	29,000
<b>Total of cost proposal for Fiscal Year 2014</b>	<b>\$1,124,500</b>
<b>Cost Proposal for Fiscal Year 2015 (each item is an All Inclusive Cost):</b>	
CAFR	\$469,500
Single Audit	571,000
wvOASIS SSAE 16 Service Organization Control 1 Report	55,000
State Rail (Separately Published Audit)	29,000
<b>Total of cost proposal for Fiscal Year 2015</b>	<b>\$1,124,500</b>
<b>Cost Proposal for Fiscal Year 2016 (each item is an All Inclusive Cost):</b>	
CAFR	\$469,500
Single Audit	571,000
wvOASIS SSAE 16 Service Organization Control 1 Report	55,000
State Rail (Separately Published Audit)	29,000
<b>Total of cost proposal for Fiscal Year 2016</b>	<b>\$1,124,500</b>
<b>Cost Proposal for Fiscal Year 2017 (each item is an All Inclusive Cost):</b>	
CAFR	\$469,500
Single Audit	571,000
wvOASIS SSAE 16 Service Organization Control 1 Report	55,000
State Rail (Separately Published Audit)	29,000
<b>Total of cost proposal for Fiscal Year 2017</b>	<b>\$1,124,500</b>
<b>Grand Total of Cost Proposal for Fiscal Year 2014, 2015, 2016, and 2017</b>	<b>\$4,498,000</b>

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

Should it become necessary for the State to request Ernst & Young to render any additional services either to supplement the services requested in your RFP or to perform additional work unforeseen at the issuance of the RFP, but necessary to fulfill results required in the RFP, we will provide a written addendum to the contract between the State and Ernst & Young. Any such additional work agreed to between the State and Ernst & Young will be performed at the hourly rates for FY 2014 through FY 2017 according to the schedule below:

<b>Personnel</b>	<b>FY2014 hourly rate</b>	<b>FY2015 hourly rate</b>	<b>FY2016 hourly rate</b>	<b>FY2017 hourly rate</b>
Partners/Member/Executive Director	\$385	\$385	\$390	\$395
Senior Manager	285	285	290	295
Manager	210	215	220	225
Audit Senior	175	180	185	190
Supervisory Staff	130	135	140	145
Staff	110	115	120	125
ITRA Partner/Executive Director	385	385	390	395
ITRA Senior Manager	285	285	290	295
ITRA Senior	175	180	185	190
ITRA Staff	110	115	120	125
Actuary	430	435	440	445

State of West Virginia

VENDOR PREFERENCE CERTIFICATE

Certification and application\* is hereby made for Preference in accordance with West Virginia Code, §5A-3-37. (Does not apply to construction contracts). West Virginia Code, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the West Virginia Code. This certificate for application is to be used to request such preference. The Purchasing Division will make the determination of the Vendor Preference, if applicable.

1. Application is made for 2.5% vendor preference for the reason checked:

- 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, Bidder is a partnership, association or corporation resident vendor and 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 80% of the ownership 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, Bidder is a 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; or,

2. Application is made for 2.5% vendor preference for the reason checked:

- 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; or,

3. Application is made for 2.5% vendor preference for the reason checked:

- 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 Bidder's 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; or,

4. Application is made for 5% vendor preference for the reason checked:

- Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; or,

5. Application is made for 3.5% vendor preference who is a veteran for the reason checked:

- Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; or,

6. Application is made for 3.5% vendor preference who is a veteran for the reason checked:

- Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years.

7. Application is made for preference as a non-resident small, women- and minority-owned business, in accordance with West Virginia Code §5A-3-59 and West Virginia Code of State Rules.

- Bidder has been or expects to be approved prior to contract award by the Purchasing Division as a certified small, women- and minority-owned business.

Bidder understands if the Secretary of 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) reject the bid; 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.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of 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.

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.

Bidder: Ernst & Young, LLP / Suttle & Stalnaker, PLLC / Dearien & Company, A.C.

Signed: [Signature]

Date: May 20, 2014

Title: Partner / Member / Owner

STATE OF WEST VIRGINIA  
Purchasing Division

**PURCHASING AFFIDAVIT**

**MANDATE:** Under W. Va. Code §5A-3-10a, 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: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

**EXCEPTION:** The prohibition listed above does not apply where a vendor has contested any tax administered pursuant to chapter eleven of the W. Va. 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.

**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.

**"Employer default"** means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

**"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.

**AFFIRMATION:** By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (W. Va. Code §61-5-3) that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

**WITNESS THE FOLLOWING SIGNATURE:**

Vendor's Name: Ernst & Young, LLP

Authorized Signature: *[Signature]* Date: 05/20/2014

State of West Virginia

County of Kanawha, to-wit:

Taken, subscribed, and sworn to before me this 20 day of May, 2014.

My Commission expires November 18, 2019.

**AFFIX SEAL HERE**

**NOTARY PUBLIC**

*[Signature]*  
Purchasing Affidavit (Revised 07/01/2012)



STATE OF WEST VIRGINIA  
Purchasing Division**PURCHASING AFFIDAVIT**

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**"Employer default"** means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

**"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.

**AFFIRMATION:** By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (W. Va. Code §61-5-3) that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

**WITNESS THE FOLLOWING SIGNATURE:**Vendor's Name: Suttle & Stalnaker, PLLCAuthorized Signature:  Date: 05/20/2014State of West VirginiaCounty of Kanawha, to-wit:Taken, subscribed, and sworn to before me this 20 day of May, 2014.My Commission expires November 18, 2019.

AFFIX SEAL HERE

NOTARY PUBLIC

  
Purchasing Affidavit (Revised 07/01/2012)

STATE OF WEST VIRGINIA  
Purchasing Division

**PURCHASING AFFIDAVIT**

**MANDATE:** Under W. Va. Code §5A-3-10a, 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: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

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**WITNESS THE FOLLOWING SIGNATURE:**

Vendor's Name: Dearien & Company, A.C.  
Authorized Signature: [Signature] Date: 05/20/2014

State of West Virginia

County of Kanawha, to-wit:

Taken, subscribed, and sworn to before me this 20 day of May, 2014.

My Commission expires November 18, 2019.

**AFFIX SEAL HERE**

**NOTARY PUBLIC**

[Signature]  
Purchasing Affidavit (Revised 07/01/2012)

