

COMMITMENT TO SERVE

**WORKFORCE**  
**West Virginia**

07/10/14 09:36:14AM  
West Virginia Purchasing Division

Workforce West Virginia

Auditing Services

Response to Request for Quotation  
RFQ Number WWV14869

Suttle & Stalnaker, PLLC  
The Virginia Center, Suite 100  
1411 Virginia Street East  
Charleston, West Virginia 25301  
(304) 343-4126  
(800) 788-3844

Contact Person:

A handwritten signature in black ink, appearing to read 'CD', followed by a horizontal line.

Chris Deweese, CPA, CGMA, Member

July 10, 2014



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TRANSMITTAL LETTER
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July 10, 2014

Workforce West Virginia  
Office of Admin. Support-5302  
112 California Avenue  
Charleston, West Virginia 25305

We are pleased to submit our proposal to serve as independent Certified Public Accountants to perform the annual audit of the financial statements of Workforce West Virginia for the year ended June 30, 2014. Suttle & Stalnaker, PLLC welcomes this opportunity to serve you. We are particularly well suited to serve you since our experience is especially strong in working with West Virginia State government and governmentally funded organizations.

The team which we have assembled to serve Workforce West Virginia has a long-standing relationship with various State and local government organizations which means that we know and understand the difficult issues and how to address them. Our primary team members have extensive technical knowledge of and experience with Federal and State grants and will be available at your request. Your engagement member will be Chris Deweese. He has been engagement member for audits of Workforce West Virginia, West Virginia Department of Transportation, and numerous other governmental organizations.

We will serve Workforce West Virginia in a dedicated manner and you will be a top priority client of our office. We would appreciate the opportunity to meet personally to further discuss this written proposal. We possess all of the technical and professional qualifications to serve Workforce West Virginia in the most effective manner. Please feel free to contact Horace Emery or Chris Deweese in respect to any questions you may have concerning this proposal. This proposal is a firm and irrevocable offer for ninety (90) days.

Very truly yours,

Suttle & Stalnaker, PLLC

MANDATORY REQUIREMENTS
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## MANDATORY REQUIREMENTS

### ***Independence:***

*Governmental auditing standards required by the governmental accounting office define independence in the second general standard for governmental auditing as follows: "In all matters related to the audit work, the audit organization and the individual auditors, whether government or public, should be free from personal and external impairments to independence, should be organizationally independent, and should maintain an independent attitude and appearance."*

*The firm must meet standard accounting requirements as promulgated by United States General Accounting Offices and must also provide an affirmative statement that it is independent of the State of West Virginia and any other component units of that entity as defined by those same standards.*

*In addition, the firm shall give Workforce West Virginia written notice of any professional relationships entered into during the period of the agreement with any major contractors as defined in WV §29.22.23. The firm will also notify Workforce West Virginia in writing if any other matters come to its attention during this engagement, which may impair its independence.*

Suttle & Stalnaker, PLLC is independent of the Workforce West Virginia, and related systems, the State of West Virginia, and any other component units of the State of West Virginia as defined by auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States, United States General Accounting Office.

Suttle & Stalnaker, PLLC has no relationship with any known major vendors or contractors to Workforce West Virginia and related systems. In addition, Suttle & Stalnaker, PLLC agrees to give Workforce West Virginia written notice of any professional relationships entered into during the period of this agreement with any major contractors as defined in West Virginia code §29-22-23.

We affirm to the best of our knowledge and belief that neither the firm, nor any of its members, employees, or subcontractors presently have any interest and shall not acquire any interest, direct or indirect which would conflict or compromise in any manner or degree with the performance of its services hereunder. We further covenant that during the period of the contract, we shall periodically inquire of our members, employees and any subcontractors, concerning such interests. Any such interests discovered shall be promptly presented in detail to Workforce West Virginia.

***Required Software for Financial Statement Preparation:***

*The CPA Firm who is awarded this contract must use CorpSystem WorkPaper Manager software by CCH for Financial Statement Preparation.*

Suttle & Stalnaker, PLLC utilizes this software.

***License To Practice In West Virginia:***

*The firm and all assigned key professional personnel and all associated and subcontracted firms must be licenses to practice in West Virginia. In addition, the firm and all associated and subcontracted firms are in good standing with the Unemployment Compensation Division of the State of West Virginia.*

Suttle & Stalnaker, PLLC and all assigned key professional staff are properly licensed by the West Virginia Board of Accountancy to practice in West Virginia. We are in good standing with both the Workers' Compensation Division and the Unemployment Compensation Division as required by law. Please see the No Debt Affidavit at the last page of the Request for Quotation included as part of this proposal.

In addition, all assigned personnel have received adequate continuing professional education within the preceding two years to comply with AICPA and *Government Auditing Standards* (GAS). Suttle & Stalnaker, PLLC is a member in good standing with the American Institute of Certified Public Accountants (AICPA), the AICPA's Private Companies Practice Section, and the West Virginia Society of Certified Public Accountants (CPAs). All members proposed to serve on this engagement are members of the AICPA.

Suttle & Stalnaker, PLLC meets all requirements imposed by the State of West Virginia and other local laws, rules and regulations, and are registered resident vendors authorized to transact business with the State of West Virginia.

### **Quality Control:**

*The fourth general standard as set forth in governmental auditing standards is promulgated by the United States Governmental Accounting Offices states that "each audit organization conducting audits in accordance with these standards have an appropriate internal control system in place and undergo an external quality control review."*

*The firm and all associated and sub-contracted firms have in place an internal quality control system to provide reasonable assurance that an adequate quality standard will be maintained during the engagement. In addition, copies of the firm or firms internal control document should be attached to the RFQ as well as a copy of the most recent external quality control review or made available within 48 hours upon request of the agency. Should the written report of the most recent external quality review disclose significant matters that would leave doubts as to the ability of the firm to maintain quality control, a written explanation should be attached to say what steps have been taken by the firm to improve their quality control procedures. The quality control review should have included a review of specific governmental engagements.*

*The firm should provide with the bid or make available within 48 hours request from the agency information on the results of any federal or state desk reviews or field reviews of its audits during the past three years.*

Suttle & Stalnaker, PLLC is a member in good standing of PKF International and of the PCPS: The AICPA Alliance for CPA Firms, and as such is required to provide a minimum average of 40 hours per year of continuing professional education for each professional on staff, have a complete quality control system in place which encompasses all of the quality control elements established by the AICPA, and have a peer review at least every three years.

In addition we are members of the Public Company Accounting Oversight Board (PCAOB), the Government Audit Quality Center and the Employee Benefit Plan Audit Quality Center of the American Institute of Certified Public Accountants. CPA firms that join the Center demonstrate their commitment to audit quality by agreeing to, and meeting, specific Center membership requirements. They also show their dedication to sharing best practices, learning about emerging issues, and demonstrating their commitment to enhancing quality in their practices.

The following is a brief summary of our policies as they relate to each quality control element.

### **Leadership Responsibilities For Quality**

It is the firm's policy to promote a culture of quality that is pervasive throughout the firm's operations through the development of its system of quality control. Firm management, principally the Director of Audit, assumes responsibility for the firm's system of quality control and designs the system (a) to emphasize the importance of performing work that complies with professional standards and regulatory and legal requirements and (b) to issue reports that are appropriate in the circumstances. In maintaining a culture of quality, the firm emphasizes the importance of ethics and integrity in every decision that personnel make, particularly at the engagement level.

### **Relevant Ethical Requirements**

It is the firm's policy that all professional personnel be familiar with and adhere to the relevant ethical requirements of the AICPA, the State of West Virginia Board of Accountancy, the West Virginia Society of CPAs, and State of West Virginia statutes. Furthermore, it is the firm's policy that, for engagements subject to the Securities and Exchange Commission (SEC), *Government Auditing Standards*, *PCAOB*, and other applicable regulatory agencies, all professional personnel be familiar with and adhere to the relevant ethical requirements included in those standards and that personnel will always act in the public interest. In this regard, any transaction, event, circumstance or action that would impair independence or violate the firm's relevant ethical requirements policy on an audit, attestation, review or compilation engagement, or other service subject to the applicable standards is prohibited. Additionally, when the firm and its professional personnel encounter situations that raise potential independence threats but such situations are not specifically addressed by the independence rules of the AICPA *Code of Professional Conduct*, the situation will be evaluated by referring to the *Conceptual Framework for AICPA Independence Standards* and applying professional judgment to determine whether an independence breach has occurred. The firm will take appropriate action to eliminate those threats or mitigate them to an acceptable level by applying safeguards. If effective safeguards cannot be applied, the firm will decline to accept or withdraw from the engagement or take other corrective actions as appropriate to eliminate the breach or potential breach.

### **Acceptance and Continuance of Clients and Engagements**

It is the firm's policy that for all compilation, review, audit, and attestation engagements, the acceptability of the client and the engagement be evaluated before the firm agrees to provide professional services and that the firm will accept only engagements that it believes can be completed with professional competence after considering the risk associated with providing professional services in the particular circumstances.

### **Human Resources**

The success of the firm is dependent upon its professional staff. It is the firm's intent to succeed in the marketplace by having members and staff that possess the capabilities, competence, and commitment to ethical principles to assure that engagements performed by the firm are in accordance with professional standards and regulatory and legal requirements and that appropriate reports are issued. Having effective quality control policies and procedures over the human resources element of quality control will help ensure the proficiency of firm personnel. Accordingly, policies and procedures have been established to provide the firm with reasonable assurance that-

- Those hired possess the appropriate characteristics to enable them to perform competently. Professional staff must normally have an accounting degree and a grade point average of at least 3.0 on a 4.0 scale.
- Work is assigned to personnel having the degree of technical training and proficiency required in the circumstances.



- Personnel participate in general and industry-specific continuing professional education (CPE) and other professional development activities that enable them to fulfill responsibilities assigned. All professional personnel must comply with the continuing professional education requirements of the AICPA, the West Virginia State Board of Accountancy, and the U.S. General Accounting Office. Specifically, all professionals must obtain a minimum of 40 hours of continuing professional education per year. For persons involved in governmental auditing, at least 24 hours in any two-year period must be directly related to governmental accounting and auditing. Individuals who sign audit opinion and/or are assigned to public company audit engagements must meet the CPE requirements of the PCAOB and the AICPA Center for Audit Quality. All professional staff must maintain an adequate awareness and understanding of current developments in technical literature, and all professional staff must assist in the training and development of staff members under their supervision.
- Personnel selected for advancement must have the qualifications necessary for fulfillment of the responsibilities they will be called on to assume. These determinations are made based on periodic, objective evaluations of individual performances.

### **Engagement Performance**

Engagement performance encompasses many aspects of performing an engagement, from the initial planning stages to the issuance of the report and assembly of the work papers. Additionally, it is not uncommon for the firm's engagement teams to occasionally encounter complex or contentious issues that result in the need for consultation or that create differences of opinion. The firm believes in a strong quality control system and supports frequent engagement quality control review.

Specific detailed procedures have been developed in regards to the following three components of Engagement Performance.

- Engagement performance and documentation. - Specific policies and procedures include guidance on the use of various practice aids to help ensure that all engagements are properly planned, performed, supervised, reviewed, documented and reported in accordance with professional standards.
- Engagement quality control review. - It is the firm's policy (a) to evaluate all engagements against criteria established by the firm to determine whether an engagement quality control review should be performed, and (b) to perform an engagement quality control review for all engagements that meet these criteria. Engagement quality control reviews are completed before the report is released.

- Consultation and differences of opinion. - It is the firm's policy that personnel refer to authoritative literature or other sources when appropriate. The firm also recognizes the need for a constant exchange of ideas and opinions about technical issues on all professional engagements, and it is the firm's policy that all professional personnel seek consultation, on a timely basis, within or outside the firm whenever differences of opinion occur or uncertainty exists about the answer to a technical question; the application of a professional procedure or standard; the application of a rule, regulation, or procedure of a tax or other regulatory agency; or the application of a firm policy.

### **Monitoring**

It is the firm's policy that the quality control system be monitored on an ongoing basis to provide the firm with reasonable assurance that the policies and procedures established by the firm for each of the elements of quality control are relevant, adequate, operating effectively, and being effectively applied. Monitoring activities may include engagement quality control reviews, inspection, and post-issuance review.

The specific procedures utilized to ensure compliance with the above policies are enumerated in our formal Quality Control Document which is available for inspection upon your request.

### **PEER REVIEW**

Our Firm's most recent peer review of our system of quality control performed by an independent CPA Firm in accordance with standards established by the American Institute of Certified Public Accountants was completed in 2011, and **we received a pass rating with no deficiencies identified**. In accordance with peer review standards, the peer review included a review of selected specific governmental engagements. A copy of that report is included in this proposal.

The Firm also has periodically had its workpapers and/or reports reviewed by federal and state agencies. The desk and/or field audits have uncovered no significant issues, and we have often been complemented by the reviewer on the quality of our work.



Kelley,  
Galloway &  
Company, PSC

CERTIFIED PUBLIC ACCOUNTANTS

• 1200 CORPORATE COURT • P.O. BOX 990 • ASHLAND, KENTUCKY 41105-0990 •  
• Phone (606) 329-1811 • Fax (606) 329-8756 • E-mail [contact@kelleygalloway.com](mailto:contact@kelleygalloway.com) • Web site [www.kelleygalloway.com](http://www.kelleygalloway.com) •

Member of the Center for Public Company Audit Firms, the Private Companies Practice Section of the American Institute of Certified Public Accountants and PKF North America Network

## SYSTEM REVIEW REPORT

To the Members of Suttle & Stalnaker, PLLC  
and the West Virginia Society of CPAs Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Suttle & Stalnaker, PLLC (the firm) in effect for the year ended May 31, 2011. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Suttle & Stalnaker, PLLC in effect for the year ended May 31, 2011, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Suttle & Stalnaker, PLLC has received a peer review rating of *pass*.

*Kelley, Galloway & Company, PSC*

Kelley, Galloway & Company, PSC  
Ashland, Kentucky  
November 2, 2011

## **OTHER CERTIFICATIONS AND WARRANTIES**

### **Conflicts of Interest**

As a consequence of Suttle & Stalnaker, PLLC's strict policies regarding independence, it has no engagements that can or will in any way cause a conflict of interest, as set forth in West Virginia Code §29-22-23, with our proposed engagement for Workforce West Virginia.

### **Prohibition Against Gratuities**

Suttle & Stalnaker, PLLC has employed no company or person to assist with our services to Workforce West Virginia other than bona fide employees. Further, we have not paid or agreed to pay any company or person any fee, commission, percentage, brokerage fee, gifts or any other consideration contingent upon or resulting from the award of the contract with Workforce West Virginia.

### **Certifications Related to Lobbying**

No federal appropriated funds have been paid or will be paid, by or on behalf of Suttle & Stalnaker, PLLC or their employees, to any person for purposes of influencing or attempting to influence an officer or employee of any federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan, or cooperative agreement.

### **Vendor Relationship**

The relationship of Suttle & Stalnaker, PLLC to the State will be that of an independent contractor and no principal-agent relationship or employer-employee relationship is contemplated or created by the parties to this contract. Suttle & Stalnaker, PLLC as an independent contractor is solely liable for the acts and omissions of its employees and agents.

Suttle & Stalnaker, PLLC is responsible for selecting, supervising, and compensating any and all individuals employed pursuant to the terms of this RFQ and resulting contract. Neither Suttle & Stalnaker, PLLC nor any employees or contractors of Suttle & Stalnaker, PLLC shall be deemed to be employees of the State for any purposes whatsoever.

Suttle & Stalnaker, PLLC is exclusively responsible for the payment to his/her employees and contractors of all wages and salaries, taxes, withholding payments, penalties, fees, fringe benefits, professional liability insurance premiums, contributions to insurance and pension or other deferred compensation plans, including but not limited to Workers' Compensation and Social Security obligations, and licensing fees, etc. and the filing of all necessary documents, forms and returns pertinent to all of the foregoing.

Suttle & Stalnaker, PLLC will hold harmless the State, and will provide the State and Workforce West Virginia with a defense against any and all claims including but not limited to the foregoing payments, withholdings, contributions, taxes, social security taxes and employer income tax returns.

Suttle & Stalnaker, PLLC will not assign, convey, transfer or delegate any of its responsibilities and obligations under this contract to any person, corporation, partnership, association or entity without expressed written consent of Workforce West Virginia.

### **Indemnification**

Suttle & Stalnaker, PLLC agrees to indemnify, defend and hold harmless the State of West Virginia, Workforce West Virginia, its officers, and employees from and against:

- (A) Any claims or losses for services rendered by any subcontractor, person or firm performing or supplying services, materials or supplies in connection with the performance of the contract.
- (B) Any claims or losses resulting to any person or entity injured or damaged by Suttle & Stalnaker, PLLC, their officers or employees by the publication, translation, reproduction, delivery, performance, use or disposition of any data used under the contract in a manner not authorized by the contract, or by federal or state statutes or regulations;
- (C) Any failure of Suttle & Stalnaker, PLLC, their officers or employees to observe state and federal laws, including but not limited to labor and minimum wage laws.

### **Contract Provisions**

After the successful Vendor is selected, a formal contract document will be executed between the State and the Vendor. In addition, the RFQ and the Vendor's response will be included as part of the contract by reference. The order of precedence is the contract, the RFQ, and the Vendor's Quote in response to the RFQ.

### **Compliance with Governing Laws and Regulations**

Suttle & Stalnaker, PLLC abide with all laws, regulations, and ordinances of the United States. Suttle & Stalnaker, PLLC is licensed to do business in this state. It also complies with the Civil Rights Act of 1964 and all other applicable federal, state and local government regulations.

### **Various General Terms and Conditions**

Suttle & Stalnaker, PLLC will abide by and comply with all items as presented in the RFQ.

**Desk and Field Reviews**

Engagements performed by Suttle & Stalnaker, PLLC have been subjected to several federal desk and field reviews over the past three years. No significant issues were raised as a result of any of these reviews.

**Proposer's Warranty and Guarantee**

Suttle & Stalnaker, PLLC warrants that it will not delegate or subcontract its responsibilities under this agreement without the express prior written permission of Workforce West Virginia.

Suttle & Stalnaker, PLLC further warrants that all information provided by it, in connection with this proposal, is true and accurate.

Suttle & Stalnaker, PLLC certifies it can and will provide and make available, at a minimum, all services set forth herein.

**SECTION I:  
FIRM QUALIFICATIONS AND EXPERIENCE**

## **SECTION I: FIRM QUALIFICATIONS AND EXPERIENCE**

Suttle & Stalnaker, PLLC, Certified Public Accountants, has offices located at 1411 Virginia Street East, The Virginia Center, Suite 100, Charleston, West Virginia 25301 and at Towne Square, PO Box 149, Parkersburg, West Virginia 26102. The Firm which was incorporated in 1973 currently consists of the following personnel, 29 of which are certified public accountants: members/partners - 12, managers, seniors and staff accountants - 53, support staff - 11. Currently there are approximately 26 individuals in our governmental audit staff. The work performed will be coordinated by our Charleston office. Various members and employees of the Firm are members of the American Institute of Certified Public Accountants, the West Virginia Society of Certified Public Accountants, Government Finance Officers' Association, and other professional organizations.

We are experienced in and perform a full range of activities. Our professionals are organized according to their functional discipline: accounting and auditing, tax and tax consulting, and management consulting. We consider ourselves business advisors who not only solve problems but also prevent them.

## **STATE OF WEST VIRGINIA AND WORKFORCE WEST VIRGINIA PROGRAMS**

Suttle & Stalnaker, PLLC has audited Workforce West Virginia's financial statements for the last nine years. In addition, Suttle & Stalnaker, PLLC has a long history of serving the State of West Virginia and Workforce West Virginia, having served virtually every major division and department in some capacity, including participating as a joint venturer/subcontractor in every Single Audit of the State of West Virginia. As part of the Single Audit, Suttle & Stalnaker, PLLC personnel have audited the major programs of Workforce West Virginia, including Unemployment Insurance, WIA Cluster, and Employment Services Cluster.

Other engagements with the State of West Virginia have included auditing component units, divisions or programs to be incorporated into the State of West Virginia's Comprehensive Annual Financial Reports. These engagements include the West Virginia Department of Transportation, West Virginia Division of Highways, West Virginia Public Employees Insurance Agency, West Virginia Lottery, West Virginia Public Defender Corporations, Bluefield State College, Concord University, Southern West Virginia Community and Technical College, West Virginia Osteopathic School of Medicine, and New River Community and Technical College. These engagements demonstrate our ability to meet the time parameters required by the Department of Administration's Financial and Reporting Section, as well as our ability to effectively and efficiently complete audits in the complex State environment.



## **GFOA CERTIFICATE OF EXCELLENCE EXPERIENCE**

Only a few entities in West Virginia have applied for and obtained a GFOA Certificate of Excellence in Financial Reporting. Our current clients, the West Virginia Division of Highways and the West Virginia Public Employee's Insurance Agency and our former client, Workforce West Virginia obtained the GFOA Certificate of Excellence. In addition, the State of West Virginia, our client through joint ventures with Ernst & Young, LLP and Deloitte & Touche, LLP, obtained the GFOA Certificate of Excellence. As stated in the Suttle & Stalnaker, PLLC mission statement, we are continually striving to "provide world class professional services to quality clients by utilizing a team of dynamic individuals and advanced technology to achieve success for our clients and ourselves." If Workforce West Virginia wishes to pursue a GFOA Certificate of Excellence in Financial Reporting, we will be pleased to assist.

## **PKF NORTH AMERICA**

Suttle & Stalnaker, PLLC is a member of PKF North America. PKF North America, a national and international association of independent certified public accounting firms, provides its members with continuing professional education, quality control, technical support, and marketing services.

**Location.** National and international.

**Statistics.** PKF North America includes over 200 member firms throughout the United States, Canada, Mexico, Europe and the Far East. PKF North America offers a network of experience and expertise covering a wide range of industries and client services on a regional, national and international basis. Admission is by invitation only.

PKF North America strengthens the practices of its member firms by providing:

- increased representation throughout the world
- access to specialized knowledge and expertise throughout the PKF North America association of firms
- targeted professional education
- marketing and practice development support
- a library of best practices materials
- a network of international public accounting firms, through affiliation with PKF International, to meet their international needs

**PKF North America and PKF International As of May 6, 2014**

	<u>PKF North America</u>	<u>PKF International</u>
Number of Member Firms	102	300
Combined Net Fees of Member Firms (in billions, U.S.)	\$1.511	\$2.52
Total Partners-Member Firms	1,401	2,660
Total Staff-Member Firms	9,360	22,543
Countries in Which Member Firms Reside	13	125

**PKF North America Membership as of May 6, 2014**

Number of Firms with One Office:	49
Number of Firms with Multiple Offices:	54
Largest Firm Revenue:	\$278,000,000
Smallest Firm Revenue:	\$1,000,000
Average Firm Revenue:	\$12,800,000
Locations:	231
Number of States:	40
Number of Canadian Provinces:	6
Number of Mexican Provinces:	22

**OUR GOVERNMENT PRACTICE**

Suttle & Stalnaker, PLLC has a long history of serving the State of West Virginia and governmental entity, having served virtually every major division and department in some capacity. Suttle & Stalnaker, PLLC has specialized in governmental and nonprofit agency auditing and accounting for over 40 years. This segment currently makes up the largest industry concentration of our audit practice, with our professional staff spending well over 15,000 hours per year on audits of governmental and nonprofit entities and programs. Every member of our audit staff has both training and experience in governmental and nonprofit accounting and auditing.

The State of West Virginia and its departments, divisions, and component units are the cornerstone of our government practice. Through a joint venture, we participate in the audit of the State of West Virginia's financial statements, and perform extensive work related to the requirements of the Single Audit Act and Office of Management and Budget's Circular A-133. In addition to the State Government Entities listed earlier our Firm has served numerous other governmentally and nonprofit funded clients and similar entities requiring audits in accordance with *Government Auditing Standards*, developing a strong reputation for providing quality services in the West Virginia market.

## EXTERNAL REVIEWS OF FIRM WORK

Our Firm's most recent peer review of our system of quality control performed by an independent CPA Firm in accordance with standards established by the American Institute of Certified Public Accountants was completed in 2011, and **we received a pass rating with no deficiencies identified**. In accordance with peer review standards, the peer review included a review of selected specific governmental engagements. A copy of that report is included in this proposal.

## LITIGATION

The Firm has never had any litigation against it, and there is no pending litigation involving the Firm with any state regulatory bodies or professional organizations.

## ACCOUNTING AND AUDITING

We have a strong reputation as auditors and business consultants to small and middle market companies, assisting in the analysis of business opportunities and threats, operations improvement, profit management, and design and installation of computer accounting and statistical systems. We are especially well known and respected for our experience and expertise in governmental and nonprofit entities, programs and activities, including Federal financial assistance programs, and cost allocation plans.

Our professionals are skilled in the unique financial reporting, accounting and auditing, and tax concerns of our clients as well as assisting them in such specialized projects as business financing, and operational analysis and improvement.

## **SPECIFIC CLIENTS SERVED**

The following list illustrates Suttle & Stalnaker, PLLC's experience and diversity in serving governmental clients and similar entities:

- West Virginia Bureau of Employment Programs
- West Virginia Workers' Compensation Division
- Single Audit of State of West Virginia, including the following:
  - Bureau of Employment Programs
    - Unemployment Insurance Programs
    - Employment Services
    - WIA Programs
  - West Virginia Development Office
    - Community Development Block Grant Program
  - Department of Health and Human Resources
    - Temporary Assistance for Needy Families
    - Social Services Block Grant
    - Low Income Housing and Emergency Assistance
    - Women's, Infant's and Children's
    - Foster Care - Title IV
    - Child Care Development Fund
    - Substance Abuse
    - Child Support Enforcement
    - Medicaid
    - Food Stamp Cluster
  - Department of Education
    - Child Nutrition Cluster
    - Office of Special Education
    - Vocational Education
    - Title I - Grants to Local Education Agencies
  - Division of Environmental Protection
    - Office of Abandoned Mine Lands
    - Office of Surface Mining
    - Capitalization Grants for State Revolving Loan Funds
- West Virginia Department of Transportation
- West Virginia Division of Highways
- West Virginia Public Defender Corporation - 17 Judicial Circuits
- Bluefield State College
- Concord University
- West Virginia School of Osteopathic Medicine
- New River Community & Technical College
- Southern West Virginia Community & Technical College
- Twelve County Boards of Education - Single Audit

**REFERENCES**  
**PRIOR ENGAGEMENTS WITH THE STATE OF WEST VIRGINIA**

<b>Engagement</b>	<b>Scope of Work</b>	<b>Date</b>	<b>Engagement Member</b>	<b>Avg. Annual Hours</b>	<b>Client Contact</b>	<b>Telephone Number</b>
Single Audit of the State of WV Building 1, Room E-119 1900 Kanawha Blvd., E. Charleston, WV 25305-0120	Participation in financial and compliance auditing for several departments, including numerous federal award programs	1986 thru present	Chris Deweese	3,500	Jane Shinn	304.558.4083
WV Department of Transportation Building 5, Room A-109 1900 Kanawha Blvd., E. Charleston, WV 25305-0440	Annual Financial Statement Audit including assistance with CAFR and FARS forms, including numerous federal award programs	2001 thru 2006	Horace Emery / Chris Deweese	3,000	Fred Thomas	304.558.9408
WV Division of Highways Building 5, Room 109 1900 Kanawha Blvd., E. Charleston, WV 25305-0403	Annual Financial Statement Audit including assistance with CAFR and FARS forms, including numerous federal award programs	2001 thru 2006; 2013	Horace Emery / Chris Deweese	800	Aaron Allred Legislative Post Audit Division Building 1, Room E-132 1900 Kanawha Blvd., E. Charleston, WV 25305-0160	304.347.4800
West Virginia State Rail Authority PO Box 470 Moorefield, WV 26836	Annual Financial Statement Audit	2001 thru 2006; 2014-present	Chris Deweese	300	Lucinda Butler	304.538.2305
West Virginia Parkways Authority 3310 Piedmont Road Charleston, WV 25306-6633	Annual Financial Statement Audit	2014 thru present	Chris Lambert	285	Parrish French	304.926.1900
WORKFORCE WV Building 4, Room 610 112 California Avenue Charleston, WV 25305-0112	Annual Financial Statement Audit	2000 thru 2010	Chris Deweese	600	Caren Jenkins	304.558.2631
WV Offices of the Insurance Commissioner 1124 Smith Street Charleston, WV 25301	Annual Financial Statement Audit	2000 thru 2014	Horace Emery	1,250	Melinda Ashworth Kiss	304.558.3029 X1205
West Virginia Economic Development Authority 160 Association Drive North Gate Business Park Charleston, WV 25311	Annual Financial Statement Audit	2006 thru present	Chris Deweese	400	David Warner Erin McCoy / Jackie Browning	304.558.3650
West Virginia Regional Jail Authority 1325 Virginia Street East Charleston, WV 25301	Annual Financial Statement Audit	2009 thru present	Chris Lambert	300	Tony Atkins	304.558.2110
West Virginia Public Defender Services - Seventeen Judicial Circuits One Players Club Drive, Suite 301 Charleston, WV 25311	Annual Financial Statement Audit	2008 thru 2010	Chris Lambert	1,000	Jack Rodgers / Ralph McKinney	304.558-3905

**REFERENCES**  
**SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES**

<b>Engagement</b>	<b>Scope of Work</b>	<b>Date</b>	<b>Engagement Partner</b>	<b>Avg. Annual Hours</b>	<b>Client Contact</b>	<b>Telephone Number</b>
BCKP Regional Intergovernmental Council	Single Audit of the Financial Statements in Accordance with OMB Circular A-133	1980's to present	Chris Deweese	200	Mark Felton	304-345-8191
Boone County of Board of Education	Single Audit of the Financial Statements in Accordance with OMB Circular A-133	1994, 1996, 1997 to present	Chris Deweese	400	Charles Chapman	304-369-3131
Doddridge County of Board of Education	Single Audit of the Financial Statements in Accordance with OMB Circular A-133	1998 to present	Chris Deweese	400	Ramie Reed	304-873-2300
Tyler County of Board of Education	Single Audit of the Financial Statements in Accordance with OMB Circular A-133	1998 to present	Chris Deweese	400	Jeff Davis	304-758-2145
Roane County of Board of Education	Single Audit of the Financial Statements in Accordance with OMB Circular A-133	1998 to present	Chris Deweese	400	Amy Downey	304-927-6410

**SECTION II:**  
**PERSONNEL QUALIFICATIONS AND EXPERIENCE**

## Section II - PERSONNEL QUALIFICATIONS AND EXPERIENCE

We firmly believe that the true quality of service can be linked directly to competent people dedicated to excellence. The professionals selected to serve Workforce West Virginia all have extensive governmental experience and prior Bureau experience. We will provide for an organizational structure that ensures ongoing and knowledgeable supervision by management already familiar with Workforce West Virginia to ensure maximum efficiency.

The following individuals will have responsibility to ensure that our services meet your requirements. Resumes and continuing professional education records are included on the following pages.

### Managing Member

Name: Robert Newton, CPA, CVA  
Address: Suttle & Stalnaker, PLLC  
The Virginia Center, Suite 100  
1411 Virginia Street East  
Charleston, West Virginia 25301  
Direct Telephone: (304) 720-3104  
Fax: (304) 343-8008  
email: rnewton@suttlecpas.com

### Horace Emery, CPA

Horace Emery, Member, brings extensive governmental experience to this engagement with over 34 years of service to the government and governmentally funded entities. We are certain that this experience will be of great benefit to Workforce West Virginia in achieving the goals and benefits of this engagement. Horace will ensure that the services and deliverables to Workforce West Virginia meet the Firms high standards.

### Chris Deweese, CPA, CGMA

Chris Deweese will serve as Engagement Member. He will be responsible for the direct supervision of the engagement, including ensuring that all professional standards are met. He will act as a direct liaison between Suttle & Stalnaker, PLLC and your personnel during the engagement and throughout the year. He has served as Suttle & Stalnaker, PLLC member responsible for ensuring the execution of the financial audit of Workforce West Virginia and of Suttle & Stalnaker's portions of the State of West Virginia's Single Audit, including West Virginia Bureau of Employment Programs, participating in planning, entrance and exit conferences, addressing issues, and review of workpapers and findings. He has also served as engagement member for the audit of the West Virginia Department of Transportation. He has over 19 years experience in governmental entities and programs.



Jason McCale, CPA

Jason McCale, Audit Manager, will be on site during the course of the audit of Workforce West Virginia, executing the audit plan. He has also had experience with auditing the major federal awards programs for Workforce West Virginia and has worked on the financial audit of Workforce West Virginia for one year.

Bryan Bowman, CPA

Bryan Bowman, Senior Account, will be on site during the course of the audit of Workforce West Virginia. Bryan has worked on the federal programs of Workforce West Virginia for two years and the financial audit for one year.

Natalie Luppold, CPA, CITP

Natalie Luppold, CPA, CITP, Manager will be responsible for the internal control involving information technology. She has experience with information systems including the DOH systems and the State of West Virginia mainframe systems.

**ADDITIONAL STAFF**

Additional staff will be assigned as necessary. Any professional staff will have at least a college degree from an accredited four-year college and be a true employee with at least one year's auditing experience. Suttle & Stalnaker, PLLC continually strives to hire the best personnel available to serve our clients. As outlined in the Quality Control Section of this proposal, we are committed to this effort in order to provide our clients with the high quality service they deserve.

**ABILITY TO MAINTAIN QUALITY OF STAFF**

In preparing and planning for the future success of Suttle & Stalnaker, PLLC and in an effort to provide our clients with the highest quality professional services, Suttle & Stalnaker, PLLC has implemented various personnel policies and programs to allow each individual the flexibility to establish personal work commitments, continuing education goals, and career goals while ensuring that our commitments to our clients are met. This flexibility in today's work environment has been an instant success in helping to attract dynamic career oriented personnel dedicated to achieving success for our clients. **The direct results of this program for Suttle & Stalnaker, PLLC have been a significantly lower turnover than other firms in public accounting.** During the last three years we have had less than 10% turnover experience. This results in an increased ability to assign a core group of the same individuals to recurring engagements, thus improving client service, and effectiveness. However, over the course of the engagement, there may well be a need to change staff assigned to the engagement. We believe our hiring, promotion, and personnel assignment policies and practices will ensure the quality of staff assigned to the engagement. If any supervisory staff or specialists need to be changed during the engagement, we will provide the Deputy Commissioner of Administration for Workforce West Virginia a resume similar to the ones included in this proposal, to ensure that Workforce West Virginia agrees that the new person is suitable for the engagement based on their qualifications, experience and performance.

RESUMES
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## **HORACE W. EMERY, CPA**

### **Audit Member**

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#### Firm Responsibilities

Horace Emery is an audit member whose responsibilities include providing technical assistance on all accounting and audit engagements, and managing the Firm's continuing professional education program.

#### Experience

He has had over 34 years of diversified experience in public accounting with the firms of Suttle & Stalnaker, PLLC and Peat, Marwick, Main & Co. His extensive experience includes audits of nonprofit, governmental and healthcare entities as well as audits of retail wholesale, and manufacturing companies; reviews of accounting systems; and reviews of internal controls.

He has served as the engagement partner or independent partner during the past several years for numerous clients, including the following:

- West Virginia Division of Highways
- West Virginia Department of Transportation
- West Virginia State Rail Authority
- West Virginia Bureau of Employment Programs
- West Virginia Offices of the Insurance Commissioner
- West Virginia Workers' Compensation Division
- West Virginia Higher Education Policy Commission
- West Virginia Lottery
- State of West Virginia - Single Audit
- Appalachian Community Health Center, Inc.
- West Virginia PEIA - Plan Document Compliance Review
- Boone County Board of Education - Single Audit
- Mercer County Board of Education - Single Audit
- Putnam County Board of Education - Single Audit
- Kanawha County Board of Education - Single Audit
- Pendleton County Board of Education - Single Audit
- Tyler County Board of Education - Single Audit
- Gilmer County Board of Education - Single Audit
- Doddridge County Board of Education - Single Audit
- Monroe County Board of Education - Single Audit
- Roane County Board of Education - Single Audit
- Calhoun County Board of Education - Single Audit
- Upshur County Board of Education - Single Audit
- BCKP Regional Intergovernmental Council

**HORACE W. EMERY (Continued)**

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Education

Horace graduated from West Virginia University with a master's of business administration degree with an emphasis in accounting, and from Oberlin College with a Bachelor of Arts degree. He is a certified public accountant having received certificate number 1144 from the State of West Virginia.

Professional Activities

He is a member of the American Institute of Certified Public Accountants, West Virginia Society of Certified Public Accountants, and the Government Finance Officers Association. He is a Past President of the Board of the West Virginia Society of Certified Public Accountants, and on the Peer Review Committee of the West Virginia Society of Certified Public Accountants. He is a past Chair of the West Virginia Society of Certified Public Accountants Peer Review Committee and the Committee on Cooperation with State and Local Governments. He also was a past president of the Charleston, West Virginia Chapter of the EDP Auditors Association. He has planned local office professional development training programs for several years and has instructed several technical seminars. Horace served on the State of West Virginia GASB 34 implementation task force on both the entity wide financial statement committee and the oversight committee.

## **CHRIS DEWEESE, CPA, CGMA**

### **Audit Member**

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#### Firm Responsibilities

Chris is a member, and is responsible for helping develop and carryout the engagement plans for specific clients. These responsibilities include, but are not limited to, the development of the audit plan and audit program, communication with client during the course of the fieldwork, direct supervision of the audit staff and completion of the final audit report.

#### Experience

Chris has over 19 years of experience in public accounting. He has served as an auditor for the following clients:

- West Virginia Division of Highways
- West Virginia Department of Transportation
- West Virginia State Rail Authority
- WORKFORCE West Virginia
- West Virginia Lottery
- West Virginia Public Employees Insurance Agency
- State of West Virginia, Single Audit, including the following:
  - West Virginia Department of Education
  - West Virginia Bureau of Employment Programs
  - West Virginia Department of Environmental Protection
  - West Virginia Department of Health and Human Resources
  - West Virginia Development Office
  - West Virginia Division of Rehabilitative Services
  - West Virginia University
  - Marshall University
- West Virginia Higher Education Policy Commission - Purchasing Performance and Compliance Audits
- West Virginia School of Osteopathic Medicine
- Bluefield State College
- Concord University
- New River Community and Technical College
- Southern West Virginia Community and Technical College
- Tyler County Board of Education - Single Audit
- Roane County Board of Education - Single Audit
- Kanawha County Board of Education - Single Audit
- Boone County Board of Education - Single Audit
- Doddridge County Board of Education - Single Audit
- RESA III, Regional Education Service Agency

**CHRIS DEWEESE, (Continued)**

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**Education**

Chris graduated with a Bachelor's degree with a major in accounting from the University of Charleston. He is a certified public accountant having received certificate number 3961 from the State of West Virginia.

**Professional Activities**

Chris is a member of the American Institute of Certified Public Accountants, West Virginia Society of Certified Public Accountants (WVSCPA), and is the Past-President of the Board of Directors of the Charleston Chapter and co-chair of the Accounting and Audit subcommittee of the WVSCPA. Chris also serves on several not-for-profit boards in the area. Chris was the 2004 recipient of the WVSCPA Young CPA of the Year Award.

## **JASON McCALE, CPA**

### **Audit Manager**

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#### Firm Responsibilities

Jason McCale is an audit manager, who works primarily in the audit and accounting areas of Suttle & Stalnaker, PLLC. His responsibilities include, but are not limited to, carrying out audit plans, communication with clients during the course of the fieldwork, completion of final audit reports.

#### Experience

Jason has approximately fifteen years of experience during which time he has specialized in audits of state and local governments. In addition, Jason has extensive experience with the Office and Management Budget Circular A-133 and related federal program awards. Some clients include:

- Fayette County Board of Education
- Workforce West Virginia
- State of West Virginia Single Audit
- Boone County Board of Education

#### Education

Jason graduated summa cum laude from West Virginia University with a Bachelor of Science in Business Administration degree with a major in accounting and a Masters of Professional Accountancy. He is a Certified Public Accountant having received certificate number 4089 from the State of West Virginia.

#### Professional Activities

Jason 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 Certified Public Accountants.

**BRYAN BOWMAN, CPA**  
**Audit Senior**

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Firm Responsibilities

Bryan Bowman is a senior accountant, who works primarily in the audit and accounting areas of Suttle & Stalnaker, PLLC. His responsibilities include, but are not limited to, carrying out audit plans during the course of the fieldwork.

Experience

Bryan has approximately five years of experience during which time he has worked on several audit engagements that are similar to the client being proposed on:

- Workforce West Virginia
- State of West Virginia Single Audit
- Fayette County Board of Education
- Boone County Board of Education
- Doddridge County Board of Education
- Tyler County Board of Education
- Roane County Board of Education

Education

Bryan graduated from West Virginia University with a bachelor of science degree in accounting and a master of professional accountancy. He is a Certified Public Accountant having received certificate number 4906 from the State of West Virginia.

Professional Activities

Bryan is a member of the West Virginia Society of Certified Public Accountants and the Charleston Chapter of the West Virginia Society of Certified Public Accountants.



## **NATALIE LUPPOLD, CPA, CITP**

### **Manager**

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#### Firm Responsibilities

Natalie Luppold is a manager who works primarily in the audit and accounting areas of Suttle & Stalnaker, PLLC. Her responsibilities include, but are not limited to, carrying out audit plans, communication with clients during the course of the fieldwork, completion of final audit reports.

#### Experience

Natalie has over six years of experience during which time she has worked on several audit engagements that are similar to the client being proposed on:

- PRIDE Community Services, Inc.
- Coalfield Community Action Partnership
- West Virginia Offices of the Insurance Commissioner
- Single Audit of West Virginia
- Engagement to evaluate cost sharing compliance with provisions of a federal program. Involved visiting 10 different states
- Engagement to test compliance with a specific new federal program. Involves visiting approximately 15 states to date

Natalie has worked on several IT specific engagements, including those testing controls, compliance and social engineering. Her experience includes working on the WVDOH IT portion of their audit and working on several financial institution related engagements.

#### Education

Natalie graduated from Concord College with a bachelor of science degree in business administration and from West Virginia University with a masters of professional accountancy. She is a certified public accountant having received certificate number 5010 from the State of West Virginia.

#### Professional Activities

Certified Public Accountant. Certified Information Technology Professional. Member of the American Institute of Certified Public Accountants, West Virginia Society of Certified Public Accountants, the Charleston Chapter of the West Virginia Society of Certified Public Accountants, and the AICPA Information Technology Section. Natalie also serves on the Board of Directors of the West Virginia state chapter of a national nonprofit organization.

SPECIFIC WORKPLAN
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## SERVICES TO BE PROVIDED

We understand that Workforce West Virginia requires an audit of its financial statements including supplemental schedules required by the West Virginia Department of Administration, Financial and Reporting Section (FARS) and the Government Accounting Standards Board (GASB).

We believe that planning is the single most important ingredient in the conduct of a quality audit. Suttle & Stalnaker, PLLC will be prepared to begin the planning of the engagement within two weeks after receiving the signed contract and accordingly, we will schedule the work at a mutually agreeable time. Following is an outline of our audit plan for Workforce West Virginia as a guideline for your understanding our process. This plan is flexible innovative and at the leading edge of technology and will be altered as necessary, ensuring that your needs are met.

- Planning and terms of engagement
- Knowledge of entity and risk assessment
- Identification of transaction types, sources of audit evidence and potential errors
- Systems descriptions and documentation
- Evaluation of internal controls
- Development of overall audit plan
- Coordination of client assistance
- Design internal control, compliance, and substantive procedures
- Perform testing of accounting and administrative internal controls
- Perform tests of transactions
- Design substantive procedures for year-end balances
- Perform substantive testing of year-end balances
- Trial balance and adjustments
- Report preparation
- Meetings with management to review results of audit

We understand that Workforce West Virginia requires an audit for the fiscal year ended June 30, 2014, of its financial statements prepared on the *accrual basis of accounting*. We will audit the balance sheet of Workforce West Virginia as of June 30, 2014 and the related statements of revenues, expenses, and changes in fund net assets, and cash flows for the year then ended.

We will conduct the audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error, fraudulent financial reporting, or misappropriation of assets. Accordingly, a material misstatement, whether caused by error, fraudulent financial reporting, or misappropriation of assets, may remain undetected. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. As a result, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit will provide a reasonable basis for our report.

Workforce West Virginia's financial report will include the following:

Government-wide Financial Statements

Statement of Net Assets (Deficit)

Statement of Activities

Fund Financial Statements

Balance Sheet- Governmental Funds (Includes Reconciliation to the Statement of Net Assets (Deficiency))

Statement of Revenues, Expenditures and Changes in Fund Balance (Deficiency) - Governmental Funds (Includes Reconciliation to the Statement of Activities)

Balance Sheet - Proprietary Funds

Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds

Statement of Cash Flows - Proprietary Funds

Notes to the Financial Statements

In addition to our report on Workforce West Virginia's financial statements, we will also issue the following reports or types of reports:

Report on internal control related to the financial statements. This report will describe the scope of testing of internal control and the result of our tests of internal control.

Report on compliance with laws, regulations, and the provision of contracts or grant agreements. We will report on any noncompliance which could have a material effect on the financial statements.

Our report on internal control will include any reportable conditions and material weaknesses in the system of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards identified above. Our report on compliance will address material errors, fraud; violations of compliance requirements, and other responsibilities imposed by state and federal statutes and regulations and assumed by contracts; and any state or federal grant, entitlement of loan program questioned costs of which we become aware, consistent with requirements of the standards identified above.

If circumstances arise relating to the conditions of your records, the availability of sufficient, competent evidential matter, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, misappropriation of assets, or noncompliance which in our professional judgment prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawal from the engagement.

As you know, management is responsible for 1) the preparation of Workforce West Virginia's financial statements, 2) establishing and maintaining effective internal control over financial reporting and safeguarding assets, and for informing us of all significant deficiencies in the design or operation of such controls of which it has knowledge, 3) properly recording transactions in the records, 4) identifying and ensuring that Authority complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations, 5) the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management, employees who have significant roles in internal control and others where the fraud could have a material effect on the financial statements, 6) informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, regulators, or others, 7) making all financial records and related information available to us, 8) for adjusting the financial statements to correct material misstatements, and 9) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings, and a corrective action plan. At the conclusion of our audit, we will request certain written representations from management about the financial statements and matters related thereto. We will also require that you affirm to us that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Workforce West Virginia is responsible for informing us of its views about the risks of fraud within the entity, and its knowledge of any fraud or suspected fraud affecting the entity. We will also determine that certain matters related to the conduct of the audit are communicated to Workforce West Virginia including 1) fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements, 2) illegal acts that come to our attention (unless they are clearly inconsequential), 3) disagreements with management and other serious difficulties encountered in performing the audit, and 4) various matters related to the entity's accounting policies and financial statements.

The working papers for this engagement are the property of Suttle & Stalnaker, PLLC. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit working papers upon their request; and that we shall maintain the working papers for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested workpapers will be provided under the supervision of Suttle & Stalnaker, PLLC audit personnel and at a location designated by our Firm.

The two overarching principles of the independence standards of the *Government Auditing Standards* issued by the Comptroller General of the United States provide that management is responsible for the substantive outcomes of the works, and therefore, has a responsibility and is able to make any informed judgment on the results of the services described above. Accordingly, Authority agrees to the following:

Workforce West Virginia will be accountable and responsible for overseeing the financial statement preparation and will approve all proposed adjustments.

Workforce West Virginia will establish and monitor the performance of the preparation of financial statements and approval of the adjustments to ensure that they meet management's objectives.

Workforce West Virginia will make any decisions that involve management functions related to the preparation of the financial statements and approval of the adjustments and accepts full responsibility for such decisions.

Workforce West Virginia will evaluate the adequacy of services performed and any findings that result.

During the course of our engagement, we may accumulate records containing data which should be reflected in your books and records. You will determine that all such data, if necessary, will be so reflected. Accordingly, you will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by organization personnel, including the preparation of schedules and analyses of accounts, will be discussed and coordinated with management. Specific information related to timelines, adjusting journal entries, draft financial statements and the timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Professional standards and our Firm policies require that we perform certain additional procedures whenever our reports are included, or we are named as accountants, auditors, or "experts" in a document used in a public offering of debt securities. Our report on the financial statements is not to be included in an official statement or other document involved with the sale of debt instruments without our prior consent. Additionally, if you intend to publish or otherwise reproduce the financial statements and/or make reference to us or our audit, you agree to provide us with printer's proofs or master for our review and consent before reproduction and/or release occurs. You also agree to provide us with a copy of the final reproduced material for our consent before it is distributed or released. Our fees for any additional services that may be required under our quality assurance system as a result of the above will be established with you at the time such services are determined to be necessary.

Our acceptance of this engagement is subject to our satisfactorily completing communication with and review of the working papers of your previous auditors (accountants). We will notify you promptly if we become aware of anything during that communication or review which results in our not being able to continue this engagement.

This proposal constitutes the complete and exclusive statement of agreement between Suttle & Stalnaker, PLLC and Workforce West Virginia, superseding all proposals oral or written and all other communication, with respect to the terms of the engagement between the parties.

In addition, we will respond to reasonable inquiries by Workforce West Virginia or its successor auditors and allow its successor auditors to review working papers relating to the matters of continuing account significance.

## **Reporting**

Following the completion of the audit of the fiscal year's financial statements, we will issue our report on the fair presentation of the financial statements in conformity with generally accepted accounting principles. In addition, we will provide an "in-relation-to" report on the supplemental schedules to be submitted to the West Virginia Department of Administration, Financial and Reporting Section based on the auditing procedures applied during the audit of the general purpose financial statements.

We will also communicate in a letter to management any reportable conditions found during the audit. Reportable conditions involve matters coming to our attention that involve significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

We will also report at a minimum, to Workforce West Virginia Finance/Audit Committee the following:

1. The auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments, accounting estimates and projections
4. Significant audit adjustments and significant revisions of past and current estimates and projections
5. Other information in documents containing audited financial statements and/or estimates and projections
6. Disagreements with management
7. Consultation with other accountants and actuaries
8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit

We will be available to meet in person with Workforce West Virginia Finance/Audit Committee to present and discuss the results of our audit.



**Other Considerations**

We understand that Workforce West Virginia will send its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in its Certificate of Achievement for Excellence in Financial Reporting program. We will provide necessary assistance to Workforce West Virginia to meet the requirements of that program.

We understand that the financial statements of Workforce West Virginia are to be included as a component unit of the financial statements of the State of West Virginia. We will also help prepare the reconciliation forms required by the West Virginia Department of Administration, Financial and Reporting Section.

**Audit Workpapers**

The workpapers for this engagement are the property of Suttle & Stalnaker, PLLC and constitute confidential information. However, we may be requested to make certain workpapers available to other agencies pursuant to authority given to them by law or regulation. If requested, access to such workpapers will be provided under the supervision of Suttle & Stalnaker, PLLC personnel. Furthermore, upon request, we may provide photocopies of selected workpapers to such agencies, which may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies.

All working papers and reports will be retained, for a minimum of five (5) years, unless the firm is notified in writing by Workforce West Virginia or the Division of the need to extend the retention period. We will make working papers available, upon reasonable request, under the supervision of Suttle & Stalnaker, PLLC personnel to the following parties or their designees:

Deputy Executive Director of Administration  
Workforce West Virginia

Assistant Director of FAM Accounting Services  
Workforce West Virginia

Director  
Financial Accounting and Reporting Section  
Department of Administration  
State of West Virginia



## WORKPLAN

The dates in the following schedule are required delivery deadlines:

<b>Deliverables/Event</b>	<b>Time Period</b>
Entrance Conference (Planning Event)	Before July 31, 2014
Detailed audit plan	August 14, 2014
Field work to begin	On or about August 20, 2014
Draft of Workforce West Virginia reports and financial statements for review	August 27, 2014
Revised draft with all requested changes and modifications of Workforce West Virginia reports and financial statements for review	September 4, 2014
Draft submitted to the Financial Accounting and Reporting Section (FARS) of the Department of Administration with copies to the Deputy Commissioner of Administration of Workforce West Virginia	September 15, 2014
Unsigned final draft with all modifications to Workforce West Virginia management for final review	October 14, 2014
Final signed report for Workforce West Virginia submitted to Workforce West Virginia and to the Financial Accounting and Reporting Section of the Department of Administration	October 20, 2014

COST
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## COST QUOTE FOR AUDIT SERVICES

July 10, 2014

Workforce West Virginia  
Office of Admin. Support-5302  
112 California Avenue  
Charleston, West Virginia 25305

Req#: WWV14869  
Opening Date: 07/10/2014  
Opening Time: 1:30 p.m.

Name of Firm - Suttle & Stalnaker, PLLC

I, Chris Deweese, certify that I am entitled to represent Suttle & Stalnaker, PLLC, empowered to submit this bid and authorized to sign a contract with Workforce West Virginia.



Chris Deweese, CPA, CGMA, Member

July 10, 2014  
Date

### **COST QUOTE FOR AUDIT SERVICES**

<u>Classification</u>	<u>Hours</u>	<u>Hourly Rates</u>	<u>Total Cost</u>
Partners/Members	65	\$270	\$ 17,550
Managers	40	195	7,800
Supervisors	90	140	12,600
Seniors	140	120	16,800
Staff	140	110	15,400
EDP Specialist	15	220	3,300
Other Support/Clerical	15	85	<u>1,275</u>
			74,725
Discount			<u>(16,725)</u>
Total			<u>\$ 58,000</u>

### **COST QUOTE FOR ADDITIONAL ACCOUNTING AND AUDITING CONSULTING SERVICES**

<u>Classification</u>	<u>Hourly Rate</u>
Partner/Member	\$270
Manager	195
Supervisor	140
Senior	120
Staff	110
Other Support/Clerical	85
Other - EDP	220

All hourly rates include all travel and out-of-pocket expenses.

These fees do not include services that fall outside the scope of the audit. For example, accounting assistance from us in resolving unreconciled differences in accounting records or supporting account balances would fall outside the scope of our audit, as would implementation of significant new technical standards.

Additionally, our fees are based on the current state of operation. Should significant changes occur (i.e., significant expansion in existing operations), we will need to reevaluate our scope and audit approach. In the event these types of situations arise, it is our practice to discuss these types of issues with management before we would proceed so as to obtain management's authorization and to develop the best approach to solve the problem.

We understand that no changes in scope to the project will be implemented by us until such time as an approved change order is received. Formal contract amendments and change orders will be negotiated with Workforce West Virginia, whenever necessary, to address changes to the terms and conditions, cost of, or scope of work included under the contract. An approved contract amendment means one approved by Workforce West Virginia, the Department of Administration, and all other applicable State agencies prior to the effective date of such amendment. An approved contract amendment is required whenever the change affects the payment provision and the scope of the work. Such changes may be necessitated by new and amended federal and state regulations and requirements. No changes in scope are to be conducted except at the approval of Workforce West Virginia.

We will submit invoices to Workforce West Virginia for all services provided pursuant to the terms of the contract. Progress payments will be made on a monthly basis based upon the percentage of work completed. We will work with Workforce West Virginia management to develop a mutually agreeable proposed billing work plan.

CPE RECORDS
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## Continuing Professional Education Record

**Chris Deweese, CPA, CGMA**

SPONSOR	DATE	DESCRIPTION	HOURS
<b>2011</b>			
Suttle & Stalnaker, PLLC	01/13/2011	Marketing - Asking Clients for Additional Business Presented by Jack Suttle	1
Suttle & Stalnaker, PLLC	05/13/2011	Introduction to the Sales Game	6
WV Society of CPAs	05/06/2011	Project Group Day	3
Thomson Reuters	05/24/2011	PPC's Smart e-Practice Aids - Risk Assessment	1
Thomson Reuters	05/24/2011	Getting Started with SMART Practice Aids Field Work	1
Thomson Reuters	05/24/2011	PPC's SMART Practice Aids - Building on Your Fundamentals	1
Thomson Reuters	05/24/2011	Checkpoint: Accounting & Auditing for Professionals (PPC and WG&L)	1
State of WV, FARS	06/01/2011	GAAP Closing Process Training	3
WVDE Office of School Finance	07/12-14/2011	The Great GASB Conference	4.5
Suttle & Stalnaker, PLLC	08/31/2011	2011 Governmental A-133 Education Session w Ernst & Young LLP	8
WV Society of CPAs	08/05/2011	AICPA Advanced Course: Overview of AICPA Peer Review Program Standards	7
Suttle & Stalnaker, PLLC	11/11/2011	Ethics Presentation	2
Suttle & Stalnaker, PLLC	11/3/2011	Setting Your Firm Apart with Quality Services	1
AICPA	12/5-7/2011	2011 AICPA National Conference on Current SEC & PCAOB Developments	19
CCH A Wolters Kluwer Business	12/20/2011	ProSystem fx Practice Management Biller Training	3
CCH A Wolters Kluwer Business	12/20/2011	ProSystem fx Practice Management Marketing Training	2
Suttle & Stalnaker, PLLC	12/29/2011	FIN48 (ASC470) Update & Review for Private Companies	2
AICPA	12/5-7/2011	2011 AICPA National Conference on Current SEC & PCAOB Developments	2.5
			<b>68</b>
<b>2012</b>			
Suttle & Stalnaker, PLLC	02/28/2012	Sampling for Single Audits, Other Governmental and Nonprofit Entities	1.5
Suttle & Stalnaker, PLLC	03/20/2012	Work paper set-up, Scoping & Correspondence in a Governmental Audit	1
WV Society of CPAs	05/18/2012	Work Life Balance Conference	2.5
State of WV - FARS	05/24/2012	GAAP Closing Process Training	2
WV Society of CPAs	05/04/2012	Project Group Day	2.5
Suttle & Stalnaker, PLLC	05/03-04/2012	The Sales Game	8
WV Society of CPAs	06/20-23/2012	Annual Meeting	6
WV Society of CPAs	06/20-23/2012	Annual Meeting	1.5
Suttle & Stalnaker, PLLC	06/15/2012	S&S Approach to Documenting Risk Assessment in a Governmental Environment	8
WV Society of CPAs	06/20-23/2012	Annual Meeting	5
WVDOE, Office of School Finance	07/09-11/2012	OPEB Gone with the Wind Conference	5
Thomson Reuters	07/31-08/01/2012	AuditWatch Initiative	16
Thomson Reuters	08/03/2012	AuditWatch Reengineering Session	0.5
Thomson Reuters	08/03/2012	AuditWatch Reengineering Session	4
LearnLive Technologies	11/29/2012	Ethics and Liability: Staying on the Side of the Angels	2
			<b>65.5</b>
<b>2013</b>			
WV Society of CPAs	01/18/2013	WVSCPA Cabinet Meeting	5.5
Suttle & Stalnaker, PLLC	02/21/2013	Management Assertions, Risk Assessments and the Clarified Standards in a Governmental Environment	2
Charleston Chapter of WVSCPAs	03/20/2013	An Update on the Impacts, Growth, and Outlook for Compressed Natural Gas in WV and Beyond	1
WV Society of CPAs	05/02/2013	Project Group Day	3
WV Society of CPAs	06/19-22/2013	Annual Meeting	5
WV Society of CPAs	06/19-22/2013	Annual Meeting	2
Suttle & Stalnaker, PLLC	06/14/2013	E&Y - Single Audit Training	8
State of WV - FARS	06/17/2013	GAAP Closing Process Training	2
WV Society of CPAs	06/19-22/2013	Annual Meeting	5
WV Dept. of Education	07/09-11/2013	Cents & Sensibility - A School Finance Summer	12
Suttle & Stalnaker, PLLC	08/19/2013	Personal Financial Planning - An Overview of the Process	1
WV Society of CPAs	08/28-30/2013	2013 WV Chamber Annual Meeting & Business Summit	2.5
CAMICO	09/09/2013	Professional Liability Exposures and Remedies	1
AGA Charleston Chapter	11/20/2013	OMB Super Circular - Grants Management Reform	1
Suttle & Stalnaker, PLLC	12/09-11/2013	Conference on Current SEC and PCAOB Developments	5
Charleston Chapter of WVSCPAs	12/05/2013	Update on WVSCPA, AICPA, and WV Board of Accountancy Initiatives	1
			<b>57</b>
			<b>Grand Total 190.5</b>

## Continuing Professional Education Record

## Horace Emery, CPA

SPONSOR	DATE	DESCRIPTION	HOURS
<b>2011</b>			
WV Society of CPAs	01/25/2011	Legislative Seminar	4
WV Society of CPAs	01/14/2011	Cabinet Meeting	5.5
AICPA	03/22/2011	2011 Regional Meetings of Members of Council	1
AICPA	03/22/2011	2011 Regional Meetings of Members of Council	0.5
Suttle & Stalnaker, PLLC	04/26-27/2011	WV Community Action Partnership sessions presented by Suttle & Stalnaker, PLLC	4.5
Suttle & Stalnaker, PLLC	05/13/2011	Introduction to the Sales Game	6
WV Society of CPAs	05/11/2011	Women to Watch Luncheon	1
WV Society of CPAs	06/15-18/2011	2011 WV Society of CPAs Annual Meeting CPE Credit Form	3.5
WV Society of CPAs	06/15-18/2011	2011 WV Society of CPAs Annual Meeting CPE Credit Form	7
WV Society of CPAs	06/15-18/2011	2011 WV Society of CPAs Annual Meeting CPE Credit Form	2.5
Thomson Reuters	07/11/2011	Getting Started with SMART Practice Aids Disclosure	1
Thomson Reuters	07/11/2011	PPC's SMART Single Audit	1
Thomson Reuters	07/11/2011	Learn SMART Practice Aids Field Work With Paperless Software	1
WVDE Office of School Finance	07/12-14/2011	The Great GASB Conference	7
WV Society of CPAs	08/31-09/02/2011	WV Chamber Annual Meeting & Business Summit	5
Suttle & Stalnaker, PLLC	08/02/2011	Employee Benefit Plans Audit Update	6
WV Society of CPAs	08/05/2011	AICPA Advanced Course: Overview of AICPA Peer Review Program Standards	7
AICPA	10/17-19/2011	2011 Fall Meeting of Council/Annual Members' Meeting	6.5
AICPA	10/17-19/2011	2011 Fall Meeting of Council/Annual Members' Meeting	0.5
Suttle & Stalnaker, PLLC	11/3/2011	Setting Your Firm Apart with Quality Services	1
Suttle & Stalnaker, PLLC	11/11/2011	Ethics Presentation	2
CCH A Wolters Kluwer Business	12/20/2011	ProSystem fx Practice Management Projects Training	3
CCH A Wolters Kluwer Business	12/20/2011	ProSystem fx Practice Management Biller Training	3
CCH A Wolters Kluwer Business	12/20/2011	ProSystem fx Practice Management Marketing Training	2
			<b>81.5</b>
<b>2012</b>			
WV Society of CPAs	01/31/2012	Legislative Seminar	4
Suttle & Stalnaker, PLLC	02/28/2012	Sampling for Single Audits, Other Governmental and Nonprofit Entities	1.5
Suttle & Stalnaker, PLLC	03/20/2012	Work paper set-up, Scoping & Correspondence in a Governmental Audit	1
WV Society of CPAs	06/20-23/2012	Annual Meeting	3.5
WV Society of CPAs	06/20-23/2012	Annual Meeting	2
Suttle & Stalnaker, PLLC	06/15/2012	S&S Approach to Documenting Risk Assessment in a Governmental Environment	8
WV Society of CPAs	06/20-23/2012	Annual Meeting	3
Thomson Reuters	07/31-08/01/2012	AuditWatch Initiative	8
Thomson Reuters	08/03/2012	AuditWatch Reengineering Session	1
Thomson Reuters	08/02/2012	AuditWatch Reengineering Session	2
Thomson Reuters	08/02/2012	AuditWatch Reengineering Session	4
LearnLive Technologies	10/29/2012	Ethics and Liability: Staying on the Side of the Angels	2
Suttle & Stalnaker, PLLC	11/2/2012	Introduction to File Transfers	2
			<b>42</b>
<b>2013</b>			
Suttle & Stalnaker, PLLC	02/21/2013	Management Assertions, Risk Assessments and the Clarified Standards in a Governmental Environment	2
Suttle & Stalnaker, PLLC	02/18/2013	Agreed Upon Procedures in a Governmental Environment	3
WV Society of CPAs	05/02/2013	Project Group Day	3
WV Society of CPAs	05/17/2013	Work Life Balance Seminar & Women to Watch Awards Luncheon	3
WV Society of CPAs	06/19-22/2013	Annual Meeting	3.5
Suttle & Stalnaker, PLLC	06/14/2013	E&Y - Single Audit Training	8
Suttle & Stalnaker, PLLC	06/28/2013	Employee Benefit Plan (EBP) Training	8
Suttle & Stalnaker, PLLC	07/18/2013	Private Company Accounting: Big GAAP or No GAAP	2
Suttle & Stalnaker, PLLC	07/17/2013	Basic Reporting - 990 & 990T	1
West Virginia State Auditor's Office	07/29-30/2013	Governmental Accounting and Auditing	16
Suttle & Stalnaker, PLLC	08/19/2013	Personal Financial Planning - An Overview of the Process	1
CAMICO	09/09/2013	Professional Liability Exposures and Remedies	1
Charleston Chapter of WVSCPA	10/28/2013	The Peculiar History of the Modern Income Tax	1
Suttle & Stalnaker, PLLC	11/15/2013	Client Service from the Client Perspective	1.5
Suttle & Stalnaker, PLLC	12/09-11/2013	Conference on Current SEC and PCAOB Developments	4
			<b>58</b>
			<b>Grand Total 181.5</b>



## Continuing Professional Education Record

Jason McCale, CPA

SPONSOR	DATE	DESCRIPTION	HOURS
<b>2011</b>			
Suttle & Stalnaker, PLLC	04/21/2011	Audit Planning	1
PKF North America	05/16-18/2011	Leading People	26.5
Suttle & Stalnaker, PLLC	05/25/2011	PPC Training	4
Suttle & Stalnaker, PLLC	05/24/2011	PPC Training	4
Suttle & Stalnaker, PLLC	05/13/2011	Introduction to the Sales Game	6
State of WV, FARS	06/21/2011	GAAP Closing Process Training	3
WVDE Office of School Finance	07/12-14/2011	The Great GASB Conference	17.5
Suttle & Stalnaker, PLLC	08/31/2011	2011 Governmental A-133 Education Session w Ernst & Young LLP	4
Suttle & Stalnaker, PLLC	08/16/2011	Keeping Clients Informed of Your Progress	1
Suttle & Stalnaker, PLLC	10/18/2011	Careers in Accounting	1
Suttle & Stalnaker, PLLC	11/15/2011	Accepting Constructive Feedback	1
Suttle & Stalnaker, PLLC	11/10/2011	Developing Lasting Relationships	1
Suttle & Stalnaker, PLLC	11/11/2011	Ethics Presentation	2
Suttle & Stalnaker, PLLC	11/3/2011	Setting Your Firm Apart with Quality Services	1
Suttle & Stalnaker, PLLC	12/29/2011	FIN48 (ASC470) Update & Review for Private Companies	2
Suttle & Stalnaker, PLLC	12/29/2011	Giving Constructive Feedback	1
CCH A Wolters Kluwer Business	12/20/2011	ProSystem fx Practice Management Projects Training	3
			<b>79</b>
<b>2012</b>			
Suttle & Stalnaker, PLLC	01/06/2012	Delegating Effectively	1
Suttle & Stalnaker, PLLC	03/20/2012	Work paper set-up, Scoping & Correspondence in a Governmental Audit	1
State of WV - FARS	05/22/2012	GAAP Closing Process Training	2.5
Thomson Reuters	06/07/2012	Maximizing Efficiency with PPC's SMART Suite	8
Suttle & Stalnaker, PLLC	06/26/2012	Etiquette - What Every Employee Needs to Know	2
WVDOE, Office of School Finance	07/09-11/2012	OPEB Gone with the Wind Conference	17
Thomson Reuters	07/31-08/01/2012	AuditWatch Initiative	16
Suttle & Stalnaker, PLLC	07/02/2012	Improving Your Listening Skills	1
Suttle & Stalnaker, PLLC	8/23/2012	Coaching Employees to Manage Their Time	1
Thomson Reuters	08/03/2012	AuditWatch Reengineering Session	4
Thomson Reuters	08/03/2012	AuditWatch Reengineering Session	4
Suttle & Stalnaker, PLLC	09/10/2012	Governmental A-133 Education Session	8
Suttle & Stalnaker, PLLC	10/25/2012	Making A Good First Impression	1
LearnLive Technologies	10/29/2012	Ethics and Liability: Staying on the Side of the Angels	2
Suttle & Stalnaker, PLLC	11/08/2012	Setting and Accomplishing Meaningful Goals	1
Suttle & Stalnaker, PLLC	12/06/2012	Preparing Meaningful Performance Appraisals	1
			<b>70.5</b>
<b>2013</b>			
Suttle & Stalnaker, PLLC	02/08/2013	OMB Circular Changes (Proposed)	1
Suttle & Stalnaker, PLLC	02/21/2013	Management Assertions, Risk Assessments and the Clarified Standards in a Governmental Environment	2
Suttle & Stalnaker, PLLC	02/07/2013	Discover Your Strengths - Part 2	1
Suttle & Stalnaker, PLLC	04/30/2013	Discover Your Strengths, Part 3	1
Suttle & Stalnaker, PLLC	05/23/2013	Lunch & Learn - Trial Balances in a Governmental Environment	2
Suttle & Stalnaker, PLLC	05/14/2013	Differentiating Your Firm in the Marketplace	1
State of WV - FARS	06/17/2013	GAAP Closing Process Training	2
Suttle & Stalnaker, PLLC	06/17/2013	Building a Strong Referral Network	1
WV Dept. of Education	07/09-11/2013	Cents & Sensibility - A School Finance Summer	16
Suttle & Stalnaker, PLLC	07/18/2013	Private Company Accounting: Big GAAP or No GAAP	2
Suttle & Stalnaker, PLLC	08/19/2013	Personal Financial Planning - An Overview of the Process	1
Charleston Chapter of WVSCPA's	09/23/2013	Legislative Update - US Congresswoman Shelley Moore Capito	1
AGA Charleston Chapter	09/18/2013	State of WV's Budget Forecast	1
Suttle & Stalnaker, PLLC	11/15/2013	Client Service from the Client Perspective	1.5
Suttle & Stalnaker, PLLC	11/18/2013	Alone in the Room	1
AGA Charleston Chapter	11/20/2013	OMB Super Circular - Grants Management Reform	1
Suttle & Stalnaker, PLLC	12/03/2013	Board Presentations - Making the Most of Them	1
			<b>36.5</b>
<b>Grand Total</b>			<b>186</b>

## Continuing Professional Education Record

Bryan Bowman, CPA

SPONSOR	DATE	DESCRIPTION	HOURS
<b>2011</b>			
Thomson Reuters	05/24/2011	PPC's Smart e-Practice Aids - Risk Assessment	1
Thomson Reuters	05/24/2011	Getting Started with SMART Practice Aids Field Work	1
Thomson Reuters	05/24/2011	PPC's SMART Practice Aids - Building on Your Fundamentals	1
Thomson Reuters	05/24/2011	Checkpoint: Accounting & Auditing for Professionals (PPC and WG&L)	1
Suttle & Stalnaker, PLLC	05/25/2011	PPC Training	4
Suttle & Stalnaker, PLLC	05/24/2011	PPC Training	4
Suttle & Stalnaker, PLLC	05/13/2011	Introduction to the Sales Game	6
Thomson Reuters	07/11/2011	Getting Started with SMART Practice Aids Disclosure	1
Thomson Reuters	07/11/2011	Learn SMART Practice Aids Field Work With Paperless Software	1
Thomson Reuters	07/11/2011	PPC's SMART Single Audit	1
WVDE Office of School Finance	07/12-14/2011	The Great GASB Conference	17.5
Suttle & Stalnaker, PLLC	08/31/2011	2011 Governmental A-133 Education Session w Ernst & Young LLP	8
Suttle & Stalnaker, PLLC	11/11/2011	Ethics Presentation	2
Suttle & Stalnaker, PLLC	12/29/2011	FIN48 (ASC470) Update & Review for Private Companies	2
Suttle & Stalnaker, PLLC	12/29/2011	Giving Constructive Feedback	1
			<b>51.5</b>
<b>2012</b>			
Suttle & Stalnaker, PLLC	01/06/2012	Delegating Effectively	1
Suttle & Stalnaker, PLLC	02/28/2012	Sampling for Single Audits, Other Governmental and Nonprofit Entities	1.5
Suttle & Stalnaker, PLLC	03/20/2012	Work paper set-up, Scoping & Correspondence in a Governmental Audit	1
Suttle & Stalnaker, PLLC	04/26/2012	Etiquette - What Every Employee Needs to Know	1.5
State of WV - FARS	05/22/2012	GAAP Closing Process Training	2.5
PKF North America	06/04-06/2012	Training LP1: Leading Engagements	3.5
Suttle & Stalnaker, PLLC	06/15/2012	S&S Approach to Documenting Risk Assessment in a Governmental Environment	8
PKF North America	06/04-06/2012	Training LP1: Leading Engagements	18
Suttle & Stalnaker, PLLC	07/02/2012	Improving Your Listening Skills	1
Thomson Reuters	07/31-08/01/2012	AuditWatch Initiative	16
Thomson Reuters	08/03/2012	AuditWatch Reengineering Session	4
Thomson Reuters	08/03/2012	AuditWatch Reengineering Session	4
Suttle & Stalnaker, PLLC	09/10/2012	Governmental A-133 Education Session	8
LearnLive Technologies	11/15/2012	Ethics and Liability: Staying on the Side of the Angels	2
			<b>72</b>
<b>2013</b>			
Suttle & Stalnaker, PLLC	01/24/2013	Discover Your Strengths	1
Suttle & Stalnaker, PLLC	01/18/2013	I'm In-Charge - Now What? (Audit Engagement In-Charge Training)	1
Suttle & Stalnaker, PLLC	02/21/2013	Management Assertions, Risk Assessments and the Clarified Standards in a Governmental Environment	2
Suttle & Stalnaker, PLLC	02/07/2013	Discover Your Strengths - Part 2	1
PKF North America	05/20-22/2013	Training: LP2: Leading People	27
State of WV - FARS	06/17/2013	GAAP Closing Process Training	2
Suttle & Stalnaker, PLLC	06/17/2013	Building a Strong Referral Network	1
Suttle & Stalnaker, PLLC	06/14/2013	E&Y - Single Audit Training	8
AGA Charleston Chapter	09/18/2013	State of WV's Budget Forecast	1
Suttle & Stalnaker, PLLC	11/18/2013	Alone in the Room	1
Suttle & Stalnaker, PLLC	11/15/2013	Client Service from the Client Perspective	1.5
			<b>46.5</b>
			<b>Grand Total 170</b>

## Continuing Professional Education Record

### Natalie Luppold, CPA, CITP

SPONSOR	DATE	DESCRIPTION	HOURS
<b>2011</b>			
Suttle & Stalnaker, PLLC	04/21/2011	Audit Planning	1
Suttle & Stalnaker, PLLC	05/25/2011	PPC Training	4
Suttle & Stalnaker, PLLC	05/24/2011	PPC Training	4
Suttle & Stalnaker, PLLC	05/13/2011	Introduction to the Sales Game	6
Thomson Reuters	05/24/2011	PPC's Smart e-Practice Aids - Risk Assessment	1
Thomson Reuters	05/24/2011	Getting Started with SMART Practice Aids Field Work	1
Thomson Reuters	05/24/2011	PPC's SMART Practice Aids - Building on Your Fundamentals	1
Thomson Reuters	05/24/2011	Checkpoint: Accounting & Auditing for Professionals (PPC and WG&L)	1
State of WV, FARS	06/21/2011	GAAP Closing Process Training	3
Thomson Reuters	07/11/2011	Learn SMART Practice Aids Field Work With Paperless Software	1
Thomson Reuters	07/11/2011	Getting Started with SMART Practice Aids Disclosure	1
WVDE Office of School Finance	07/12-14/2011	The Great GASB Conference	7.5
Thomson Reuters	07/11/2011	PPC's SMART Single Audit	1
Suttle & Stalnaker, PLLC	08/02/2011	Employee Benefit Plans Audit Update	6
Suttle & Stalnaker, PLLC	11/11/2011	Ethics Presentation	2
Suttle & Stalnaker, PLLC	12/29/2011	Giving Constructive Feedback	1
			<b>41.5</b>
<b>2012</b>			
Suttle & Stalnaker, PLLC	01/06/2012	Delegating Effectively	1
Suttle & Stalnaker, PLLC	02/28/2012	Sampling for Single Audits, Other Governmental and Nonprofit Entities	1.5
Suttle & Stalnaker, PLLC	03/20/2012	Work paper set-up, Scoping & Correspondence in a Governmental Audit	1
Suttle & Stalnaker, PLLC	04/26/2012	Etiquette - What Every Employee Needs to Know	1.5
Thomson Reuters	06/07/2012	Maximizing Efficiency with PPC's SMART Suite	8
Suttle & Stalnaker, PLLC	06/15/2012	S&S Approach to Documenting Risk Assessment in a Governmental Environment	16
Thomson Reuters	07/31-08/01/2012	AuditWatch Initiative	16
Thomson Reuters	08/03/2012	AuditWatch Reengineering Session	1
Suttle & Stalnaker, PLLC	8/23/2012	Coaching Employees to Manage Their Time	1
Thomson Reuters	08/02/2012	AuditWatch Reengineering Session	4
Thomson Reuters	08/03/2012	AuditWatch Reengineering Session	4
			<b>55</b>
<b>2013</b>			
Suttle & Stalnaker, PLLC	01/24/2013	Discover Your Strengths	1
Suttle & Stalnaker, PLLC	02/21/2013	Management Assertions, Risk Assessments and the Clarified Standards in a Governmental Environment	2
Suttle & Stalnaker, PLLC	02/07/2013	Discover Your Strengths - Part 2	1
Suttle & Stalnaker, PLLC	02/18/2013	Agreed Upon Procedures in a Governmental Environment	1
Suttle & Stalnaker, PLLC	02/08/2013	OMB Circular Changes (Proposed)	1
Suttle & Stalnaker, PLLC	02/04/2013	Managing Stress with Diet and Nutrition During Busy Season	1
Bsi	03/11-14/2013	ISO/IEC 27001:2005 Lead Auditor (TPECS)	27.5
Suttle & Stalnaker, PLLC	04/30/2013	Discover Your Strengths, Part 3	1
WV Society of CPAs	05/02/2013	Project Group Day	3
Suttle & Stalnaker, PLLC	05/14/2013	Differentiating Your Firm in the Marketplace	1
WV Society of CPAs	06/19-22/2013	Annual Meeting	4.5
WV Society of CPAs	06/19-22/2013	Annual Meeting	4.5
State of WV - FARS	06/17/2013	GAAP Closing Process Training	2
Suttle & Stalnaker, PLLC	08/19/2013	Personal Financial Planning - An Overview of the Process	1
Suttle & Stalnaker, PLLC	11/18/2013	Alone in the Room	1
Suttle & Stalnaker, PLLC	11/15/2013	Client Service from the Client Perspective	1.5
MicroMash	12/27/2013	Audits of States, Local Governments and Non-profit Organizations - CLENTB	6
MicroMash	12/30/2013	Employee Benefit Plans 1: Accounting Principles	8
PASS Online	12/28/2013	Ethics for West Virginia CPAs - ETHXWV	4
			<b>72</b>
			<b>Grand Total 168.5</b>

REQUEST FOR QUOTATION



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

# Solicitation

NUMBER
WWV14869

PAGE
1

ADDRESS CORRESPONDENCE TO ATTENTION OF
BETH COLLINS 304-558-2157

\*709043333 304-343-4126

SUTTLE & STALNAKER PLLC  
THE VIRGINIA CTR STE 100  
1411 VIRGINIA ST EAST  
CHARLESTON WV 25301

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WORKFORCE WEST VIRGINIA  
OFFICE OF ADMIN. SUPPORT-5302

112 CALIFORNIA AVENUE  
CHARLESTON, WV  
25305-0112 304-558-2631

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DATE PRINTED
06/04/2014

BID OPENING DATE: 07/10/2014

BID OPENING TIME 1:30PM

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
0001	1	LS		946-20		
AUDITING SERVICES						
REQUEST FOR QUOTATION (RFQ)						
THE WEST VIRGINIA PURCHASING DIVISION FOR THE AGENCY, WORKFORCE WEST VIRGINIA, IS SOLICITING BIDS FOR AN OPEN-END CONTRACT FOR AUDITING OF AGENCY FINANCIAL STATEMENTS PER THE ATTACHED SPECIFICATIONS.						
***** THIS IS THE END OF RFQ WWV14869 ***** TOTAL:						

SIGNATURE	TELEPHONE 304-343-4126	DATE 07/10/2014
TITLE Member	FEIN 55-0538163	ADDRESS CHANGES TO BE NOTED ABOVE

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

### INSTRUCTIONS TO VENDORS SUBMITTING BIDS

1. **REVIEW DOCUMENTS THOROUGHLY:** The attached documents contain a solicitation for bids. Please read these instructions and all documents attached in their entirety. These instructions provide critical information about requirements that if overlooked could lead to disqualification of a Vendor's bid. All bids must be submitted in accordance with the provisions contained in these instructions and the Solicitation. Failure to do so may result in disqualification of Vendor's bid.
2. **MANDATORY TERMS:** The Solicitation may contain mandatory provisions identified by the use of the words "must," "will," and "shall." Failure to comply with a mandatory term in the Solicitation will result in bid disqualification.
3. **PREBID MEETING:** The item identified below shall apply to this Solicitation.



A pre-bid meeting will not be held prior to bid opening.



A **NON-MANDATORY PRE-BID** meeting will be held at the following place and time:



A **MANDATORY PRE-BID** meeting will be held at the following place and time:

All Vendors submitting a bid must attend the mandatory pre-bid meeting. Failure to attend the mandatory pre-bid meeting shall result in disqualification of the Vendor's bid. No one person attending the pre-bid meeting may represent more than one Vendor.

An attendance sheet provided at the pre-bid meeting shall serve as the official document verifying attendance. The State will not accept any other form of proof or documentation to verify attendance. Any person attending the pre-bid meeting on behalf of a Vendor must list on the attendance sheet his or her name and the name of the Vendor he or she is representing. Additionally, the person attending the pre-bid meeting should include the Vendor's E-Mail address, phone number, and Fax number on the attendance sheet. It is the Vendor's responsibility to locate the attendance sheet and provide the required information. Failure to complete the attendance sheet as required may result in disqualification of Vendor's bid.

All Vendors should arrive prior to the starting time for the pre-bid. Vendors who arrive after the starting time but prior to the end of the pre-bid will be permitted to sign in, but are charged with knowing all matters discussed at the pre-bid.

Questions submitted at least five business days prior to a scheduled pre-bid will be discussed at the pre-bid meeting if possible. Any discussions or answers to questions at the pre-bid meeting are preliminary in nature and are non-binding. Official and binding answers to questions will be published in a written addendum to the Solicitation prior to bid opening.

4. **VENDOR QUESTION DEADLINE:** Vendors may submit questions relating to this Solicitation to the Purchasing Division. Questions must be submitted in writing. All questions must be submitted on or before the date listed below and to the address listed below in order to be considered. A written response will be published in a Solicitation addendum if a response is possible and appropriate. Non-written discussions, conversations, or questions and answers regarding this Solicitation are preliminary in nature and are non-binding.

Question Submission Deadline: June 23, 2014 at 5:00 PM, EST

Submit Questions to: Beth A. Collins, Senior Buyer

2019 Washington Street, East

Charleston, WV 25305

Fax: (304) 558-4115

*(Vendors should not use this fax number for bid submission)*

Email: beth.a.collins@wv.gov

5. **VERBAL COMMUNICATION:** Any verbal communication between the Vendor and any State personnel is not binding, including that made at the mandatory pre-bid conference. Only information issued in writing and added to the Solicitation by an official written addendum by the Purchasing Division is binding.
6. **BID SUBMISSION:** All bids must be signed and delivered by the Vendor to the Purchasing Division at the address listed below on or before the date and time of the bid opening. Any bid received by the Purchasing Division staff is considered to be in the possession of the Purchasing Division and will not be returned for any reason. The Purchasing Division will not accept bids, modification of bids, or addendum acknowledgment forms via e-mail. Acceptable delivery methods include hand delivery, delivery by courier, or facsimile. The bid delivery address is:

Department of Administration, Purchasing Division

2019 Washington Street East

Charleston, WV 25305-0130

The bid should contain the information listed below on the face of the envelope or the bid may not be considered:

SEALED BID: \_\_\_\_\_  
 BUYER: \_\_\_\_\_  
 SOLICITATION NO.: \_\_\_\_\_  
 BID OPENING DATE: \_\_\_\_\_  
 BID OPENING TIME: \_\_\_\_\_  
 FAX NUMBER: \_\_\_\_\_

In the event that Vendor is responding to a request for proposal, the Vendor shall submit one original technical and one original cost proposal plus \_\_\_\_\_ convenience copies of each to the Purchasing Division at the address shown above. Additionally, the Vendor should identify the bid type as either a technical or cost proposal on the face of each bid envelope submitted in response to a request for proposal as follows:

BID TYPE: ☐ Technical  
☐ Cost

7. **BID OPENING:** Bids submitted in response to this Solicitation will be opened at the location identified below on the date and time listed below. Delivery of a bid after the bid opening date and time will result in bid disqualification. For purposes of this Solicitation, a bid is considered delivered when time stamped by the official Purchasing Division time clock.

Bid Opening Date and Time: July 10, 2014 at 1:30 PM, EST

Bid Opening Location: Department of Administration, Purchasing Division  
 2019 Washington Street East  
 Charleston, WV 25305-0130

8. **ADDENDUM ACKNOWLEDGEMENT:** Changes or revisions to this Solicitation will be made by an official written addendum issued by the Purchasing Division. Vendor should acknowledge receipt of all addenda issued with this Solicitation by completing an Addendum Acknowledgment Form, a copy of which is included herewith. Failure to acknowledge addenda may result in bid disqualification. The addendum acknowledgement should be submitted with the bid to expedite document processing.
9. **BID FORMATTING:** Vendor should type or electronically enter the information onto its bid to prevent errors in the evaluation. Failure to type or electronically enter the information may result in bid disqualification.



**GENERAL TERMS AND CONDITIONS:**

1. **CONTRACTUAL AGREEMENT:** Issuance of a Purchase Order signed by the Purchasing Division Director, or his designee, and approved as to form by the Attorney General's office constitutes acceptance of this Contract made by and between the State of West Virginia and the Vendor. Vendor's signature on its bid signifies Vendor's agreement to be bound by and accept the terms and conditions contained in this Contract.
  
2. **DEFINITIONS:** As used in this Solicitation/Contract, the following terms shall have the meanings attributed to them below. Additional definitions may be found in the specifications included with this Solicitation/Contract.
  - 2.1 **"Agency" or "Agencies"** means the agency, board, commission, or other entity of the State of West Virginia that is identified on the first page of the Solicitation or any other public entity seeking to procure goods or services under this Contract.
  - 2.2 **"Contract"** means the binding agreement that is entered into between the State and the Vendor to provide the goods and services requested in the Solicitation.
  - 2.3 **"Director"** means the Director of the West Virginia Department of Administration, Purchasing Division.
  - 2.4 **"Purchasing Division"** means the West Virginia Department of Administration, Purchasing Division.
  - 2.5 **"Purchase Order"** means the document signed by the Agency and the Purchasing Division, and approved as to form by the Attorney General, that identifies the Vendor as the successful bidder and Contract holder.
  - 2.6 **"Solicitation"** means the official solicitation published by the Purchasing Division and identified by number on the first page thereof.
  - 2.7 **"State"** means the State of West Virginia and/or any of its agencies, commissions, boards, etc. as context requires.
  - 2.8 **"Vendor" or "Vendors"** means any entity submitting a bid in response to the Solicitation, the entity that has been selected as the lowest responsible bidder, or the entity that has been awarded the Contract as context requires.

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

☒ **Term Contract**

**Initial Contract Term:** This Contract becomes effective on award  
and extends for a period of one year(s).

**Renewal Term:** This Contract may be renewed upon the mutual written consent of the Agency, and the Vendor, with approval of the Purchasing Division and the Attorney General's office (Attorney General approval is as to form only). Any request for renewal should be submitted to the Purchasing Division thirty (30) days prior to the expiration date of the initial contract term or appropriate renewal term. A Contract renewal shall be in accordance with the terms and conditions of the original contract. Renewal of this Contract is limited to two successive one (1) year periods or multiple renewal periods of less than one year, provided that the multiple renewal periods do not exceed months in total. Automatic renewal of this Contract is prohibited. Notwithstanding the foregoing, Purchasing Division approval is not required on agency delegated or exempt purchases. Attorney General approval may be required for vendor terms and conditions.

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

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

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

☐ **Other:** See attached.

4. **NOTICE TO PROCEED:** Vendor shall begin performance of this Contract immediately upon receiving notice to proceed unless otherwise instructed by the Agency. Unless otherwise specified, the fullyexecuted Purchase Order will be considered notice to proceed

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

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

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

6. **PRICING:** The pricing set forth herein is firm for the life of the Contract, unless specified elsewhere within this Solicitation/Contract by the State. A Vendor's inclusion of price adjustment provisions in its bid, without an express authorization from the State in the Solicitation to do so, may result in bid disqualification.
7. **EMERGENCY PURCHASES:** The Purchasing Division Director may authorize the Agency to purchase goods or services in the open market that Vendor would otherwise provide under this Contract if those goods or services are for immediate or expedited delivery in an emergency. Emergencies shall include, but are not limited to, delays in transportation or an unanticipated increase in the volume of work. An emergency purchase in the open market, approved by the Purchasing Division Director, shall not constitute of breach of this Contract and shall not entitle the Vendor to any form of compensation or damages. This provision does not excuse the State from fulfilling its obligations under a One Time Purchase contract.
8. **REQUIRED DOCUMENTS:** All of the items checked below must be provided to the Purchasing Division by the Vendor as specified below.
- ☐ **BID BOND:** All Vendors shall furnish a bid bond in the amount of five percent (5%) of the total amount of the bid protecting the State of West Virginia. The bid bond must be submitted with the bid.
- ☐ **PERFORMANCE BOND:** The apparent successful Vendor shall provide a performance bond in the amount of . The performance bond must be issued and received by the Purchasing Division prior to Contract award. On construction contracts, the performance bond must be 100% of the Contract value.
- ☐ **LABOR/MATERIAL PAYMENT BOND:** The apparent successful Vendor shall provide a labor/material payment bond in the amount of 100% of the Contract value. The labor/material payment bond must be issued and delivered to the Purchasing Division prior to Contract award.

In lieu of the Bid Bond, Performance Bond, and Labor/Material Payment Bond, the Vendor may provide certified checks, cashier's checks, or irrevocable letters of credit. Any certified check, cashier's check, or irrevocable letter of credit provided in lieu of a bond must be of the same amount and delivered on the same schedule as the bond it replaces. A letter of credit submitted in lieu of a

performance and labor/material payment bond will only be allowed for projects under \$100,000. Personal or business checks are not acceptable.

☐ **MAINTENANCE BOND:** The apparent successful Vendor shall provide a two (2) year maintenance bond covering the roofing system. The maintenance bond must be issued and delivered to the Purchasing Division prior to Contract award.

☐ **WORKERS' COMPENSATION INSURANCE:** The apparent successful Vendor shall have appropriate workers' compensation insurance and shall provide proof thereof upon request.

☐ **INSURANCE:** The apparent successful Vendor shall furnish proof of the following insurance prior to Contract award and shall list the state as a certificate holder:

☐ **Commercial General Liability Insurance:**  
or more.

☐ **Builders Risk Insurance:** builders risk – all risk insurance in an amount equal to 100% of the amount of the Contract.

☐
☐
☐
☐
☐

The apparent successful Vendor shall also furnish proof of any additional insurance requirements contained in the specifications prior to Contract award regardless of whether or not that insurance requirement is listed above.

☐ **LICENSE(S) / CERTIFICATIONS / PERMITS:** In addition to anything required under the Section entitled Licensing, of the General Terms and Conditions, the apparent successful Vendor shall furnish proof of the following licenses, certifications, and/or permits prior to Contract award, in a form acceptable to the Purchasing Division.

☐
☐
☐
☐

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

9. **LITIGATION BOND:** The Director reserves the right to require any Vendor that files a protest of an award to submit a litigation bond in the amount equal to one percent of the lowest bid submitted or \$5,000, whichever is greater. The entire amount of the bond shall be forfeited if the hearing officer determines that the protest was filed for frivolous or improper purpose, including but not limited to, the purpose of harassing, causing unnecessary delay, or needless expense for the Agency. All litigation bonds shall be made payable to the Purchasing Division. In lieu of a bond, the protester may submit a cashier's check or certified check payable to the Purchasing Division. Cashier's or certified checks will be deposited with and held by the State Treasurer's office. If it is determined that the protest has not been filed for frivolous or improper purpose, the bond or deposit shall be returned in its entirety.
10. **ALTERNATES:** Any model, brand, or specification listed herein establishes the acceptable level of quality only and is not intended to reflect a preference for, or in any way favor, a particular brand or vendor. Vendors may bid alternates to a listed model or brand provided that the alternate is at least equal to the model or brand and complies with the required specifications. The equality of any alternate being bid shall be determined by the State at its sole discretion. Any Vendor bidding an alternate model or brand should clearly identify the alternate items in its bid and should include manufacturer's specifications, industry literature, and/or any other relevant documentation demonstrating the equality of the alternate items. Failure to provide information for alternate items may be grounds for rejection of a Vendor's bid.
11. **EXCEPTIONS AND CLARIFICATIONS:** The Solicitation contains the specifications that shall form the basis of a contractual agreement. Vendor shall clearly mark any exceptions, clarifications, or other proposed modifications in its bid. Exceptions to, clarifications of, or modifications of a requirement or term and condition of the Solicitation may result in bid disqualification.
12. **LIQUIDATED DAMAGES:** Vendor shall pay liquidated damages in the amount  
for  
  
This clause shall in no way be considered exclusive and shall not limit the State or Agency's right to pursue any other available remedy.
13. **ACCEPTANCE/REJECTION:** The State may accept or reject any bid in whole, or in part. Vendor's signature on its bid signifies acceptance of the terms and conditions contained in the Solicitation and Vendor agrees to be bound by the terms of the Contract, as reflected in the Purchase Order, upon receipt.
14. **REGISTRATION:** Prior to Contract award, the apparent successful Vendor must be properly registered with the West Virginia Purchasing Division and must have paid the \$125 fee if applicable.
15. **COMMUNICATION LIMITATIONS:** In accordance with West Virginia Code of State Rules §148-1-6.6, communication with the State of West Virginia or any of its employees regarding this Solicitation

during the solicitation, bid, evaluation or award periods, except through the Purchasing Division, is strictly prohibited without prior Purchasing Division approval. Purchasing Division approval for such communication is implied for all agency delegated and exempt purchases.

16. **FUNDING:** This Contract shall continue for the term stated herein, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise made available, this Contract becomes void and of no effect beginning on July 1 of the fiscal year for which funding has not been appropriated or otherwise made available.
17. **PAYMENT:** Payment in advance is prohibited under this Contract. Payment may only be made after the delivery and acceptance of goods or services. The Vendor shall submit invoices, in arrears, to the Agency at the address on the face of the purchase order labeled "Invoice To."
18. **UNIT PRICE:** Unit prices shall prevail in cases of a discrepancy in the Vendor's bid.
19. **DELIVERY:** All quotations are considered freight on board destination ("F.O.B. destination") unless alternate shipping terms are clearly identified in the bid. Vendor's listing of shipping terms that contradict the shipping terms expressly required by this Solicitation may result in bid disqualification.
20. **INTEREST:** Interest attributable to late payment will only be permitted if authorized by the West Virginia Code. Presently, there is no provision in the law for interest on late payments.
21. **PREFERENCE:** Vendor Preference may only be granted upon written request and only in accordance with the West Virginia Code § 5A-3-37 and the West Virginia Code of State Rules. A Resident Vendor Certification form has been attached hereto to allow Vendor to apply for the preference. Vendor's failure to submit the Resident Vendor Certification form with its bid will result in denial of Vendor Preference. Vendor Preference does not apply to construction projects.
22. **SMALL, WOMEN-OWNED, OR MINORITY-OWNED BUSINESSES:** For any solicitations publicly advertised for bid on or after July 1, 2012, in accordance with West Virginia Code § 5A-3-37(a)(7) and W. Va. CSR § 148-22-9, any non-resident vendor certified as a small, women-owned, or minority-owned business under W. Va. CSR § 148-22-9 shall be provided the same preference made available to any resident vendor. Any non-resident small, women-owned, or minority-owned business must identify itself as such in writing, must submit that writing to the Purchasing Division with its bid, and must be properly certified under W. Va. CSR § 148-22-9 prior to submission of its bid to receive the preferences made available to resident vendors. Preference for a non-resident small, women-owned, or minority owned business shall be applied in accordance with W. Va. CSR § 148-22-9.
23. **TAXES:** The Vendor shall pay any applicable sales, use, personal property or any other taxes arising out of this Contract and the transactions contemplated thereby. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
24. **CANCELLATION:** The Purchasing Division Director reserves the right to cancel this Contract immediately upon written notice to the vendor if the materials or workmanship supplied do not conform to the specifications contained in the Contract.



The Purchasing Division Director may cancel any purchase or Contract upon 30 days written notice to the Vendor in accordance with West Virginia Code of State Rules § 148-1-7.16.2.

25. **WAIVER OF MINOR IRREGULARITIES:** The Director reserves the right to waive minor irregularities in bids or specifications in accordance with West Virginia Code of State Rules § 148-1-4.6.
26. **TIME:** Time is of the essence with regard to all matters of time and performance in this Contract.
27. **APPLICABLE LAW:** This Contract is governed by and interpreted under West Virginia law without giving effect to its choice of law principles. Any information provided in specification manuals, or any other source, verbal or written, which contradicts or violates the West Virginia Constitution, West Virginia Code or West Virginia Code of State Rules is void and of no effect.
28. **COMPLIANCE:** Vendor shall comply with all applicable federal, state, and local laws, regulations and ordinances. By submitting a bid, Vendors acknowledge that they have reviewed, understand, and will comply with all applicable law.
29. **PREVAILING WAGE:** On any contract for the construction of a public improvement, Vendor and any subcontractors utilized by Vendor shall pay a rate or rates of wages which shall not be less than the fair minimum rate or rates of wages (prevailing wage), as established by the West Virginia Division of Labor under West Virginia Code §§ 21-5A-1 et seq. and available at <http://www.sos.wv.gov/administrative-law/wagerates/Pages/default.aspx>. Vendor shall be responsible for ensuring compliance with prevailing wage requirements and determining when prevailing wage requirements are applicable. The required contract provisions contained in West Virginia Code of State Rules § 42-7-3 are specifically incorporated herein by reference.
30. **ARBITRATION:** Any references made to arbitration contained in this Contract, Vendor's bid, or in any American Institute of Architects documents pertaining to this Contract are hereby deleted, void, and of no effect.
31. **MODIFICATIONS:** This writing is the parties' final expression of intent. Notwithstanding anything contained in this Contract to the contrary, no modification of this Contract shall be binding without mutual written consent of the Agency, and the Vendor, with approval of the Purchasing Division and the Attorney General's office (Attorney General approval is as to form only). **No Change shall be implemented by the Vendor until such time as the Vendor receives an approved written change order from the Purchasing Division.**
32. **WAIVER:** The failure of either party to insist upon a strict performance of any of the terms or provision of this Contract, or to exercise any option, right, or remedy herein contained, shall not be construed as a waiver or a relinquishment for the future of such term, provision, option, right, or remedy, but the same shall continue in full force and effect. Any waiver must be expressly stated in writing and signed by the waiving party.
33. **SUBSEQUENT FORMS:** The terms and conditions contained in this Contract shall supersede any and all subsequent terms and conditions which may appear on any form documents submitted by Vendor to the Agency or Purchasing Division such as price lists, order forms, invoices, sales agreements, or

maintenance agreements, and includes internet websites or other electronic documents. Acceptance or use of Vendor's forms does not constitute acceptance of the terms and conditions contained thereon.

34. **ASSIGNMENT:** Neither this Contract nor any monies due, or to become due hereunder, may be assigned by the Vendor without the express written consent of the Agency, the Purchasing Division, the Attorney General's office (as to form only), and any other government agency or office that may be required to approve such assignments. Notwithstanding the foregoing, Purchasing Division approval may or may not be required on certain agency delegated or exempt purchases.
35. **WARRANTY:** The Vendor expressly warrants that the goods and/or services covered by this Contract will: (a) conform to the specifications, drawings, samples, or other description furnished or specified by the Agency; (b) be merchantable and fit for the purpose intended; and (c) be free from defect in material and workmanship.
36. **STATE EMPLOYEES:** State employees are not permitted to utilize this Contract for personal use and the Vendor is prohibited from permitting or facilitating the same.
37. **BANKRUPTCY:** In the event the Vendor files for bankruptcy protection, the State of West Virginia may deem this Contract null and void, and terminate this Contract without notice.
38. **[RESERVED]**
39. **CONFIDENTIALITY:** The Vendor agrees that it will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the Agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the Agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/default.html>.
40. **DISCLOSURE:** Vendor's response to the Solicitation and the resulting Contract are considered public documents and will be disclosed to the public in accordance with the laws, rules, and policies governing the West Virginia Purchasing Division. Those laws include, but are not limited to, the Freedom of Information Act found in West Virginia Code § 29B-1-1 et seq.

If a Vendor considers any part of its bid to be exempt from public disclosure, Vendor must so indicate by specifically identifying the exempt information, identifying the exemption that applies, providing a detailed justification for the exemption, segregating the exempt information from the general bid information, and submitting the exempt information as part of its bid but in a segregated and clearly identifiable format. Failure to comply with the foregoing requirements will result in public disclosure of the Vendor's bid without further notice. A Vendor's act of marking all or nearly all of its bid as exempt is not sufficient to avoid disclosure and WILL NOT BE HONORED. Vendor's act of marking a bid or any part thereof as "confidential" or "proprietary" is not sufficient to avoid disclosure and WILL NOT BE HONORED. In addition, a legend or other statement indicating that all or substantially all of the bid is exempt from disclosure is not sufficient to avoid disclosure and WILL NOT BE HONORED.



Vendor will be required to defend any claimed exemption for nondisclosure in the event of an administrative or judicial challenge to the State's nondisclosure. Vendor must indemnify the State for any costs incurred related to any exemptions claimed by Vendor. Any questions regarding the applicability of the various public records laws should be addressed to your own legal counsel prior to bid submission.

- 41. LICENSING:** In accordance with West Virginia Code of State Rules §148-1-6.1.7, Vendor must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, West Virginia Insurance Commission, or any other state agency or political subdivision. Upon request, the Vendor must provide all necessary releases to obtain information to enable the Purchasing Division Director or the Agency to verify that the Vendor is licensed and in good standing with the above entities.
- 42. ANTITRUST:** In submitting a bid to, signing a contract with, or accepting a Purchase Order from any agency of the State of West Virginia, the Vendor agrees to convey, sell, assign, or transfer to the State of West Virginia all rights, title, and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to Vendor.
- 43. VENDOR CERTIFICATIONS:** By signing its bid or entering into this Contract, Vendor certifies (1) that its bid was made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, person or entity submitting a bid for the same material, supplies, equipment or services; (2) that its bid is in all respects fair and without collusion or fraud; (3) that this Contract is accepted or entered into without any prior understanding, agreement, or connection to any other entity that could be considered a violation of law; and (4) that it has reviewed this RFQ in its entirety; understands the requirements, terms and conditions, and other information contained herein. Vendor's signature on its bid also affirms that neither it nor its representatives have any interest, nor shall acquire any interest, direct or indirect, which would compromise the performance of its services hereunder. Any such interests shall be promptly presented in detail to the Agency.
- The individual signing this bid on behalf of Vendor certifies that he or she is authorized by the Vendor to execute this bid or any documents related thereto on Vendor's behalf; that he or she is authorized to bind the Vendor in a contractual relationship; and that, to the best of his or her knowledge, the Vendor has properly registered with any State agency that may require registration.
- 44. PURCHASING CARD ACCEPTANCE:** The State of West Virginia currently utilizes a Purchasing Card program, administered under contract by a banking institution, to process payment for goods and services. The Vendor must accept the State of West Virginia's Purchasing Card for payment of all orders under this Contract unless the box below is checked.



Vendor is not required to accept the State of West Virginia's Purchasing Card as payment for all goods and services.

- 45. VENDOR RELATIONSHIP:** The relationship of the Vendor to the State shall be that of an independent contractor and no principal-agent relationship or employer-employee relationship is contemplated or created by this Contract. The Vendor as an independent contractor is solely liable for the acts and omissions of its employees and agents. Vendor shall be responsible for selecting, supervising, and compensating any and all individuals employed pursuant to the terms of this Solicitation and resulting contract. Neither the Vendor, nor any employees or subcontractors of the Vendor, shall be deemed to be employees of the State for any purpose whatsoever. Vendor shall be exclusively responsible for payment of employees and contractors for all wages and salaries, taxes, withholding payments, penalties, fees, fringe benefits, professional liability insurance premiums, contributions to insurance and pension, or other deferred compensation plans, including but not limited to, Workers' Compensation and Social Security obligations, licensing fees, *etc.* and the filing of all necessary documents, forms, and returns pertinent to all of the foregoing. Vendor shall hold harmless the State, and shall provide the State and Agency with a defense against any and all claims including, but not limited to, the foregoing payments, withholdings, contributions, taxes, Social Security taxes, and employer income tax returns.
- 46. INDEMNIFICATION:** The Vendor agrees to indemnify, defend, and hold harmless the State and the Agency, their officers, and employees from and against: (1) Any claims or losses for services rendered by any subcontractor, person, or firm performing or supplying services, materials, or supplies in connection with the performance of the Contract; (2) Any claims or losses resulting to any person or entity injured or damaged by the Vendor, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use, or disposition of any data used under the Contract in a manner not authorized by the Contract, or by Federal or State statutes or regulations; and (3) Any failure of the Vendor, its officers, employees, or subcontractors to observe State and Federal laws including, but not limited to, labor and wage and hour laws.
- 47. PURCHASING AFFIDAVIT:** In accordance with West Virginia Code § 5A-3-10a, all Vendors are required to sign, notarize, and submit the Purchasing Affidavit stating that neither the Vendor nor a related party owe a debt to the State in excess of \$1,000. The affidavit must be submitted prior to award, but should be submitted with the Vendor's bid. A copy of the Purchasing Affidavit is included herewith.
- 48. ADDITIONAL AGENCY AND LOCAL GOVERNMENT USE:** This Contract may be utilized by and extends to other agencies, spending units, and political subdivisions of the State of West Virginia; county, municipal, and other local government bodies; and school districts ("Other Government Entities"). This Contract shall be extended to the aforementioned Other Government Entities on the same prices, terms, and conditions as those offered and agreed to in this Contract. If the Vendor does not wish to extend the prices, terms, and conditions of its bid and subsequent contract to the Other Government Entities, the Vendor must clearly indicate such refusal in its bid. A refusal to extend this Contract to the Other Government Entities shall not impact or influence the award of this Contract in any manner.
- 49. CONFLICT OF INTEREST:** Vendor, its officers or members or employees, shall not presently have or acquire any interest, direct or indirect, which would conflict with or compromise the performance of its obligations hereunder.

Vendor shall periodically inquire of its officers, members and employees to ensure that a conflict of interest does not arise. Any conflict of interest discovered shall be promptly presented in detail to the Agency.

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

- ☐ Such reports as the Agency and/or the Purchasing Division may request. Requested reports may include, but are not limited to, quantities purchased, agencies utilizing the contract, total contract expenditures by agency, etc.
- ☐ Quarterly reports detailing the total quantity of purchases in units and dollars, along with a listing of purchases by agency. Quarterly reports should be delivered to the Purchasing Division via email at [purchasing.requisitions@wv.gov](mailto:purchasing.requisitions@wv.gov).

**51. BACKGROUND CHECK:** In accordance with W. Va. Code § 15-2D-3, the Director of the Division of Protective Services shall require any service provider whose employees are regularly employed on the grounds or in the buildings of the Capitol complex or who have access to sensitive or critical information to submit to a fingerprint-based state and federal background inquiry through the state repository. The service provider is responsible for any costs associated with the fingerprint-based state and federal background inquiry.

After the contract for such services has been approved, but before any such employees are permitted to be on the grounds or in the buildings of the Capitol complex or have access to sensitive or critical information, the service provider shall submit a list of all persons who will be physically present and working at the Capitol complex to the Director of the Division of Protective Services for purposes of verifying compliance with this provision.

The State reserves the right to prohibit a service provider's employees from accessing sensitive or critical information or to be present at the Capitol complex based upon results addressed from a criminal background check.

Service providers should contact the West Virginia Division of Protective Services by phone at (304) 558-9911 for more information.

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

- a. "State Contract Project" means any erection or construction of, or any addition to, alteration of or other improvement to any building or structure, including, but not limited to, roads or highways, or the installation of any heating or cooling or ventilating plants or other equipment, or the supply of and materials for such projects, pursuant to a contract with the State of West Virginia for which bids were solicited on or after June 6, 2001.

- b. "Steel Products" means products rolled, formed, shaped, drawn, extruded, forged, cast, fabricated or otherwise similarly processed, or processed by a combination of two or more or such operations, from steel made by the open hearth, basic oxygen, electric furnace, Bessemer or other steel making process.

The Purchasing Division Director may, in writing, authorize the use of foreign steel products if:

- a. The cost for each contract item used does not exceed one tenth of one percent (.1%) of the total contract cost or two thousand five hundred dollars (\$2,500.00), whichever is greater. For the purposes of this section, the cost is the value of the steel product as delivered to the project; or
- b. The Director of the Purchasing Division determines that specified steel materials are not produced in the United States in sufficient quantity or otherwise are not reasonably available to meet contract requirements.

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

The cost of domestic aluminum, glass, or steel products may be unreasonable if the cost is more than twenty percent (20%) of the bid or offered price for foreign made aluminum, glass, or steel products. If the domestic aluminum, glass or steel products to be supplied or produced in a "substantial labor surplus area", as defined by the United States Department of Labor, the cost of domestic aluminum, glass, or steel products may be unreasonable if the cost is more than thirty percent (30%) of the bid or offered price for foreign made aluminum, glass, or steel products.

This preference shall be applied to an item of machinery or equipment, as indicated above, when the item is a single unit of equipment or machinery manufactured primarily of aluminum, glass or steel, is part of a public works contract and has the sole purpose or of being a permanent part of a single public works project. This provision does not apply to equipment or machinery purchased by a spending unit for use by that spending unit and not as part of a single public works project.

All bids and offers including domestic aluminum, glass or steel products that exceed bid or offer prices including foreign aluminum, glass or steel products after application of the preferences provided in this provision may be reduced to a price equal to or lower than the lowest bid or offer price for foreign aluminum, glass or steel products plus the applicable preference.

If the reduced bid or offer prices are made in writing and supersede the prior bid or offer prices, all bids or offers, including the reduced bid or offer prices, will be reevaluated in accordance with this rule.



REQUEST FOR QUOTATION  
WWV14869- Auditing Services

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SPECIFICATIONS

1. **PURPOSE AND SCOPE:** The West Virginia Purchasing Division is soliciting bids on behalf of WorkForce West Virginia to establish a contract with a certified public accounting firm to audit agency financial statements for the fiscal year ending June 30, 2013. The auditing firm shall issue an opinion on the fair presentation, in conformity with Generally Accepted Accounting Principles, of its general purpose financial statements that will include all WorkForce West Virginia Programs (the audit for fiscal year 2013 forward and must be audited in accordance with Government Auditing Standards, issued by the Comptroller General of the United States). This work is to include providing technical assistance to WorkForce West Virginia's financial personnel for the continuation of GASB 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" and the continuation of SAS 99 which revises guidance on the consideration of fraud in financial statement audits. WorkForce West Virginia desires the auditing firm to express an opinion on the fair presentation of its financial statements and schedules in conformity with Generally Accepted Accounting Principles. The auditing firm is required to audit the additional financial information schedules required by the Financial Accounting and Reporting Section (FARS) of the West Virginia Department of Administration. The auditing firm shall also be responsible for performing certain limited procedures involving required supplementary information required by Governmental Accounting Standards Board as mandated by Generally Accepted Auditing Standards. All work under the proposed contract will be under the direction of the Executive Director of WorkForce West Virginia or his designee. Written reports must be submitted initially in draft form in order that any necessary changes may be discussed and agreed upon before final acceptance. Any public statements, which may be required, must be discussed with the Executive Director or designee prior to the statements being made or released.

- 1.1 The accounting staff of WorkForce West Virginia, as well as management, will be available during the audit to assist the auditing firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the auditor. An appropriate number of hours of clerical support will be made available to the auditing firm for preparation of routine conformation and/or informational letters and memoranda. The agency will provide the auditing firm with workspace, desks, and chairs. The auditing firm will also be provided with access to telephone lines, internet access, photocopying facilities, and fax machines. The firm will provide WorkForce with an estimate of the number of personnel to be assigned to the audit in the detailed audit plan. Final report preparation, editing, and printing shall be the responsibility of the auditing firm. No internal audit support will be available.

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2. **DEFINITIONS:** The terms listed below shall have the meanings assigned to them below. Additional definitions can be found in section 2 of the General Terms and Conditions.
- 2.1 **"Contract Item"** Certified public accounting firm to perform audit of agency Financial Statements for fiscal year ending June 30, 2013 with the option of two (2) subsequent fiscal years
- 2.2 **"Pricing Page"** means the pages upon which Vendor should list its proposed price for the Contract Items in the manner requested. The Pricing Page is either included on the last page of this RFQ or attached hereto as Exhibit A.
- 2.3 **"RFQ"** means the official request for quotation published by the Purchasing Division and identified as WWV14869.
- 2.4 **"FARS"** means Financial Accounting and Reporting Section of the WV Department of Administration
- 2.5 **"INDEPENDENCE"** means in all matters to the audit work, the audit organization and the individual auditors, whether government or public, should be free from personal and external impairments to independence, should be organizationally independent, and should maintain an independent attitude and appearance.
- 2.6 **"FAM"** means the Fiscal and Administrative Management Division of WorkForce West Virginia.
- 2.7 **"GASB"** means Government Accounting Standards Board.
- 2.8 **"SAS"** means statements on auditing standards.
3. **GENERAL REQUIREMENTS:**
- 3.1 **Mandatory Contract Item Requirements:** Contract Item must meet or exceed the mandatory requirements listed below.
- 3.1.1 **A certified public accounting firm to provide audit of agency financial statements for fiscal year ending June 30, 2013.**
- 3.1.1.1 The successful firm shall provide a written statement in conformity with Generally Accepted Accounting Principles, on the fair

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WWV14869- Auditing Services

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presentation of the general purpose financial statements that will include all WorkForce West Virginia programs to the Director of FAM.

- 3.1.1.2 The audit for fiscal year 2013 and forward must be audited in accordance with Government Auditing Standards, issues by the Comptroller General of the United States.
- 3.1.1.3 The successful firm must provide technical assistance to WorkForce West Virginia's financial personnel for the continuation of GASB 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" and the continuation of SAS 99 which revises guidance on the consideration of fraud in financial statement audits.
- 3.1.1.4 The successful firm must audit the additional financial information schedules required by the Financial Accounting and Reporting Section (FARS) of the West Virginia Department of Administration.
- 3.1.1.5 The successful firm shall also be responsible for performing certain limited procedures involving required supplementary information required by Governmental Accounting Standards as mandated by Generally Accepted Auditing Standards.
- 3.1.1.6 The successful firm will provide all work under the direction of the Executive Director of WorkForce West Virginia or his designee.
- 3.1.1.7 Following the completion of each audit of the fiscal's year's financial statements, the firm shall issue reports on the fair presentation of the financial statements in conformity with Generally Accepted Accounting Principles
- 3.1.1.8 The successful firm shall be required to give to the Director of the Financial Accounting and Reporting Section (FARS) of the Department of Administration, 2101 Washington Street East,



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Building 17 3<sup>rd</sup> floor, Charleston, WV 25305, under the authority of Section 5-A of the State Code, a written report within twenty-four (24) hours of all irregularities and illegal acts of which the firm becomes aware.

- 3.1.1.9** Additionally, a copy of all such reports will be given to the Executive Director of WORKFORCE West Virginia and the Director of Financial Administrative & Management (FAM) in writing of each of the firm's responsibility under general accepted auditing standards, accounting policies, management judgments, accounting estimates and projections, audit adjustments and revisions of past and current estimates and projections, disagreements with management, consultation with other accountants and actuaries, major issues discussed with management prior to retention, and difficulties encountered in performing the audit.
- 3.1.1.10** The firm must immediately communicate to the Executive Director of WorkForce West Virginia and the Director of FAM any issues that arise during the course of the audit that could cause delays in the issuance of the report or have an adverse impact. A written summary of these issues must be provided within twenty-four (24) hours to the Executive Director of WorkForce the Director of FAM.
- 3.1.1.11** The successful firm shall submit all written reports initially in draft form in order that any necessary changes may be discussed and agreed upon before final acceptance.
- 3.1.1.12** Any public statements, which may be required, must be discussed with the Executive Director or designee prior to the statements being made or released.
- 3.1.1.13** The firm may be required to provide special assistance to the WorkForce West Virginia's auditors, the State's auditors, and the Financial Accounting and the Financial Accounting and Reporting Section of the West Virginia Department of Administration since

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WWV14869- Auditing Services

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WorkForce West Virginia's financial statements are to be included in the financial statements of the State of West Virginia.

- 3.1.1.14** As defined by the fourth general standard as set forth in governmental auditing standards and promulgated by the United States Governmental Accounting Offices which states that "each audit Organization conducting audits in accordance with these standards should have an appropriate internal control system in place and undergo an external quality control review" the firm must provide an affirmative statement that it is independent of the State of West Virginia and any component units of that entity as defined by the same standards. The firm must also provide an affirmative statement that it is independent of WorkForce West Virginia and related systems
- 3.1.1.15** The firm must provide an affirmative statement that it will review the independence of all personnel within the firm assigned to this project to ensure they are independent of WorkForce West Virginia and the State of West Virginia and its component entities.
- 3.1.1.16** The firm shall give WorkForce West Virginia written notice of any professional relationships entered into during the period of the agreement with any major contractors as defined in WV State Code 29.22.23. ( <http://www.legis.state.wv.us/wvcode/code.cfm> ) The firm shall also notify WorkForce in writing if any other matters that come to its attention during this contract which may impair its independence/
- 3.1.1.17** The firm and all assigned professional personnel and all associated subcontracted firms must be licensed to practice accounting in West Virginia.
- 3.1.1.18** The firm and all associated and sub-contracted firms must have in place an internal quality control system to provide assurance that an adequate standard will be maintained during the contract as set forth in the governmental auditing standards and promulgated by the United States Governmental Accounting Offices.
- 3.1.1.19** Upon award the successful firm provide copies of their internal control documents as well as a copy of the most recent external

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quality control review. The quality control review should have included a review of specific governmental audits. These documents must be received by the agency within forty-eight (48) hours of request.

- 3.1.1.20** The firm must identify the managing partner of the office from which the auditing services will be performed upon request within forty-eight (48) hours. The contact information for the managing partner must include the name of the managing partner, his address, his direct dial telephone number, fax number, and email address. This information intended for use in the unlikely event that WorkForce is unable to obtain satisfactory responses from the audit team and need to have direct contact with management.
- 3.1.1.21** The firm must identify the principle supervisory and management personnel who will be included in providing the auditing services under this contract including the partner, reviewing partners, managers, other supervisors and specialists. All personnel must hold a license to practice as a Certified Public Accountant in West Virginia.
- 3.1.1.22** The firm must provide for each of the aforementioned personnel a resume outlining the qualifications and experience including years of experience in the auditing field and in the governmental sectors. Resumes should be attached to the bid response. At a minimum each resume must include numbers of years of total experience, number of years in specific specialties and a description of each specialty, general certifications and qualifications obtained, listing of relevant continuing professional education courses with the last three years, and a list of those clients similar to WorkForce West Virginia for which the person has performed work within the last three (3) years.
- 3.1.1.23** All personnel assigned to this project must have a least one year of auditing experience in public accounting or a similar environment. References to support the one (1) year auditing experience must be submitted to the Director of FAM within fifteen (15) days of receipt of the approved purchase order.
- 3.1.1.24** Subcontracted and jointly associated firms can only be added, dropped, or changed with the expressed written permission of WorkForce West Virginia,

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WWV14869- Auditing Services

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which retains the right to approve and reject these changes. Personnel to this project by subcontracted or jointly associated firms must go through the same approval process as the primary firm's personnel; however, the primary firm will be responsible for the results and deliverables of this

**3.1.1.25** All working papers and reports must be retained at the auditing firm's expense in a secure storage area for a minimum of five (5) years, unless the firm is notified by WorkForce West Virginia of the need to extend the retention period. The firm will be required to make working papers available upon request to the Executive Director of WorkForce and the Director of FAM and the Financial Accounting and Reporting Section of the West Virginia Department of Administration. In addition, the firm must respond to the inquiries of grantors and successor auditors and allow them to review working papers. The agency must be provided access keys to the storage area upon request.

**3.1.1.26** The firm must deliver 50 copies of the bound final report to the Director FAM, Room 618, 112 California Avenue, Charleston, WV 25305 by October 20, 2014. An electronic copy of the report must be provided in a PDF or similar format for public review on the agency's website.

**4. CONTRACT AWARD:**

**4.1 Contract Award:** The Contract is intended to provide Agencies with a purchase price for the Contract Items. The Contract shall be awarded to the Vendor that provides the Contract Items meeting the required specifications for the lowest overall total cost as shown on the Pricing Pages.

**4.2 Pricing Page:** Vendor should complete the Pricing Page by providing an all-inclusive price for each deliverable reflected on the Pricing Page. Vendor should complete the Pricing Page in full as failure to complete the Pricing Page in its entirety may result in Vendor's bid being disqualified.

Vendor should type, legibly write, or electronically enter the information into the Pricing Page to prevent errors in the evaluation.

**5. PAYMENT:**

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WWV14869- Auditing Services

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**5.1 Payment:** Vendor shall accept payment in accordance with the payment procedures of the State of West Virginia and the percentage of payment of fees for each phase reflected on the Pricing Page.

**6. DELIVERY AND RETURN:**

**6.1 Shipment and Delivery:** Vendor shall ship the Contract Items immediately after being awarded this Contract and receiving a purchase order or notice to proceed. Vendor shall deliver the Contract Items within timeframes set forth in the Delivery Schedule (Attachment 1). Contract Items must be delivered to Agency at 112 California Avenue, Charleston, WV 25305.

**6.2 Late Delivery:** The Agency placing the order under this Contract must be notified in writing if the shipment of the Contract Items will be delayed for any reason. Any delay in delivery that could cause harm to an Agency will be grounds for cancellation of the Contract, and/or obtaining the Contract Items from a third party.

Any Agency seeking to obtain the Contract Items from a third party under this provision must first obtain approval of the Purchasing Division.

**6.3 Delivery Payment/Risk of Loss:** Vendor shall deliver the Contract Items F.O.B. destination to the Agency's location.

**6.4 Return of Unacceptable Items:** If the Agency deems the Contract Items to be unacceptable, the Contract Items shall be returned to Vendor at Vendor's expense and with no restocking charge. Vendor shall either make arrangements for the return within five (5) days of being notified that items are unacceptable, or permit the Agency to arrange for the return and reimburse Agency for delivery expenses. If the original packaging cannot be utilized for the return, Vendor will supply the Agency with appropriate return packaging upon request. All returns of unacceptable items shall be F.O.B. the Agency's location. The returned product shall either be replaced, or the Agency shall receive a full credit or refund for the purchase price, at the Agency's discretion.

**6.5 Return Due to Agency Error:** Items ordered in error by the Agency will be returned for credit within 30 days of receipt, F.O.B. Vendor's location. Vendor shall not charge a restocking fee if returned products are in a resalable condition. Items shall be deemed to be in a resalable condition if they are unused and in the original packaging. Any restocking fee for items not in a resalable condition shall be the lower of the Vendor's customary restocking fee or 5% of the total invoiced value of the returned items.

STATE OF WEST VIRGINIA				
WORKFORCE WEST VIRGINIA WWV14869				
Exhibit A - Pricing Page				
DELIVERABLES		Estimated Hours	Hourly Rate	Extended Cost
<b>PHASE I</b>				
	Entrance Conference	20	114.90	2,298.00
	Detailed audit plan	60	114.85	6,891.00
	Draft of WORKFORCE West Virginia Reports and financial statements for review	250	114.85	28,712.50
<b>TOTAL PHASE I</b>				\$ 37,901.50
<b>PHASE II</b>				
	Revised draft with all requests changed and modification of WORKFORCE West Virginia reports and financial statements for review	60	114.85	6,891.00
	Draft submitted to the Financial Accounting and Reporting Section (FARS) of the WV Department of Administration with copies to Executive Director of WORKFORCE West Virginia and Director of FAM	35	114.85	4,019.75
<b>TOTAL PHASE II</b>				\$ 10,910.75
<b>PHASE III</b>				
	Unsigned final draft with all modifications to WORKFORCE West Virginia management for final review	40	114.85	4,594.00
	Final signed report submitted to WORKFORCE West Virginia and FARS	40	114.85	4,594.00
<b>TOTAL PHASE III</b>				\$ 9,188.00
<b>Phase Total = PHASE I + PHASE II + PHASE III</b>				\$ 58,000.25
<b>Hourly Services</b>	Rate per hour for accounting, auditing, and consulting services	10	\$ 175.00	\$ 1,750.00
<b>Hourly Services Total</b>				\$ 1,750.00
<b>Grand Total (Total Hourly Services + Total Phase)</b>				\$ 59,750.25
HOURS SHOWN ARE AN ESTIMATION AND IS FOR AWARD PURPOSES ONLY.				
AWARD WILL BE BASED ON GRAND TOTAL, HOWEVER THE COST OF THE HOURS WILL BE ACTUAL PAYMENT AND THOSE HOURS ARE NOT GUARANTEED.				
Vendor may request payment pursuant to the following schedule:				
*First payment shall be 25% of the grand total and can be submitted upon completion of Phase I identified in the above table.				
*Second payment shall be 25% of the grand total and can be submitted upon completion of Phase II identified in the above table.				
*Third payment shall be 50% of the grand total and can be submitted upon completion of Phase III identified in the table.				
WORKFORCE West Virginia requires that the accounting firm be available to assist with accounting issues and new reporting requirements as they arise on an as-needed basis. The bid must include a firm fixed fee for the services shown above as well as an hourly rate for accounting and auditing consulting services. The total cost submitted for bid must include all travel and out-of-the-pocket expenses.				

STATE OF WEST VIRGINIA  
 WORKFORCE WEST VIRGINIA WWV14869  
 Exhibit B

**DELIVERY SCHEDULE**

DELIVERABLES	
Entrance Conference	BEFORE JULY 31, 2014
Detailed audit plan	AUGUST 13, 2014
Draft of WORKFORCE West Virginia Reports and financial statements for review	AUGUST 20, 2014
Revised draft with all requests changed and modification of WORKFORCE West Virginia reports and financial statements for review	AUGUST 27, 2014
Draft submitted to the Financial Accounting and Reporting Section (FARS) of the WV Department of Administration with copies to Executive Director of WORKFORCE West Virginia and Director of FAM	SEPTEMBER 3, 2014
Unsigned final draft with all modifications to WORKFORCE West Virginia management for final review	OCTOBER 14, 2014
Final signed report submitted to WORKFORCE West Virginia and FARS	OCTOBER 22, 2014



## 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: Suttle & Stalnaker, PLLC

Signed: 

Date: July 10, 2014

Title: Member



RFQ No. WWV14869STATE 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.

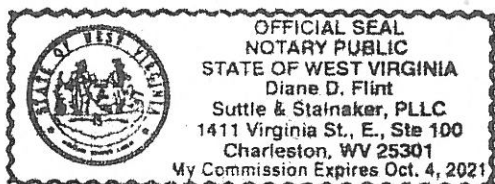
**AFFIRMATION:** By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (W. Va. Code §61-5-3) that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined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

**WITNESS THE FOLLOWING SIGNATURE:**Vendor's Name: Suttle & Stalnaker, PLLCAuthorized Signature: [Signature] Date: July 10, 2014State of West VirginiaCounty of Kanawha, to-wit:Taken, subscribed, and sworn to before me this 10 day of July, 2014.My Commission expires Oct. 4, 2021.

AFFIX SEAL HERE

NOTARY PUBLIC [Signature]

Purchasing Affidavit (Revised 07/01/2012)



**CERTIFICATION AND SIGNATURE PAGE**

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

Suttle & Stalnaker, PLLC  
(Company)

  
(Authorized Signature)

Chris Deweese, CPA, CGMA, Member  
(Representative Name, Title)

304-343-4126                      304-343-8008  
(Phone Number)                      (Fax Number)

July 10, 2014  
(Date)

**ADDENDUM ACKNOWLEDGEMENT FORM**  
**SOLICITATION NO.:**

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

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

**Addendum Numbers Received:**

(Check the box next to each addendum received)

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

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

Suttle & Stalnaker, PLLC

Company



Authorized Signature

July 10, 2014

Date

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



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

# Solicitation

NUMBER
WWV14869

PAGE
1

ADDRESS CORRESPONDENCE TO ATTENTION OF:
BETH COLLINS 304-558-2157

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\*709043333 304-343-4126  
SUTTLE & STALNAKER PLLC  
THE VIRGINIA CTR STE 100  
1411 VIRGINIA ST EAST  
CHARLESTON WV 25301

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WORKFORCE WEST VIRGINIA  
OFFICE OF ADMIN. SUPPORT-5302  
  
112 CALIFORNIA AVENUE  
CHARLESTON, WV  
25305-0112 304-558-2631

DATE PRINTED
06/26/2014

BID OPENING DATE: 07/10/2014

BID OPENING TIME 1:30PM

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
ADDENDUM NO.01						
THIS ADDENDUM IS ISSUED TO MODIFY THE ORIGINAL SOLICITATION PER THE ATTACHED DOCUMENTATION.						
0001	1	LS		946-20		
AUDITING SERVICES						
***** THIS IS THE END OF RFQ WWV14869 ***** TOTAL:						

SIGNATURE	TELEPHONE 304-343-4126	DATE 07/10/2014
TITLE Member	FEIN 55-0538163	ADDRESS CHANGES TO BE NOTED ABOVE

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

**SOLICITATION NUMBER: WWV14869****Addendum Number: 01**

---

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

**Applicable Addendum Category:**

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

**Description of Modification to Solicitation:**

This addendum is issued to provide answers to vendor submitted questions.

This addendum is issued to provide exhibits and attachments to clarify and provide further information of vendor submitted questions.

This addendum is to also correct an error of the year should not be 2013 and should be 2014 as per attachments of this addendum.

The bid date will remain the same of July 10, 2014 at 1:30 PM, EST.

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

**Terms and Conditions:**

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

## ATTACHMENT A

**WWV 14869****Addendum I - Vendor Questions and Answers**

**Q. 1** Page 18, Specifications 1. Purpose and scope: indicates that: The West Virginia Purchasing Division is soliciting bids on behalf of WorkForce West Virginia to establish a contract with a certified public account firm to audit agency financial statement to the fiscal year ending June 30, 2013. Should this instance and all others in the RFQ indicate for the year ending June 30, 2014?

**A 1.** In this instance and all others in the RFQ the year ending date should be June 30, 2014.

**Q 2.** Please provide a summary of the hours billed and the total amount paid for the same scope of services in the prior year.

**A 2** A total of four hundred (400) hours were submitted as an estimate for award purposes only, actual award was not based on hourly rate but overall lowest bid meeting all mandatory requirements. These estimated hours included classifications of: Engagement Partner, Audit Manager, Audit Supervisor , Staff Auditor, IT Auditor, other support/clerical.

Invoicing was not submitted for hours worked but rather on the completion of each phase as described in the deliverables schedule as well as pricing sheet.

**Q 3.** May we have a copy of the prior year audited financial statements?

**A 3.** Please see the attached Exhibit C.

**Q 4.** Please explicitly define, what is meant by this being an open ended contract and how this relates to a contract to provide audit services? Upon review of the Request for Quotation (RFQ) it does not appear to be open ended.

**A 4.** As shown in item 5 on page 6 of the **INSTRUCTIONS TO VENDORS SUBMITTING BID** a RFQ is considered an open end contract “when quantities listed in the solicitation are approximations only, based on estimates supplied by the Agency. It is understood and agreed that the Contract shall cover quantities actually ordered for delivery during the term of the Contract, whether more or less than the quantities shown”. In this case the request for estimated hours would fall under the open end definition.

**Q 5.** On page 18, under the “specifications” heading, it states that “the audit include all WorkForce West Virginia Programs, could you please define what is meant by programs? Does this include regional investment board’s?”

**A 5.** The audit will not include regional investment boards, for programs that will be included in the financial services being procured will include those shown on the attached Exhibit D.

**Q 6.** Does the WorkForce West Virginia require an OMB Xircular A-133 audit?

**A 6.** Yes

**Q 7.** What date will the WorkForce West Virginia be ready for the successful auditor to begin fieldwork?

**A 7.** August 20, 2014

**Q 8.** It is referenced numerous times that this is an audit for year ending June 20, 103, is this correct?

**A 8.** No, the audit will be for year ending June 30, 2014.



**Q 9.** When in the last time an RFQ for WorkForce WV was issued?

**A 9.** The last RFQ for financial services was awarded in 2010 and included two one year renewals. The last allowed renewal expired December 14, 2013.

**Q 10.** According to Schedule B, Delivery Schedule” the final signed version of the reports are not to be submitted to FARS until October 22, 2014. This appears to be after the historical FARS Final Deadline of on or around October 15<sup>th</sup>. It was also noted that the unsigned draft is to be submitted to FARS on September 3<sup>rd</sup>, which is also outside of the historical FARS draft deadline of on or around September 15.

**A 10.** See the attached amended Exhibit B.

**Q 11.** Would you please provide the total hours incurred and fee charged by the prior year auditor.

**A 11.** Please see response to Q 2 concerning total hours incurred. In reference to prior year audit charges a FOIA request may be submitted to Diane Holly at [Diane.M.Holly@wv.gov](mailto:Diane.M.Holly@wv.gov) for WWV 11869.

**Q 12.** Item 1 under the specifications section on age 18 of the RFQ as well as Item 2.1 and 3.1 on page 19 refer to the audit of agency financial statements for the year ending June 30, 2013. Is 2013 to be re-audited or does the RFQ require the audit of financial statements for the year ending June 30, 2014 with the option of two renewals?

**A 12.** No, year ending 2013 is not to be re-audited. The audit being requested is for year ending June 20, 2014.

**Q 13.** The State of WV early implemented GASB 65 for the year ended June 30, 2013. However, the financial statement notes for the year ended June 30, 2013 state that WorkForce WV has not evaluated the impact of GASB 65. Will WorkForce WV implement GASB65 for the year ended June 30, 2014? Or does GASB 65 have no effect on WorkForce WV?

**A 13. GASB 65 has already been implemented.**

**Q 14.** Item 3.1.1.21 requires identification of supervisory and management personnel and states that all personnel must hold a license to practice as a Certified Public Accountant in West Virginia. Is this requirement intended to apply to all personnel assigned to the engagement or does it apply only to management and supervisory personnel assigned to the engagement?

**A 14. This requirement is as stated for supervisory and management personnel only.**

**Q 15.** The state of WV is implementing a new EFP software effective July 2014 referred to as OASIS. Will WorkForce be transitioning to this new system for financial reporting purposes? If yes, please provide information on the activities expected to be affected by the implementation of the new software and any potential issues that may arise from the conversion.

**A 15. While WorkForce West Virginia is transitioning to the OASIS System, it will not have an impact on this audit. All financial statements required for this audit will remain available in our current FIMs system.**

**Q 16.** We are interested in bidding on Workforce WV's annual financial statement audit. In order to accurately prepare our proposal and provide our best price we would like to see a copy of the 2013 audited financial statements. Could you please send me a copy of those statements?

**A 16. Please see attached Exhibit C.**

**STATE OF WEST VIRGINIA  
WORKFORCE WEST VIRGINIA WWV14869  
EXHIBIT B**

**DELIVERY SCHEDULE**

<b>DELIVERABLES</b>	
Entrance Conference	<b>Before July 31, 2014</b>
Detailed audit plan	<b>August 14, 2014</b>
Field work to begin	<b>August 20, 2014</b>
Draft of WORKFORCE West Virginia Reports and financial statements for review	<b>August 27, 2014</b>
Revised draft with all requested changes and modifications of WorkForce West Virginia reports and financial statements for review	<b>September 4, 2014</b>
Draft submitted to the Financial Accounting and Reporting Section (FARS) of the WV Department of Administration with copies to Executive Director of WORKFORCE West Virginia and Director of FAM	<b>September 15, 2014</b>
Unsigned final draft with all modifications to WORKFORCE West Virginia management for final review	<b>October 14, 2014</b>
Final signed report submitted to WORKFORCE West Virginia and FARS	<b>October 20, 2014</b>

**WORKFORCE WEST VIRGINIA**  
**(A Division of the State of West Virginia)**  
Management's Discussion and Analysis (MD & A),  
Basic Financial Statements,  
Required Supplementary Information, and  
Other Financial Information

June 30, 2013

(With Independent Auditors' Report Thereon)

## WORKFORCE WEST VIRGINIA

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WORKFORCE WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(In Thousands Unless Otherwise Noted)

The management of WORKFORCE West Virginia (Division), a Division of the West Virginia Department of Commerce, State of West Virginia, provides this *Management's Discussion and Analysis* of the Division's financial standing for the readers of the audited financial statements. As of June 30, 2013, WORKFORCE West Virginia consisted of four primary operating Divisions: the One Stop Operations Division (OS); the WIA Dislocated Worker and Employment Services Division (DWES); the Unemployment Compensation Division (UC); and the Research Information and Analysis Division (RIA).

This narrative overview and analysis of the financial activities for the Division is for the fiscal year ended on June 30, 2013. Please read it in conjunction with the Division's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

#### Division Wide Highlights:

The assets of the Division exceeded the liabilities for the fiscal year ended June 30, 2013 by \$139 million as compared to \$159 million for the fiscal year ended June 30, 2012.

#### Fund Level Highlights:

At the close of the fiscal year, the governmental activities of the Division reported a net fund balance deficit of \$6.4 million as compared to \$7.9 million for the fiscal year ended June 30, 2012. The decrease in this deficit is mainly due to the cumulative effect adjustment of implementation of Governmental Accounting Standards Board (GASB) Statement No. 45.

The business-type activities reported a net position of \$145 million for the Unemployment Compensation Trust Fund at June 30, 2013 as compared to \$167 million at June 30, 2012. The decrease in net position is mainly due to reduced Unemployment Compensation benefits for fiscal year ended June 30, 2013.

More detailed information regarding these funds and their activities is contained in Footnote 1 to the audited financial statements, which follow.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts - *management's discussion and analysis* (this section), *the basic financial statements*, *required supplementary information*, and *other financial information*. The basic financial statements include two kinds of statements that present different views of the Division.

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the Division's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the Division's government, reporting the Division's operations in *more* detail than the government-wide statements.
  - The *government fund* statements tell how *general government* services like education were financed in the *short term* as well as what remains for future spending. For the Division, this consists primarily of federally funded workforce development programs.
  - *Proprietary fund* statements offer short and long-term financial information about the activities the government operates like businesses. For the Division, this consists of the Unemployment Compensation Trust Program.

WORKFORCE WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(In Thousands Unless Otherwise Noted)

➤ *Fiduciary fund* statements provide information about the financial relationships - like the retirement plan for the Division's employees - in which the State acts solely as a *trustee* or *agent* for the benefit of others, to whom the resources in question belong. The Division has no fiduciary funds.

- The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

### GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Division as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the reporting entity's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Division's *net position* and how they have changed. Net position - the difference between the Division's assets and liabilities - are one way to measure the Division's financial health or *position*.

- Overtime, increases or decreases in the Division's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Division, one needs to consider additional non-financial factors such as changes in the Division's revenue sources and the condition of the Division's assets.

The government-wide financial statements of the State are divided into three categories:

- *Governmental activities* - These are the activities that are necessary for the government to function and meet its intended purpose. They are generally funded through a tax. For the Division, this consists primarily of federally funded workforce development programs.
- *Business-type activities* - The Division charges fees to customers to help it cover the costs of certain services it provides. For the Division, this consists of the Unemployment Compensation Trust Program.
- *Component Units* - The State includes other entities in its report such as West Virginia Housing Development, Parkways, Economic Development and Tourism Authority and Higher Education. These "component units" are important because the State is financially accountable for them. The Division has no component units. However, the Division exists within the State of West Virginia, and is considered part of the primary government in the State of West Virginia Comprehensive Annual Financial Report.

WORKFORCE WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(In Thousands Unless Otherwise Noted)

**FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the Division's most significant *funds* - not the Division as a whole. Funds are accounting devices that the governmental agencies use to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The State Legislature establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The Division has two kinds of funds:

- *Governmental funds* - Most of the Division's basic services are included in the governmental general fund, which focuses on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Division's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statements, or on the subsequent page, that explains the relationship (or differences) between them. For the Division, this fund consists primarily of federally funded workforce development programs.
- *Proprietary funds* - Services for which the Division charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. For the Division, this consists of the Unemployment Compensation Trust Fund.



WORKFORCE WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(In Thousands Unless Otherwise Noted)

**FINANCIAL ANALYSIS OF THE DIVISION AS A WHOLE**

**Net Position**

\$

The Division's *combined* net position (governmental and business-type) totaled \$139 million at the end of 2013, compared to \$159 million at the end of the previous year. (See table below).

		Statements of Net Position (Expressed in Thousands)						% of Change
		Governmental Activities		Business-type Activities		Total Primary Government		Primary Government
		2012	2013	2012	2013	2012	2013	2012-2013
Current and other assets		\$ 1,526	\$ 1,840	\$ 202,661	\$ 182,342	\$ 204,187	\$ 184,182	(9.80%)
Capital assets		1,261	1,133	-	-	1,261	1,133	(10.15%)
Total assets		2,787	2,973	202,661	182,342	205,448	185,315	(9.80%)
Long-term debt outstanding		370	371	-	-	370	371	0.27%
Other liabilities		10,320	9,043	36,014	37,338	46,334	46,381	0.10%
Total liabilities		10,690	9,414	36,014	37,338	46,704	46,752	0.10%
Net Position (Deficit):								
Net investment in capital assets		1,261	1,133	-	-	1,261	1,133	(10.15%)
Restricted		161	69	166,647	145,004	166,808	145,073	(13.03%)
Unrestricted (deficit)		(9,324)	(7,643)	-	-	(9,324)	(7,643)	18.03%
Total net position (deficit)		(\$7,902)	\$ (6,441)	\$ 166,647	\$ 145,004	\$ 158,745	\$ 138,563	(12.71%)

The total net position deficit of the Division's governmental activities decreased 18.49% to \$6.4 million. This is primarily due to the cumulative effect of implementation of GASB Statement No. 45, and a liability with the USDOL due to cash on hand.

The total net position of the Division's business-type activities decreased 12.99% to \$145 million. This is primarily due to the decreased cost of unemployment payments.

**WORKFORCE WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(In Thousands Unless Otherwise Noted)

**Changes in net position**

The Division's total revenues decreased by 9.93% to \$410 million (See table below). 12.38% of the Division's revenues come from federal grant programs aimed at workforce analysis and development. Other revenue comes from fees charged for services to employers by the Unemployment Compensation programs and investment earnings.

The total cost of all programs and services was \$431 million. The Division's expenses can be categorized into two categories: general governmental and direct benefits. General government expenses include all costs associated with operation of the Division and its programs, which includes administration and federal grant expenses incurred for employment training, statistics and support. Direct benefits consist of unemployment insurance benefits and comprised 88% of the total expenses of the Division for the fiscal year ended June 30, 2013.

	Change in Net Position (Deficit) (Expressed in Thousands)						% of Change Primary Government
	Governmental Activities		Business-type Activities		Total Primary Government		
	2012	2013	2012	2013	2012	2013	2012-2013
Revenues							
Program revenues:							
Charges for services	\$ -	\$ -	\$ 400,238	\$ 356,531	\$ 400,238	\$ 356,531	(10.92%)
Federal grants	52,140	50,821	-	-	52,140	50,821	(2.53%)
General revenues:							
Investment earnings	-	-	3,265	3,025	3,265	3,025	(7.35%)
Total revenues	52,140	50,821	403,503	359,556	455,643	410,377	(9.93%)
Expenses							
Program expenses:							
General government	54,917	50,319	-	-	54,917	50,319	(8.37%)
Unemployment Compensation Trust	-	-	365,325	380,240	365,325	380,240	4.08%
Total expenses	54,917	50,319	365,325	380,240	420,242	430,559	2.46%
Increase (decrease) in net position before transfers	(2,777)	502	38,178	(20,684)	35,401	(20,182)	(157.01%)
Transfers and other revenues	2,245	959	(2,245)	(959)	-	-	0.00%
Increase (decrease) in net Position	(532)	1,461	35,933	(21,643)	35,401	(20,182)	(157.01%)
Beginning net Position (deficit)	(7,370)	(7,902)	130,714	166,647	123,344	158,745	28.70%
Ending net Position (deficit)	\$ (7,902)	\$ (6,441)	\$ 166,647	\$ 145,004	\$ 158,745	\$ 138,563	(12.71%)

**WORKFORCE WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(In Thousands Unless Otherwise Noted)**

**Business-type Activities**

For the Unemployment Compensation Trust Program, the Regular Unemployment Benefits expenditures increased \$15 million as compared with last year. As for revenue, the Regular Unemployment revenue categories decreased by \$44 million.

**FINANCIAL ANALYSIS OF THE DIVISION'S FUNDS**

**Governmental Funds**

The focus of the Division's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Division's financing requirements.

The general fund is the chief operating fund of the Division's federal program activities. At the end of the current fiscal year, the Division's governmental fund reported an ending fund balance of (\$6.4) million, a decreased deficit of \$1.5 million from prior year.

**Proprietary Funds**

The Unemployment Compensation (UC) Program has a total of 82 measurements. West Virginia met the eighteen Federal standards for measurement year ending March, 2013. In addition, the State of West Virginia's Unemployment Compensation Program was designated as one of only nine states that achieved a perfect score from the Department of Labor on the State Performance UI Core Measurements Score Card. These performance measurements cover timeliness, quality, and accuracy of each state's Benefit and Tax operations.

West Virginia's operational proper payment rate for unemployment benefits was 95.21% during Calendar Year 2012 which is substantially above the National Average Rate of 87.67%.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original general fund budget of the Division was not amended during the year ending June 30, 2013 except for a slight change in revenues. The most significant budget versus actual variances include:

- Expenditure schedules are budgeted at an increased amount for a number of reasons including:
  - Some of the grants received by the Division are adjusted based upon workloads. As the economy worsens, workloads increase and additional funds are received; therefore, additional amounts are budgeted in case additional grant funds are received.
  - Additional funds are budgeted in case grants are received in the event of natural disasters.
  - The Division operates the Trade Readjustment Assistance Program (TRA) which provides retraining services to workers who find themselves unemployed due to competition from foreign trade. In addition to the annual grant received from the United States Department of Labor to fund this program, the Division may receive additional grants to serve special groups laid off by large employers. These National Emergency grants have amounted to as much as \$23 million in past years. The Division budgets additional funds each year in case these major layoffs occur and National Emergency grants are received.
  - As disclosed above, some additional amounts, such as personal services, are budgeted in case grant funds are received for natural disasters and/or the economy worsens which results in an increase in the Division's workload.

WORKFORCE WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(In Thousands Unless Otherwise Noted)

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2013, the Division had invested \$1,133 in capital assets that consist entirely of office furniture and equipment. (See table below). This amount represents a net decrease of \$128 or 10.2% from last year.

Capital Assets (Equipment) at Year-end  
(Expressed in Thousands)  
(Net of Depreciation)

	Governmental Activities		Total Percentage Change
	2012	2013	2012-2013
Governmental Activities	\$ 1,261	\$ 1,133	10.2%

The 10.2% decrease in capital assets from 2012 to 2013 is due to the retirement of modular unit assets. More detailed information is presented in Note 1 to the financial statements.

**Long-term Debt**

At year end, the Division had \$371 in the long-term portion of compensated absences, an increase of 0.2% as shown in the table below. More detailed information is presented in Notes 1 and 4 to the financial statements.

Outstanding Long-Term Debt at Year-end  
(Expressed in Thousands)

	Governmental Activities		Total Percentage Change
	2012	2013	2012-2013
Compensated absences	\$ 370	\$ 371	0.2%

**WORKFORCE WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(In Thousands Unless Otherwise Noted)**

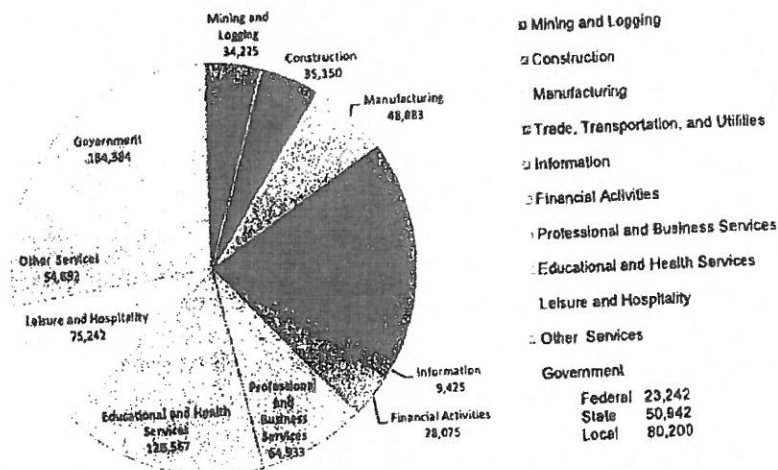
**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

These indicators were taken into account when adopting the Division's budget for 2013.

<u>Industry</u>	<u># of Jobs</u>
Mining and Logging	34,225
Construction	35,150
Manufacturing	48,883
Trade, Transportation, and Utilities	135,700
Information	9,425
Financial Activities	28,075
Professional and Business Services	64,933
Educational and Health Services	126,567
Leisure and Hospitality	75,242
Other Services	54,692
Government	154,384
<b>Total Employment</b>	<b>767,276</b>

The following chart shown includes projected information for fiscal year 2013.

**Employment by Major Industry**



**CONTACTING THE DIVISION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Division's finances and to demonstrate the Division's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact WORKFORCE West Virginia, 112 California Avenue, Charleston, WV 25305.

BASIC FINANCIAL STATEMENTS

WORKFORCE WEST VIRGINIA  
STATEMENT OF NET POSITION (DEFICIT)  
JUNE 30, 2013  
(In Thousands)

	Primary Government		
	Governmental Activities	Business - type Activities	
	General Fund	Unemployment Compensation Trust	Total
<b>Assets</b>			
Current assets:	\$ 1,624	\$ 119,515	\$ 121,139
Cash and cash equivalents			
Receivables, net:		59,780	59,780
Unemployment taxes (Note 1f)	136	-	136
Other	-	2,348	2,348
Due from other governments	39	699	738
Due from other funds - primary government	41	-	41
Inventories	1,840	182,342	184,182
Total current assets			
Noncurrent assets:	1,133	-	1,133
Capital assets, net	1,133	-	1,133
Total noncurrent assets	2,973	182,342	185,315
Total assets			
<b>Liabilities</b>			
Current liabilities:	204	-	204
Accounts payable	6,588	-	6,588
WV Retiree Health Benefit Trust (RHBT) payable (OPEB)	787	1,937	2,724
Accrued expenses and other liabilities	622	4,522	5,144
Due to other governments	-	30,879	30,879
Unemployment Compensation benefits payable	842	-	842
Compensated absences due within one year	9,043	37,338	46,381
Total current liabilities			
Noncurrent liabilities:	371	-	371
Compensated absences due in more than one year	371	-	371
Total noncurrent liabilities	9,414	37,338	46,752
Total liabilities			
<b>Net position (deficit)</b>			
Net position (deficit):	1,133	-	1,133
Net Investment in capital assets			
Restricted for:	69	145,004	145,073
Restricted	(7,643)	-	(7,643)
Unrestricted (deficit)			
Total net position (deficit)	\$ (6,441)	\$ 145,004	\$ 138,563

The Accompanying Notes Are An Integral  
Part Of These Financial Statements

WORKFORCE WEST VIRGINIA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2013  
(In Thousands)

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary government:						
Governmental activities:						
General government	\$ 50,152	\$ -	\$ 50,821	\$ 669	\$ -	\$ 669
Unallocated depreciation	167	-	-	(167)	-	(167)
Total governmental activities	50,319	-	50,821	502	-	502
Business-type activities:						
Unemployment Compensation Trust	380,240	-	356,531	-	(23,709)	(23,709)
Total business-type activities	380,240	-	356,531	-	(23,709)	(23,709)
Total primary government	\$ 430,559	\$ -	\$ 407,352	\$ 502	(23,709)	(23,207)
General Revenues:						
Investment earnings				-	3,025	3,025
Fund balance transfers				959	(959)	-
Change in net position (deficit)				1,461	(21,643)	(20,182)
Net position (deficit) - beginning				(7,902)	166,647	158,745
Net position (deficit) - ending				\$ (6,441)	\$ 145,004	\$ 138,563

The Accompanying Notes Are An Integral  
Part Of These Financial Statements



WORKFORCE WEST VIRGINIA  
BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2013  
(In Thousands)

	Governmental Activities
	General Fund
Assets:	
Cash and cash equivalents	\$ 1,624
Due from other funds - primary government	39
Accounts Receivable - other	136
Inventories	41
Total assets	<u>\$ 1,840</u>
Liabilities and Fund Balance (Deficiency):	
Liabilities:	
Accounts payable	\$ 204
RHBT Payable (OPEB)	6,588
Due to other government	622
Accrued expenditures and other liabilities	1,629
Total liabilities	<u>9,043</u>
Fund balance (Deficiency):	
Non-spendable for inventories	41
Assigned	28
Unassigned deficiency	<u>(7,272)</u>
Total fund balance (deficiency)	<u>(7,203)</u>
Total liabilities and fund balance (deficiency)	<u>\$ 1,840</u>
Total fund balance (deficiency)	\$ (7,203)
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,133
Long term liabilities (compensated absences) are not due and payable in the current period and therefore are not reported in the funds.	<u>(371)</u>
Net position (deficit) of governmental activities	<u>\$ (6,441)</u>

The Accompanying Notes Are An Integral  
Part Of These Financial Statements

WORKFORCE WEST VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIENCY)  
GOVERNMENTAL FUND  
YEAR ENDED JUNE 30, 2013  
(In Thousands)

	Governmental Activities General Fund
Revenues:	
Grants	\$ 50,821
	<u>50,821</u>
Expenditures:	
Employment training, statistics, and support	<u>50,190</u>
Excess (deficiency) of revenues over expenditures	631
Other financing sources and uses, including transfers	
Transfer in from the Unemployment Compensation Trust Fund	<u>959</u>
Net change in fund balance	1,590
Fund balance (deficiency) - beginning	<u>(8,793)</u>
Fund balance (deficiency) - ending	<u>\$ (7,203)</u>
Net change in fund balance (deficiency) - total governmental funds	\$ 1,590
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which depreciation exceeded capital outlays in the current period.	(130)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the amount by which expenditures exceeded expense for long term compensated absences.	<u>1</u>
Change in Net Position of Governmental Activities	<u>\$ 1,461</u>

The Accompanying Notes Are An Integral  
Part Of These Financial Statements

WORKFORCE WEST VIRGINIA  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2013  
(In Thousands)

	Business-type Activities - Enterprise Fund Unemployment Compensation Trust
<b>Assets:</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 119,515
Receivables, net:	
Unemployment Compensation premiums	59,780
Due from other governments	2,348
Due from other funds - primary government	699
Total current assets	182,342
Total assets	<u>\$ 182,342</u>
<b>Liabilities and Fund Balance:</b>	
<b>Current liabilities:</b>	
Accrued expenses and other liabilities	\$ 1,937
Due to other governments	4,522
Unemployment Compensation benefits payable	30,879
Total current liabilities	37,338
Total liabilities	<u>37,338</u>
<b>Net Position:</b>	
Restricted for:	
Benefit payments	145,004
Total Net Position	145,004
Total liabilities and Net Position	<u>\$ 182,342</u>

The Accompanying Notes Are An Integral  
Part Of These Financial Statements

WORKFORCE WEST VIRGINIA  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET POSITION  
 PROPRIETARY FUND  
 YEAR ENDED JUNE 30, 2013  
 (In Thousands)

	Business-type Activities - Enterprise Fund Unemployment Compensation Trust
Operating revenues:	
Unemployment Compensation premiums	\$ 356,531
Total operating revenues	<u>356,531</u>
Operating expenses:	
Unemployment insurance benefits	<u>380,240</u>
Total operating expenses	<u>380,240</u>
Operating income (loss)	<u>(23,709)</u>
Nonoperating revenues:	
Investment earnings	<u>3,025</u>
Total nonoperating revenues (expenses)	<u>3,025</u>
Income (loss) before transfers	(20,684)
Transfer out to general fund	<u>(959)</u>
Decrease in net position	(21,643)
Total net position - beginning	<u>166,647</u>
Total net position - ending	<u>\$ 145,004</u>

The Accompanying Notes Are An Integral  
 Part Of These Financial Statements

WORKFORCE WEST VIRGINIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2013  
(In Thousands)

	Business-type Activities - Enterprise Fund Unemployment Compensation Trust
Cash flows from operating activities:	
Received from employers	\$ 135,273
Received from federal and local agencies	219,515
Payments to claimants and providers	(378,015)
Net cash provided (used) by operating activities	(23,227)
Cash flows from non-capital financing activities:	
Transfers to other funds	(959)
Net cash provided (used) by non-capital financing activities	(959)
Cash flows from investing activities:	
Investment earnings	3,025
Net cash provided (used) by investing activities	3,025
Net increase (decrease) in cash and cash equivalents	(21,161)
Cash and cash equivalents - beginning	140,676
Cash and cash equivalents - ending	\$ 119,515
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (23,709)
Net change in assets and liabilities:	
Unemployment compensation premiums receivable	(519)
Due from other governments	(167)
Due from other funds - primary government	(156)
Accrued expenses and other liabilities	131
Due to other governments	(36)
Unemployment Compensation benefits payable	1,229
Net cash provided (used) by operating activities	\$ (23,227)

The Accompanying Notes Are An Integral  
Part Of These Financial Statements

WORKFORCE WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
(In Thousands, Unless Otherwise Noted)

**(1) Summary of Significant Accounting Policies**

**(a) Financial Reporting Entity**

WORKFORCE West Virginia (Division) is a Division of the West Virginia Department of Commerce and as of June 30, 2013, consisted of four primary operating Divisions: the One Stop Operations Division (OS); the WIA Dislocated Worker and Employment Services Division (ES); the Unemployment Compensation Division (UC); and the Research, Information and Analysis Division (RIA).

The financial statements of the Division are intended to present the financial position, and the results of operations of only that portion of the West Virginia Department of Commerce and of the State of West Virginia that is attributable to the transactions of WORKFORCE West Virginia. They do not purport to, and do not, present fairly the financial position of the West Virginia Department of Commerce or the State of West Virginia as of June 30, 2013 and the results of their operations for the year then ended in conformity with accounting principles generally accepted in the United States of America. The Division is reported as part of the primary government in the State of West Virginia Comprehensive Annual Financial Report.

The General Fund of the Division includes funds received from the United States Department of Labor (USDOL) for Employment Services, Unemployment Compensation and Labor Statistics. These funds allow for operating local offices throughout the State of West Virginia to serve those seeking and providing employment. Most local offices were historically identified as "Job Service," and conduct employment outreach, interviewing, testing, counseling and referral to placement, training and other services designed to ready individuals for employment.

The UC provides temporary income as partial compensation to unemployed workers. The Division has direct responsibility for operation of this program. This program is administered under the oversight of USDOL, which establishes guidelines and funds administrative costs from monies collected under provisions of the Federal Unemployment Tax Act. Both ES and UC are federal mandated partners in the one stop delivery system.

**(b) Basis of Presentation**

The accompanying financial statements of the Division have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

**USE OF ESTIMATES** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from management's estimates.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS** - The government-wide financial statements (the statement of net position and the statement of activities) report information of all of the non-fiduciary activities of the primary government and its component units, if any. For the most part, the effect of inter-fund activity has been removed from these government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable. The Division has no component units or fiduciary activities.

WORKFORCE WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
(In Thousands, Unless Otherwise Noted)

(1) **Summary of Significant Accounting Policies (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than as program revenues.

Net position is restricted when constraints placed on it are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets.

When both restricted and unrestricted resources are available for use, generally it is the Division's policy to use restricted resources first, then unrestricted resources, as they are needed. Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units, if applicable. However, the fiduciary funds are not included in the government-wide statements. Major individual governmental funds and major individual enterprise funds, if applicable, are reported as separate columns in the fund financial statements.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS** - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**FUND FINANCIAL STATEMENTS** - The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Division considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Significant revenues subject to accrual include business unemployment taxes, federal grants, federal reimbursements, and other reimbursements for use of materials and services.

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The following summarizes the major governmental funds that are presented in the accompanying financial statements:

- **General Fund** - The General Fund is the general operating fund of the Division. It is used to account for all financial resources obtained and spent for those services normally provided by the Division that are not accounted for in other funds, including the administrative services related to the Unemployment Compensation System (see below), and the operation of various federal programs funded by USDOL.



WORKFORCE WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
(In Thousands, Unless Otherwise Noted)

**(1) Summary of Significant Accounting Policies (Continued)**

- **Enterprise Funds** - Enterprise funds are used to account for the operations of state agencies providing goods or services to the general public on a user-charge basis, and for any activity whose principal revenue sources meet any of the following criteria: debt backed solely by fees and charges; legal requirement to recover cost; and policy decision to recover cost. Based upon these criteria state unemployment compensation funds should be reported in enterprise funds.

The Division reports the following enterprise fund: The UC Trust Fund is used to account for the operations of the UC Division, which is responsible for providing temporary income as partial compensation to unemployed workers.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. "Available" means expected to be collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues susceptible to accrual include business unemployment taxes, federal grants, federal reimbursements, and other reimbursements for use of materials and services. Revenues from federal grants are recognized when the related expenditures have been incurred. Expenditures under the modified accrual basis of accounting are recognized when the related fund liability is incurred.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

In accordance with OMB Circular A-87, all allowable indirect costs related to USDOL for the Division are allocated to federal grants in compliance with the applicable federal cost principles. The basis for this allocation is the percentage of salary dollars paid by each federal grant in comparison to the total salary dollars paid by all of the Division's federal grants.

**(c) Budgetary Data**

All financial operations of the Division, except for benefits and direct claims costs of the UC Division are subject to a non-appropriated budget review and approval process in which the Division submits a financial plan for approval in a manner authorized by statute. Pursuant to West Virginia Code §5A-2-12, the Division submits a detailed budgetary schedule of general administrative expenses to the Secretary of the Department of Administration prior to the beginning of each fiscal year. The budgetary schedule is prepared on the cash basis. The cash basis is modified at year-end to allow for payment of invoices up to 31 days after year-end for goods or services received prior to year-end. Appropriated budgeted expenditures, which lapse 31 days after the end of the fiscal year, are incorporated into the Division's overall financial plan, which includes revenue estimates developed by the Division and the State's executive branch. Expenditures are budgeted using natural categories of activity including specific categories as well as for special items. Any revisions that alter budgeted expenditures for the expenditure categories for each Division as a whole must be approved by the State Legislature. The Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund along with the reconciliation of budgetary information to GAAP is included in the Required Supplementary Information.



WORKFORCE WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
(In Thousands, Unless Otherwise Noted)

(1) **Summary of Significant Accounting Policies (Continued)**

(d) **Cash and Cash Equivalents**

Cash and cash equivalents include short-term investments with original maturities of 90 days or less. Cash and cash equivalents principally consist of amounts on deposit with outside financial institutions or amounts on deposit in the State Treasurer's Office (STO) or State Auditor's Office. Balances are recorded at fair value or amortized cost which approximates fair value. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

Permissible investments for all agencies include those guaranteed by the United States of America, its agencies and instrumentalities (U.S. Government obligations); corporate debt obligations, including commercial paper, which meet certain ratings; certain money market funds; repurchase agreements; reverse repurchase agreements; asset-backed securities; certificates of deposit; state and local government securities (SLGS); and other investments. Other investments consist primarily of investments in accordance with the Linked Deposit Program, a program using financial institutions in West Virginia to obtain certificates of deposit, loans approved by the legislature and any other program investments authorized by the legislature.

In addition, the Division's UC Trust Fund maintains a deposit account in the Federal Unemployment Insurance Trust Fund of the United States Treasury, and utilizes commercial banks for depositing amounts disbursed for unemployment benefit payments. All such funds are generally available to the Division with overnight notice, and are considered cash equivalents.

(e) **Inventory**

Inventory consists of supplies used in the normal course of business and is valued at the lower of cost or market using the first in first out method.

(f) **Revenue and Receivables**

The Division has one primary source of revenue for each fund type. The general fund's activities are supported by federal grants primarily on a reimbursement basis. Expenditures in excess of receipts are recorded as "due from other governments".

Revenue in the UC Trust Fund represents employer contributions for unemployment insurance. The Division recognizes as revenue and taxes receivable amounts due for periods ending on or before the balance sheet date, together with an allowance for estimated uncollectible employer contributions. When collected, these funds are held in trust until expended to pay unemployment benefits. The amounts on the financial statement are reported net of an allowance for doubtful accounts of \$3,067.

WORKFORCE WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
(In Thousands, Unless Otherwise Noted)

(1) **Summary of Significant Accounting Policies (Continued)**

(g) **Capital Assets**

Capital assets, which consist primarily of office furniture and equipment of the Division, are reported in the applicable governmental or business-type activities columns in the statement of net assets of the government-wide financial statements. In accordance with the capitalization policy adopted by the Division for financial reporting, assets costing in excess of five thousand dollars are capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized. Depreciation is computed for these assets using the straight-line method over the estimated economic useful lives ranging from 3-20 years. Total depreciation expense relating to the Division approximated \$167 for the fiscal year ended June 30, 2013. Accumulated depreciation relating to the capital assets approximated \$397 at June 30, 2013. Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements.

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets:				
Governmental activities				
Office furniture and equipment	\$ 1,536	\$ 39	\$ (45)	\$ 1,530
Accumulated depreciation	(275)	(167)	45	(397)
Governmental activities capital assets, net	\$ 1,261	\$ (128)	\$ -	\$ 1,133

(h) **Other Operating Revenue**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Balances classified as operating revenues and expenses are those which comprise the Division's ongoing operations. Principal operating revenues are charges to customers for use of the services. Principal operating expenses are the costs of providing the goods and services and include administrative expenses and depreciation of capital assets. Other revenues and expenses, if any, are classified as non-operating in the financial statements.

(i) **Retirement Benefits**

The Division's employees are covered by the West Virginia Public Employees Retirement System (PERS), a multi-employer cost-sharing defined benefit pension plan. PERS covers substantially all employees of the Division.

WORKFORCE WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
(In Thousands, Unless Otherwise Noted)

(1) **Summary of Significant Accounting Policies (Continued)**

(i) **Net Position and Fund Balance**

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Division or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Such constraints limit the Division's ability to use the resources to pay current liabilities.

**FUND BALANCE** – As required by GASB 54, the Division displays fund balance in five components. If applicable: nonspendable, restricted, committed, assigned and unassigned.

**NONSPENDABLE FUND BALANCE** – Nonspendable fund balance includes amounts that cannot be spent because they are (a) either not in spendable form or (b) legally or contractually required to be maintained intact.

**RESTRICTED FUND BALANCE** – Restricted fund balances should be reported when constraints place on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

**COMMITTED FUND BALANCE** – Committed fund balances should be reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. For the Division, this decision-making authority is the West Virginia State Legislature.

**ASSIGNED FUND BALANCE** – Assigned fund balances should be reported for amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances at the Division are approved by the WORKFORCE Executive Management Team.

**UNASSIGNED FUND BALANCE** – Unassigned fund balance is the residual classification for the Division's general fund and includes all spendable amounts not contained in the other classifications.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Division has the authority to deviate from this policy if it is in the best interest of the Division.

At June 30, 2013, the General Fund had an assigned fund balance for encumbrances of \$28 that are composed of contracts for vendors' services and subrecipients who provide Rapid Response, State Set Aside, National Emergency Grant, Navigator, and other WORKFORCE services. Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at fiscal year-end.

WORKFORCE WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
(In Thousands, Unless Otherwise Noted)

(1) Summary of Significant Accounting Policies (Continued)

(k) Compensated absences

Effective July 1, 2007, the Division adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This statement provided standards for the measurement, recognition, and display of other postemployment benefit ("OPEB") expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2007, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State of West Virginia (the "State"). Effective July 1, 2007, the Division was required to participate in this multiple employer cost-sharing plan the West Virginia Retiree Health Benefit Trust Fund (RHBT), sponsored by the State of West Virginia. The Plan provides the following retiree group insurance coverage to participants: medical and prescription drug coverage through a self-insured preferred provider benefit (PPB) plan and through external managed care organizations (MCOs), basic group life, accidental death, and prescription drug coverage for retired employees of the State and various related State and non-State agencies and their dependents. Details regarding this plan can be obtained by contacting RHBT, State Capitol Complex, Building 5, Room 1001, 1900 Kanawha Boulevard, East, Charleston WV 25305-0710 or <http://www.wvpeia.com>.

This statement requires entities to accrue for employees' rights to receive compensation for vacation leave, or payments in lieu of accrued vacation or sick leave, as such benefits are earned and payment becomes probable.

Full-time employees earn 1-1/2 sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage and three days extend health insurance for one month of family coverage. For employees hired after 1988, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired July 1, 2001, or later will no longer receive sick leave credit toward insurance premiums when they retire. The liability is now provided for under the multiple employer cost-sharing plan sponsored by the State.

The estimated expense and expense incurred for the vacation leave, or OPEB benefits are recorded as a component of benefits expense on the statements of revenues, expenses, and changes in net assets.

Legislation requires the RHBT to determine through an actuarial study, the ARC (Annual Required Contribution) which shall be sufficient to maintain the RHBT in an actuarially sound manner. The ARC is allocated to respective cost-sharing employers including the Division who are required by law to fund at least the minimum annual premium component of the ARC. Revenues collected by RHBT shall be used to fund current OPEB healthcare claims and administrative expenses with residue funds held in trust for future OPEB costs. Based on the actuarial study completed, the annual required contribution rates were determined for the fiscal year ended June 30, 2013. The OPEB expense for fiscal year 2013 based upon actuarial determined amounts is \$255 per current employee per month which was the annual required contribution. The total OPEB expense for fiscal year 2013 was \$938. The amount accrued as the RHBT liability is \$6,588 at June 30, 2013.

WORKFORCE WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
(In Thousands, Unless Otherwise Noted)

(1) Summary of Significant Accounting Policies (Continued)

The total OPEB expense relating to retirees was \$218 during fiscal year 2013. As of the year ended June 30, 2013, there were 92 individuals receiving these benefits. Retirees receiving benefits increased 12.20% compared to 2012 financials.

(I) Recent Statements Issued By GASB

For 2013, the Division implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position"*. Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. The implementation of GASB 63 had no material effect on the financial statements of the Division.

In March 2012, the GASB issued Statement No. 65, *"Items Previously Reported as Assets and Liabilities"* which will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This statement is effective for fiscal year 2014, and management has not yet determined the financial statement impact of the pronouncement.

(2) Deposits

The composition of cash and cash equivalents were as follows at June 30, 2013:

	Amortized Cost	Estimated Fair Value
Cash on deposit with State Treasurer / State Auditor's Office	\$ 1,440	\$ 1,440
Cash in bank	462	462
Cash in U.S. Treasury	<u>119,237</u>	<u>119,237</u>
	<u>\$ 121,139</u>	<u>\$ 121,139</u>

At June 30, 2013, the carrying value of amounts on deposit with the U.S. Treasury in the Federal Unemployment Insurance Trust Fund approximated \$119,237 while \$462 of deposits were held in commercial bank accounts that are utilized for collection of unemployment taxes and benefit payments. Substantially all of the Division's deposits in commercial bank accounts are collateralized by securities held by the pledging financial institution, but not in the Division's name.

WORKFORCE WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
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**(3) Leases**

The Division has various lease agreements for its current central office buildings and various hearing and field offices throughout West Virginia. The Division also leases a small number of vehicles.

All State agencies are required to have language in their lease agreements which allow termination by either party with 30 days notice. The Division has entered into several such agreements. The Division plans to honor the original terms of all such agreements and, therefore, has provided disclosure of these "operating" leases as though they were non-cancelable. These leases are classified as operating leases with the lease payments recorded as rent expense as they become payable. Contingent rentals on operating leases for certain equipment are determined based on usage of the equipment. In addition, certain operating leases for office space include rent escalation provisions based on increases in the lessor's real property taxes over taxes paid in a base year and annual renewal options.

Future minimum rentals under operating leases for the Division at June 30, 2013 are as follows:

Rentals due in fiscal year:

2014	\$ 2,449
2015	2,077
2016	765
2017	440
2018	366
Thereafter	<u>646</u>
Total minimum lease payments	<u>\$ 6,743</u>

Rental expense for the minimum rentals under operating leases for the year ended June 30, 2013 was \$2,270.

**(4) Compensated Absences and Other Post Employment Benefits**

The liability for compensated absences is generally liquidated in the fund for which the liability is recorded. Changes in compensated absences balances and other post employment benefits are as follows:

	<u>Beginning Balance</u>	<u>Additions/ Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:				
Compensated absences	\$ 1,232	\$ (19)	\$ 1,213	\$ 842
RHBT payable (OPEB)	<u>6,504</u>	<u>84</u>	<u>6,588</u>	<u>-</u>
	<u>\$ 7,736</u>	<u>\$ 65</u>	<u>\$ 7,801</u>	<u>\$ 842</u>

The Division's obligation for accrued vacation leave time includes leave time and related costs expected to be paid to employees in the future and are determined using wage levels in effect at the date the obligation is calculated. Also included in this amount, is the Division's unfunded obligation arising in connection with legislation to fund portions of employee post retirement health insurance costs for retired employees.

Upon retirement, an employee may apply unused sick leave or annual leave, or both to reduce their future insurance premiums paid to the West Virginia Public Employees Insurance Division or to obtain a greater benefit under the West Virginia Public Employees Retirement System.



WORKFORCE WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
(In Thousands, Unless Otherwise Noted)

(5) Pension Plan

(a) Plan Description

The Division contributes to the West Virginia Public Employees Retirement System (PERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board (CPRB). PERS provides retirement, disability, and death benefits to plan members and beneficiaries. Chapter 5, Article 10 of the West Virginia Code assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees. Employees who retire at or after age 55 and have completed 25 years of credited service are eligible for retirement benefits as established by State statute. Retirement benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the employee's final average salary, multiplied by the number of years of the employee's credited service at the time of retirement. PERS also provides deferred retirement, early retirement, death, and disability benefits to plan members and beneficiaries. CPRB issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report can be obtained by writing to CPRB, Capitol Complex, Building 5, Room 1000, Charleston, WV 25305.

(b) Funding Policy

The PERS funding policy has been established by action of the State Legislature. State statute requires plan members to contribute 4.5% of their annual covered salary. Effective July 1, 2012, employer contribution rates were 14.0% of the member's annual earnings. This is a combined contribution of 18.5%. Contributions as a percentage of payroll for members are established by statutes, subject to legislative limitations and are not actuarially determined. The contribution requirements of plan members and the Division are established and may be amended by the PERS Board of Trustees. The Division's contributions to PERS for the years ended June 30, 2013, 2012, and 2011 were \$1,884, \$2,088, and \$1,822, respectively, equal to the required contributions for each year.

(6) Related Party Transactions

During the course of operations, the Division enters into transactions with other agencies of the State of West Virginia. These transactions consist of normal Division/employer transactions or fees for services paid to other State enterprise or internal service funds, as set forth below:

	General Fund	Unemployment Compensation Trust
Employer premiums revenue from other State agencies	\$ -	\$ 2,365
Employee benefits and other costs paid to other State agencies	\$ 3,398	\$ -

WORKFORCE WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
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(6) Related Party Transactions (Continued)

Due from other State Agencies:

	General Fund	Unemployment Compensation Trust
West Virginia Department of Health and Human Resources,		
Bureau of Child Support	\$ -	\$ -
Supreme Court of Appeals	-	38
Rehabilitation Services	-	-
Motor Vehicles	-	6
WV Department of Highways	-	46
Health & Human Resources	-	72
Natural Resources	-	35
Lakin State Hospital	-	11
William R. Sharpe Jr. Hospital	-	5
Attorney General's Office	-	16
Environmental Protection	-	5
Regional Jail	-	89
Mt. Olive	-	14
Division of Juvenile Services	-	22
State Colleges	-	166
Others	<u>\$ -</u>	<u>\$174</u>
Total	<u>\$ -</u>	<u>\$699</u>

(7) Commitments and Contingencies

(a) Risk Management

The Division is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health and life coverage; and natural disasters. The State of West Virginia established the Board of Risk and Insurance Management (BRIM) and the Public Employees Insurance Agency (PEIA) to account for and finance uninsured risks of losses for state agencies, institutions of higher education, and component units.

BRIM is a public entity risk pool that provides coverage for general, liability and property damage in the amount of \$1,000 per occurrence. There have been no settlements that have exceeded this coverage in the last three years. PEIA is also a public entity risk pool and provides coverage for employee and dependent health, life and prescription drug insurance.

Through its participation in the PEIA, the Division has obtained health, life and prescription drug coverage for all its employees. The Division, through a third-party insurer has obtained coverage for job related injuries for its employees. In exchange for payment of premiums to PEIA and a third-party insurer, the Division has transferred its risks related to health, life, prescription drug coverage, and job related injuries.



WORKFORCE WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
(In Thousands, Unless Otherwise Noted)

**(7) Commitments and Contingencies (Continued)**

These entities issue publicly available financial reports that include financial statements and required supplementary information. Those reports may be obtained by writing to these specific entities.

**(b) Other Risks**

During the normal course of operations, the Division incurs certain routine claims. The Legal Counsel for the Division has evaluated the potential loss for these claims and believes that the insurance coverage provided by WVBRIM is adequate to cover any potential losses from these claims.

The Division participates in several federal programs which are subject to audit by the federal awarding agency. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the federal awarding agency cannot be determined at this time. The Division records these disallowed audit adjustments for questioned costs in the period the audit is finalized.

**(8) Deficit Funding Plan**

The Division has taken significant steps to improve fiscal accountability and monitoring of the local workforce investment boards. Procedures have been put into place to ensure that charges to programs are allowable and proper and that grant obligations do not exceed the current grant funds available. In addition, the Division has issued fiscal guidelines for the local Workforce Investment Boards and has conducted fiscal training with their key fiscal personnel.

The Division is continuing to improve its budgetary process and is looking at various methods to control expenses; including, but not limited to, budget cutbacks, closing of offices, and the reorganization of various job responsibilities within the Division. In addition, the Division is developing a more comprehensive oversight program to monitor the seven subrecipient Workforce Investment Boards in an effort to reduce non-allowable expenditures. Furthermore, management intends to perform a comprehensive review of the workforce investment board structure to determine if a more cost effective structure that delivers the same level of client service can be implemented.

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED

**WORKFORCE WEST VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2013**  
**(in Dollars)**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance July 1				
Resources (Inflows)	\$ 22,441,693	\$ 22,644,593	\$ 1,001,308	\$ (21,683,226)
Beginning Balance 7/1/12	\$ 61,441,498	\$ 61,441,498	\$ 46,057,177	\$ (15,384,319)
2013 FY Gross Revenue and Appropriations	\$ 83,883,090	\$ 84,086,090	\$ 47,115,648	\$ (36,970,442)
Amounts Available For Appropriation				
Charges To Appropriations (Outflows):	\$ 17,003,409	\$ 17,003,409	\$ 14,710,178	\$ 2,293,231
001-Personal Services (With Payroll Deductions)	\$ -	\$ -	\$ -	\$ -
002-Personal Services (Without Payroll Deductions)	\$ -	\$ -	\$ 354,370	\$ 14,861
003-Payroll Reimbursements	\$ 359,260	\$ 359,260	\$ -	\$ -
004-Annual Increment	\$ -	\$ -	\$ -	\$ -
Employee Benefits:	\$ -	\$ -	\$ 84,278	\$ 21,188
010-Personnel Division & Public Employees Insurance	\$ 118,463	\$ 118,463	\$ 1,098,284	\$ 270,811
011-Social Security Matching	\$ 1,386,775	\$ 1,386,775	\$ 1,639,523	\$ (253,664)
012-Public Employees' Insurance	\$ 1,355,859	\$ 1,355,859	\$ -	\$ -
013-Other Health Insurance	\$ -	\$ -	\$ 60,720	\$ 3,103
014-Workers Compensation	\$ 82,892	\$ 82,892	\$ 42,895	\$ 468,504
015-Unemployment Compensation	\$ 45,898	\$ 45,898	\$ 1,850,188	\$ -
016-Pension & Retirement	\$ 2,424,890	\$ 2,424,890	\$ -	\$ -
Current Expenses:	\$ -	\$ -	\$ -	\$ 7,450
020-Office Expenses	\$ 475,883	\$ 475,883	\$ 468,423	\$ (7,460)
021-Printing and Binding	\$ 108,603	\$ 108,603	\$ 170,597	\$ (61,994)
022-Rental Expense	\$ 2,452,870	\$ 2,452,870	\$ 2,270,871	\$ 181,999
023-Utilities	\$ 11,005	\$ 11,005	\$ 28,472	\$ (17,467)
024-Telecommunications	\$ 799,261	\$ 799,261	\$ 768,321	\$ 30,940
025-Contractual and Professional	\$ 1,422,209	\$ 1,422,209	\$ 984,655	\$ 437,554
026-Travel	\$ 806,123	\$ 806,123	\$ 1,480,398	\$ (674,275)
027-Computer Services	\$ 1,452,658	\$ 1,452,658	\$ 16,016	\$ 1,436,642
028-Vehicle Rental	\$ 31,748	\$ 31,748	\$ -	\$ (8,820)
030-Rentals (Machine and Miscellaneous)	\$ 68,848	\$ 68,848	\$ 39,850	\$ 31,187
031-Association Dues and Professional Memberships	\$ 29,024	\$ 29,024	\$ 56,804	\$ -
032-Fire, Auto, Bond, and Other Insurance	\$ 57,991	\$ 57,991	\$ -	\$ (5,588)
033-Food Clothing	\$ -	\$ 2,034	\$ 7,602	\$ 16,248
034-Clothing, Household and Recreational Supplies	\$ 2,034	\$ 71,393	\$ 50,148	\$ (5,943)
035-Advertising and Promotional	\$ 71,393	\$ 2,382	\$ 6,325	\$ 9,042
036-Vehicle Operating Expenses	\$ 2,382	\$ 5,678	\$ 638	\$ 375,588
037-Research, Educational and Medical Supplies	\$ 9,078	\$ 375,588	\$ 14,282	\$ (3,458)
038-Routine Maintenance Contracts	\$ 375,588	\$ 10,824	\$ 34,432	\$ 11,476
041-Cellular Charges	\$ 10,824	\$ 46,908	\$ 4,000	\$ 1,913
042-Hospitality	\$ 46,908	\$ 5,913	\$ 21,408	\$ (3,386)
043-Educational Training (Stipends)	\$ 5,913	\$ 18,043	\$ -	\$ 1,454
044-Energy Exp Mir Veh/Air	\$ 18,043	\$ 1,454	\$ 40,119	\$ (1,504)
045-Farm Expense	\$ 1,454	\$ 38,315	\$ 1	\$ (1)
047-Energy Expense Utilities	\$ 38,315	\$ 43,315	\$ 13,124	\$ 30,191
048-Discharge & Parole Allow	\$ 43,315	\$ 39,856	\$ 74,110	\$ (34,144)
049-Miscellaneous	\$ 39,856	\$ 1,258,978	\$ 1,088,849	\$ 170,129
052-Training and Development	\$ 1,258,978	\$ 1,495,167	\$ -	\$ 1,495,167
053-Postal and Freight	\$ 1,495,167	\$ -	\$ 2,700	\$ (2,700)
054-Computer Supplies	\$ -	\$ -	\$ -	\$ 656,573
056-Attorney Legal Service Payments	\$ -	\$ -	\$ 140,548	\$ -
057-Attorney Reimbursable Expenses	\$ 797,121	\$ 797,121	\$ -	\$ 3,326
058-Miscellaneous Equipment Purchases	\$ -	\$ -	\$ 233	\$ 1,073
059-Student Activities	\$ 3,558	\$ 1,073	\$ -	\$ 17,668
061-Office & Communication Equipment Repairs	\$ 1,073	\$ 17,668	\$ 209	\$ (86)
062-Research, Educational, & Medical Equipment Repairs	\$ 17,668	\$ 153	\$ 3,206	\$ (3,206)
063-Building & Household Equipment Repairs	\$ 153	\$ -	\$ -	\$ 4,074
064-Routine Maintenance Of Buildings	\$ -	\$ 4,074	\$ 1,160	\$ 51,782
065-Vehicle Repairs	\$ 4,074	\$ 52,852	\$ 17,278	\$ 37,716
066-Routine Maintenance of Grounds	\$ 52,852	\$ 54,994	\$ -	\$ (5,816)
068-Other Repairs and Alterations	\$ 54,994	\$ -	\$ 6,818	\$ -
070-Office and Communication Equipment	\$ -	\$ -	\$ -	\$ -
071-Medical Equipment	\$ -	\$ -	\$ -	\$ 150,614
073-Household Equipment and Furnishings	\$ -	\$ -	\$ -	\$ 818,344
074-Building Equipment	\$ -	\$ 160,614	\$ -	\$ (889)
075-Vehicles	\$ 150,614	\$ 818,344	\$ 689	\$ -
077-Books and Periodicals	\$ 818,344	\$ -	\$ -	\$ -
078-Other Capital Equipment	\$ -	\$ -	\$ -	\$ 68
080-Payment Of Taxes	\$ -	\$ -	\$ -	\$ -
081-Payment Of Claims	\$ -	\$ 66	\$ -	\$ -
083-Grants, Awards, Scholarships, and Loans	\$ 66	\$ -	\$ -	\$ 2,979
089-Bank Costs	\$ -	\$ 2,979	\$ -	\$ 86
092-Building Construction	\$ 2,979	\$ 86	\$ 54,618	\$ 785,662
098-Other Interest and Penalties	\$ 86	\$ 840,000	\$ -	\$ 19,828,798
099-Natural Disaster Grants	\$ 840,000	\$ -	\$ -	\$ (13,277,700)
100-Fund Transfers	\$ -	\$ 19,828,798	\$ 15,889,207	\$ 1,100
101-Legislative Direct Transfer	\$ 19,828,798	\$ 2,421,507	\$ -	\$ (69,732)
124-Cost Allocation Adjustments/Settlement	\$ 2,421,507	\$ 1,100	\$ 88,732	\$ (8,019)
128-Federal Subrecipient Disbursement	\$ 1,100	\$ -	\$ -	\$ -
143-Building Improvements	\$ -	\$ -	\$ 991,987	\$ -
166-Medical Service Payments	\$ 992,948	\$ -	\$ -	\$ (479,284)
167-Leasehold Improvements	\$ -	\$ -	\$ -	\$ (83,185)
168-OP&B Expense	\$ -	\$ -	\$ -	\$ (87,847)
170-Computer Equipment	\$ -	\$ -	\$ 479,284	\$ (237,967)
171-Computer Software	\$ -	\$ -	\$ 83,150	\$ (60,103)
331-Other Travel	\$ -	\$ -	\$ 87,847	\$ (304,036)
343-Other Rentals	\$ -	\$ -	\$ 237,967	\$ -
350-Comm Equip Maint Contract	\$ -	\$ -	\$ 80,103	\$ -
351-Other Maintenance Contracts	\$ -	\$ -	\$ 304,036	\$ 13,781,701
380-Software Licenses	\$ -	\$ -	\$ -	\$ -
381-Other Computer Supplies	\$ -	\$ -	\$ -	\$ -
Total Charges To Appropriations	\$ 24,268,168	\$ 24,471,168	\$ 1,285,325	\$ (23,176,843)
Budgetary Fund Balance, June 30, 2013				

WORKFORCE WEST VIRGINIA  
 NOTES TO THE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND  
 YEAR ENDED JUNE 30, 2013  
 (in Thousands)

**(1) Budget and Actual Comparison**

The Division's General Fund has a legislatively approved budget. However, certain monies reported within the General Fund in accordance with accounting principles generally accepted in the United States of America (GAAP), are not considered appropriated funds in accordance with the Division's budgetary reporting policy. Accordingly, these amounts have not been reported in the Division's Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund. A reconciliation of the net change in fund balance for the year ended June 30, 2013, on the budgetary basis to the GAAP basis for the General Fund follows:

Net change in fund balance - budgetary basis	(234)
Basis of accounting differences (budgetary to GAAP)	403
Unbudgeted funds	462
Transfers	<u>959</u>
Net change in fund balance - GAAP basis	<u>1,590</u>

OTHER FINANCIAL INFORMATION

**WORKFORCE WEST VIRGINIA  
OTHER FINANCIAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE**  
Fund 3450 Administration and Service  
Year Ended June 30, 2013  
(In Dollars)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance July 1				
Resources (Inflows)				
Beginning Balance 7/1/12	8,924,872	8,924,872	205,008	(8,719,864)
2013 FY Gross Revenue	31,456,499	31,456,499	27,182,416	(4,264,083)
Amounts Available For Appropriation	40,381,371	40,381,371	27,397,424	(12,983,947)
Charges To Appropriations (Outflows):				
001-Personal Services (With Payroll Deductions)	15,468,246	15,468,246	13,468,953	1,999,293
002-Personal Services (Without Payroll Deductions)	-	-	-	-
003-Payroll Reimbursements	-	-	-	-
004-Annual Increment	353,680	353,680	335,672	18,008
Employee Benefits:				
010-Personnel Division & Public Employees Insurance	108,713	108,713	86,780	21,933
011-Social Security Matching	1,210,377	1,210,377	1,004,475	205,902
012-Public Employees' Insurance	1,274,367	1,274,367	1,527,463	(253,096)
013-Other Health Insurance	-	-	-	-
014-Workers Compensation	74,059	74,059	51,447	22,612
015-Unemployment Compensation	42,263	42,263	40,306	1,957
016-Pension & Retirement	2,215,069	2,215,069	1,793,718	421,351
Current Expenses:				
020-Office Expenses	449,326	449,326	414,537	34,789
021-Printing and Binding	83,225	83,225	133,631	(50,406)
022-Rental Expense	1,853,979	1,853,979	2,077,238	(223,259)
023-Utilities	5,629	5,629	27,803	(22,174)
024-Telecommunications	408,225	408,225	698,005	(289,780)
025-Contractual and Professional	691,594	691,594	748,719	(57,125)
026-Travel	358,570	358,570	-	358,570
027-Computer Services	1,397,776	1,397,776	1,396,375	1,401
028-Vehicle Rental	30,080	30,080	13,924	16,166
030-Rentals (Machine and Miscellaneous)	65,884	65,884	-	65,884
031-Association Dues and Professional Memberships	28,024	28,024	36,026	(7,002)
032-Fire, Auto, Bond, and Other Insurance	69,973	69,973	49,040	20,933
033-Food Clothing	-	-	-	-
034-Clothing, Household and Recreational Supplies	1,939	1,939	7,198	(5,259)
035-Advertising and Promotional	67,498	67,498	12,037	55,461
036-Vehicle Operating Expense	2,128	2,128	7,740	(5,612)
037-Rsrch/Educ & Medical Su	-	-	636	(636)
038-Routine Maintenance Contracts	360,810	360,810	-	360,810
041-Cellular Charges	8,864	8,864	11,718	(2,854)
042-Hospitality	35,152	35,152	27,048	8,104
043-Educational Training (Stipends)	5,394	5,394	3,831	1,563
044-Energy Exp Mtr Veh/Air	18,029	18,029	18,719	(690)
047-Energy Expense Utilities	37,714	37,714	39,687	(1,973)
048-Discharge & Parole Allow	-	-	1	(1)
051-Miscellaneous	43,004	43,004	11,446	31,558
052-Training and Development	14,675	14,675	70,352	(55,677)
053-Postal and Freight	1,247,549	1,247,549	1,068,547	179,002
054-Computer Supplies	897,944	897,944	-	897,944
056-Attorney Legal Service Payments	-	-	2,700	(2,700)
058-Miscellaneous Equipment Purchases	88,796	88,796	81,595	7,201
061-Office & Communication Equipment Repairs	1,794	1,794	223	1,571
063-Building & Household Equipment Repairs	17,556	17,556	(27)	17,583
064-Routine Maintenance Of Buildings	145	145	162	(17)
065-Vehicle Repairs	-	-	3,093	(3,093)
066-Other Repairs and Alterations	33,886	33,886	1,156	32,830
070-Office and Communication Equipment	49,044	49,044	16,565	32,479
073-Household Equipment and Furnishings	-	-	5,290	(5,290)
077-Books and Periodicals	150,614	150,614	-	150,614
078-Other Capital Equipment	818,278	818,278	-	818,278
080-Payment Of Taxes	-	-	689	(689)
089-Bank Costs	65	65	-	65
096-Other Interest and Penalties	2,960	2,960	186	2,774
099-Natural Disaster Grants	33	33	12	21
100-Fund Transfers	420,000	420,000	-	420,000
124-Cost Allocation Adjustment/Settlement	14,619	14,619	-	14,619
160-OPEB Expense	928,840	928,840	914,401	14,439
331- Other Travel	-	-	423,042	(423,042)
343-Other Rentals	-	-	50,329	(50,329)
350-Comm Equip Maint Contract	-	-	76,012	(76,012)
351-Other Maintenance Contracts	-	-	203,444	(203,444)
360-Software Licenses	-	-	74,337	(74,337)
361-Other Computer Supplies	-	-	257,902	(257,902)
Total Charges To Appropriations	31,457,499	31,457,499	27,294,183	4,163,316
Budgetary Fund Balance, June 30, 2013	8,923,872	8,923,872	103,241	(8,820,631)

**WORKFORCE WEST VIRGINIA**  
**OTHER FINANCIAL INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**Fund 8835 Consolidated Federal Funds**  
**Year Ended June 30, 2013**  
**(In Dollars)**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance July 1				
Resources (Inflows)				
Beginning Balance 7/1/11	1,025,314	1,028,314	333	(1,027,981)
2012 FY Gross Revenue	5,012,657	5,012,657	270,223	(4,742,434)
Amounts Available for Appropriation	6,037,971	6,040,971	270,557	(5,770,414)
Charges to Appropriations (Outflows):				
001-Personal Services (With Payroll Deductions)	207,537	207,537	45,233	162,304
Employee Benefits				
010-Personnel Division & Public Employees Insurance			342	(342)
011-Social Security Matching	15,117	15,117	3,267	11,850
012-Public Employees' Insurance	31,976	31,976	4,131	27,845
014-Workers Compensation	3,689	3,689	434	3,255
015-Unemployment Compensation	3,735	3,735	227	3,508
016-Pension & Retirement	36,897	36,897	6,216	30,681
Current Expenses				
020-Office Expenses	2,189	2,189	-	2,189
022-Rental Expense	526,177	526,177	118,986	407,191
023-Utilities	5,344	5,344	443	4,901
024-Telecommunications	377,174	377,174	51,838	325,336
025-Contractual and Professional	524,480	524,480	-	524,480
026-Travel	108,488	108,488	-	108,488
032-Fire, Auto, Bond, and Other Insurance	14,506	14,506	3,075	11,431
037-Research, Educational and Medical Supplies	9,499	9,499	-	9,499
053-Postal and Freight			20	(20)
054-Computer Supplies	587,214	587,214	-	587,214
058-Miscellaneous Equipment Purchases	706,858	706,858	716	706,140
061-Office & Communication Equipment Repairs	1,761	1,761	-	1,761
064-Routine Maintenance Of Buildings			47	(47)
066-Routine Maintenance of Grounds	4,074	4,074	-	4,074
068-Other Repairs and Alterations	18,367	18,367	-	18,367
160-OPEB Expense			2,766	(2,766)
331-Other Travel			7,259	(7,259)
343-Other Rentals			914	(914)
361-Other Computer Supplies			23,277	(23,277)
Total Charges To Appropriations	3,185,082	3,185,082	269,195	2,915,887
Budgetary Fund Balance, June 30, 2013	2,852,889	2,855,889	1,362	(2,854,527)

**WORKFORCE WEST VIRGINIA**  
**OTHER FINANCIAL INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**Fund 3451 Interest on Employers Delinquent Contributions Fund**  
**Year Ended June 30, 2013**  
**(In Dollars)**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance July 1				
Resources (Inflows)				
Beginning Balance 7/1/11	-	-	\$ 744,567	\$ 744,567
2012 FY Gross Revenue	420,000	420,000	354,999	(65,001)
Amounts Available For Appropriation	420,000	420,000	1,099,566	679,566
Charges To Appropriations (Outflows):				
100-Fund Transfers	420,000	420,000	54,418	365,582
Total Charges To Appropriations	420,000	420,000	54,418	365,582
Budgetary Fund Balance, June 30, 2013	\$ -	\$ -	\$ 1,045,148	\$ 1,045,148



**WORKFORCE WEST VIRGINIA  
OTHER FINANCIAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
Fund 8749 Workforce Investment Act  
Year Ended June 30, 2013  
(In Dollars)**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance July 1				
Resources (Inflows)				
Beginning Balance 7/1/12	12,491,407	12,691,407	111,460	(12,579,947)
2013 FY Gross Revenue	24,552,340	24,552,340	18,239,538	(6,312,802)
Amounts Available For Appropriation	37,043,747	37,243,747	18,350,998	(18,892,749)
Charges To Appropriations (Outflows):				
001-Personal Services (With Payroll Deductions)	1,327,626	1,327,626	1,195,877	131,749
004-Annual Increment	15,580	15,580	18,707	(3,127)
Employee Benefits:				
010-Personnel Division & Public Employees Insurance	6,750	6,750	7,153	(403)
011-Social Security Matching	141,281	141,281	88,515	52,766
012-Public Employees' Insurance	59,516	59,516	107,916	(48,400)
014-Workers Compensation	4,934	4,934	8,848	(3,914)
015-Unemployment Compensation			2,360	(2,360)
016-Pension & Retirement	172,724	172,724	156,237	16,487
Current Expenses:				
020-Office Expenses	24,368	24,368	53,467	(29,099)
021-Printing and Binding	25,378	25,378	36,956	(11,578)
022-Rental Expense	72,414	72,414	74,638	(2,224)
023-Utilities	32	32	227	(195)
024-Telecommunications	13,862	13,862	15,476	(1,614)
025-Contractual and Professional	206,135	206,135	185,964	20,171
026-Travel	41,065	41,065	-	41,065
027-Computer Services	54,882	54,882	75,698	(20,816)
028-Vehicle Rental	1,658	1,658	1,872	(214)
030-Rentals (Machine and Miscellaneous)	2,964	2,964	-	2,964
031-Association Dues and Professional Memberships			2,624	(2,624)
032-Fire, Auto, Bond, and Other Insurance	3,512	3,512	4,689	(1,177)
034-Clothing, Household and Recreational Supplies	95	95	280	(185)
035-Advertising and Promotional	3,895	3,895	43,111	(39,216)
036-Vehicle Operating Expense	254	254	584	(330)
037-Rsch/Educ & Medical Su	179	179	-	179
038-Routine Maintenance Contracts	14,778	14,778	-	14,778
041-Cellular Charges	1,960	1,960	2,562	(602)
042-Hospitality	10,756	10,756	7,384	3,372
043-Educational Training (Stipends)	519	519	169	350
044- Energy Exp Mtr Veh/Air	14	14	2,500	(2,486)
045-Farm Expense	1,454	1,454	-	1,454
047- Energy Expense Utilities	601	601	433	168
051-Miscellaneous	311	311	1,678	(1,367)
052-Training and Development	25,291	25,291	3,758	21,533
053-Postal and Freight	9,429	9,429	18,283	(8,854)
054-Computer Supplies	9,999	9,999	-	9,999
058-Miscellaneous Equipment Purchases	1,467	1,467	21,431	(19,964)
061-Office & Communication Equipment Repairs	3	3	9	(6)
062-Research, Educational, & Medical Equipment Repairs	1,073	1,073	-	1,073
063-Building & Household Equipment Repairs	12	12	27	(15)
064-Routine Maintenance Of Buildings	8	8	-	8
065-Vehicle Repairs			114	(114)
068-Other Repairs and Alterations	599	599	4	595
070-Office and Communication Equipment	5,950	5,950	713	5,237
073-Household Equipment and Furnishings			525	(525)
078-Other Capital Equipment	66	66	-	66
089-Bank Costs	1	1	-	1
096-Other Interest and Penalties	19	19	(186)	205
099-Natural Disaster Grants	32	32	(12)	44
124-Cost Allocation Adjustment/Settlement	19,812,179	19,812,179	-	19,812,179
128-Federal Subrecipient Disbursement	2,421,507	2,421,507	15,699,207	(13,277,700)
143-Building Improvements	1,100	1,100	-	1,100
156- Medical Service Payments			58,732	(58,732)
160-WV OPEB Contribution	54,108	54,108	74,796	(20,688)
331-Other Travel			42,128	(42,128)
343-Other Rentals			1,913	(1,913)
350-Comm equip Maint contract			11,834	(11,834)
351-Other Maintenance Contracts			10,523	(10,523)
360-Software Licenses			967	(967)
361-Other Computer Supplies			20,177	(20,177)
Total Charges To Appropriations	24,552,340	24,552,340	18,060,869	6,491,471
Budgetary Fund Balance, June 30, 2013	12,491,407	12,691,407	290,129	(12,401,278)

INTERNAL CONTROL AND COMPLIANCE REPORT



## Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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### Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By Government Auditing Standards

The Commissioner  
WORKFORCE West Virginia  
Charleston, West Virginia

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, business-type activities and each major fund of WORKFORCE West Virginia (the Division), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Division's basic financial statements and have issued our report thereon dated October 14, 2013, wherein we noted the WORKFORCE implemented GASB Statement No. 63.

#### Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Division's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Division's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Division's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### Compliance and Other Matters

As part of reasonably assuring whether the Division's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under Government Auditing Standards.

### Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Division's internal control or on compliance. This report is an integral part of an audit performed under Government Auditing Standards in considering the Division's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
October 14, 2013



## Balestra, Harr & Scherer, CPAs, Inc.

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Members of the Governing Board  
WORKFORCE West Virginia  
Charleston, West Virginia

In accordance with Government Auditing Standards, applicable to financial audits, we have audited the financial statements of the WORKFORCE West Virginia (the Division) as of and for the year ended June 30, 2013, and have issued our report thereon dated October 14, 2013.

Government Auditing Standards also require that we describe the scope of our testing of compliance with laws and regulations and internal controls and report any irregularities, illegal acts, other material noncompliance and significant deficiencies in internal controls. We have issued the required report dated October 14, 2013 for the year ended June 30, 2013.

We are submitting for your consideration the following comment on the Division's compliance with applicable laws and regulations and on its internal controls. These comments reflect matters that, while in our opinion do not represent material instances of noncompliance or significant internal control deficiencies, we believe represent matters for which improvements in compliance or internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations suggested below. However, these comments reflect our continuing desire to assist your government. If you have any questions or concerns regarding these comments, please do not hesitate to contact us.

### Recommendations

1. The trial balances of the Division did not agree to the financial statements in all instances by insignificant amounts.

The Division should ensure that the trial balances agree to the financial statements.

2. The financial statements and footnotes to the financial statements contained several errors due mainly to the implementation of GASB Statement No. 63.

The Division should ensure that all new GASB Statements are properly implemented.

This report is intended solely for the information and use of management, the Governing Board, and Federal and State oversight agencies. We intend it for no one other than these specified parties.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
October 14, 2013

## WorkForce WV Programs

EXHIBIT D WWV14869

Acronym	Program Description
AS&T	Admin Serv & Tech
CES	CES BLS
LAUS	LAUS BLS
OES	OES BLS
ES202	ES-202 BLS
MLS	MLS BLS
OSHS	OSHS BLS
ESLAB	ES Labor Cert
HSING	ES AG Reimb Hsing
WGSVY	ES AG Wage Survey
TAA	TAA Admin
WOTC	ES WOTC
HCTC	TAA Healthcare Initiative
ES10%	ES 10% Plan
LVER	LVER Vets
DVOP	DVOP Vets
ES90%	ES 90% Plan
EUC	Emergency Unemp Comp
UC	UC Reg Grant
QC	UC Qual Control
LMI	LMI

UCTRA UC Trade  
RG6CM Region 6 Case Mgmt.  
RG6EL Region 6 Eligibility  
RRADM Rapid Response Overhead  
WIA WIA Admin  
MACC MACC  
UIAS UI Admin Stimulus  
NEG National Emergency Grant  
NEG FY13 Severe Storm  
REA Re-Employment and Eligibility  
TAACM TAA Case Management  
GRNGT Green Grant  
BBND Broadband Grant  
LERS LERS - VOW PY11  
CHILD Child Sup. Reim. ES  
AFDC AFDC-Food Reim. ES  
SIDES SIDES Phase I  
SIDES SIDES Phase II  
SIDES SIDES Expansion  
IVR Interactive Voice Response  
BTR Benefit-Tax Rewrite  
WRKKYS WorkKeys  
EUCREA Emerg Unempl Comp - REA  
NEG-COAL NEG - Coal (WARN)  
NEG-HSANDY NEG - Hurricane Sandy

CCOH Cost Center Overhead

----- P&I

630 Reed Act - ES

622 Reed Act - UI

SIDES SIDES MESSAGING

IVR IT SYSTEMS IVR

VOIP IT SYSTEMS VOIP

IPAP IP ADDRESS PREVENT

MERIT MERIT STAFF



**ADDENDUM ACKNOWLEDGEMENT FORM**  
**SOLICITATION NO.: WWV14869**

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

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

**Addendum Numbers Received:**

(Check the box next to each addendum received)

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

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

Suttle & Stalnaker, PLLC

Company



Authorized Signature

July 10, 2014

Date

**NOTE:** This addendum acknowledgement should be submitted with the bid to expedite document processing.  
 Revised 6/8/2012