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***PROPOSAL TO PROVIDE AUDITING AND
MANAGEMENT ADVISORY SERVICES***

WEST VIRGINIA LOTTERY COMMISSION

For the Year Ending June 30, 2019
(WITH THE OPTION FOR TWO ADDITIONAL ONE YEAR RENEWALS)

RFQ Number: LOT1900000004
Bid Opening Date: April 17, 2019
Bid Opening Time: 1:30pm

Firm's Contact Person:

Robert Adams, Partner
readams@BEcpas.com
(304) 343-4188

Brown, Edwards & Company, L.L.P.
300 Chase Tower
707 Virginia Street, East
Charleston, West Virginia 25301
FIN: 54-0504608



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April 17, 2019

West Virginia Lottery Commission
900 Pennsylvania Avenue
Charleston, West Virginia 25302

We are very pleased to present our qualifications to provide professional auditing services to the West Virginia Lottery Commission, hereafter referred to as "the Lottery" for the fiscal year ending June 30, 2019, with the option for two (2) additional one (1) year renewals. Our audit will be performed in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing* standards, issued by the Comptroller General of the United States. We will also provide professional services to ensure the continued successful submission of the Lottery's Comprehensive Annual Financial Report (CAFR) for the coveted Certificate of Achievement for Excellence in Financial Reporting Program sponsored by the Government Finance Officers Association (GFOA). Brown, Edwards & Company, L.L.P. ("Brown Edwards") has a large state and municipal governmental practice and is a leader in providing services to those clients in West Virginia and throughout the region. ***We can assure you the Lottery would continue to be an important part of our governmental practice.*** As described in Appendix A, we have committed an engagement team with extensive experience serving governmental entities, including the Lottery, and the gaming industry in West Virginia.

Through our merger with Gibbons & Kawash, A.C. on January 1, 2018, we have fortified and strengthened our overall experience with state agencies to levels that are unmatched by other local or regional firms. Our professional relationship with the Lottery extends more than 20 years, and during that time we have witnessed the Lottery's substantial changes in operations. Racetrack video lottery, limited video lottery, table games, and most recently, sports book wagering, were added during our engagement as auditors. Total revenues have grown from \$451 million to as high as \$1.5 billion over that period of time. Our personnel have been present as these substantial developments have impacted Lottery operations, and you can be confident that Brown Edwards understands Lottery operations as they exist today.

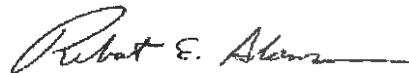
Our experience serving the Lottery has developed a highly trained, professional team who is knowledgeable and experienced with all West Virginia Code sections relating to the Lottery and its gaming operations. Our personnel have experience auditing all games offered by the Lottery and our understanding and knowledge of the systems and procedures relating to the Lottery's operation of all of its gaming activities is unmatched. Should we be appointed to continue to serve as auditors of the Lottery, the Lottery will receive the highest quality professional audit services from auditors that will plan, conduct, and report on the audit with competence, integrity, objectivity, and that are independent of the Lottery and the State of West Virginia in all respects. In addition, we have access to the resources of one of the nation's largest accounting and advisory firms, BDO USA, and hundreds of other CPA and specialty consulting firms, through our membership in the BDO Alliance USA. Our personnel participate in the BDO Alliance USA Gaming and Hospitality Group and Public Sector Group. These groups provide the latest information and feedback on new accounting standards as well as on operational issues. Other firms would be hard pressed to demonstrate our depth and breadth of experience.

Providing audit services to state government entities is an important part of our practice and one in which we have extensive expertise. We have a wealth of historical experience auditing 28 State of West Virginia component units and funds over the last two decades, which individually range in size up to \$4 billion in assets and \$2 billion in revenues. We have 26 years of experience providing technical assistance and consulting services to State of West Virginia entities for the successful submission of Comprehensive Annual Financial Reports to receive the Certificate of Achievement for Excellence in Financial Reporting. We have assisted numerous governments in three states with submissions for the Certificate including 19 successful submissions by the Lottery. Our experience with similar entities is further described in this proposal.

We have structured this proposal to communicate our experience and qualifications to effectively and efficiently respond to the requirements and expectations of the Lottery, and have made every effort to completely respond to all matters identified in your request for proposal. We would be pleased to meet with you and formally present our proposal upon your request. If you have any questions, please do not hesitate to contact me at (304) 343-4188.

Respectfully submitted,

BROWN, EDWARDS & COMPANY, L.L.P.



Robert E. Adams, CPA
Partner



ABOUT THE FIRM

Brown Edwards is a regional accounting firm formed in 1967 through the merger of Fred P. Edwards Company and C. A. Brown & Company, whose histories date back to the 1920s. The firm has enjoyed significant growth since its formation, thanks to an unwavering commitment to our clients to provide the highest quality professional services in the industry and the attention and responsiveness they deserve and have come to expect.

With an average of 25 years of experience for partners and directors and 10 years for senior managers and managers, team members at Brown Edwards bring significant experience and knowledge to every client engagement. Each service area offers specialists in accounting, assurance, tax, and management advisory services to our clients. In addition, we have developed industry teams, such as our not-for-profit, higher education, health care, financial institutions, and governmental practice units, which are comprised of team members with in-depth experience and specialized training who spend substantially all of their professional life providing services exclusively to clients in those specific industries.

QUICK FACTS ABOUT BROWN EDWARDS

inside Public Accounting's Top 100 Public Accounting Firms by gross revenue (7/18)

43 Partners and more than 350 professionals serving the southeastern United States

Listed among the Top 10 fastest growing firms in the United States in Accounting Today (2017)

Ranked #4 in Accounting Today's 2019 Regional Leaders: Capitol Region (DE, MD, VA, DC, and WV)

Offices in Blacksburg, Bristol, Lynchburg, Harrisonburg, Newport News, Roanoke and Wytheville, VA; Kingsport, TN; and Bluefield and Charleston, WV

Pass opinion on our peer review for over 25 years and our PCAOB inspections have been 100% successful with no findings

OUR COMMITMENT TO EXCELLENCE



All aspects of our service quality are monitored against our **5 Star Service Quality Standards**. The 5 Star include standards for responsiveness, product quality and delivery, ease of access to decision makers and professional attitudes of all members of our team. While these standards are part of our culture, we also monitor how well we are doing by annual face-to-face client surveys in which members of the firm, not associated with an engagement, conduct interviews of selected clients to obtain feedback related to service quality. The results of these surveys assist us in realignment of priorities and, on an ongoing basis, support our goal of continuous improvement of service quality.



MEMBERSHIP ORGANIZATIONS

Brown Edwards is a member of the American Institute of Certified Public Accountants' Center for Audit Quality. This membership requires a peer review every three years. **Our most recent peer review was performed in September 2018. We received a "Pass" rating, the highest rating achievable, for our 2018 review.** A copy of our most recent peer review is attached as **Appendix B** for your convenience.



**CENTER
FOR AUDIT
QUALITY**
Helping Accountants, Public Companies, Auditors, and Investors



Brown Edwards is also registered with the Public Company Accounting Oversight Board (PCAOB). This Board monitors quality in firms that audit public companies, which subjects our firm to stringent inspection and requires that we meet the highest level of technical quality in the profession today. The benefit to you is that our quality control systems and educational requirements are subject to the same standards and inspections as are those of the largest firms. **We are very proud of the results of our PCAOB inspections, the most recent being in 2016. In each of our five inspections, we received an unqualified report with no findings, a distinction that few firms have achieved.** PCAOB inspection reports are public documents and receipt of a report with no findings places us in an enviable position when compared with peer firms, including those that are significantly larger than our firm.

As an independent member of the BDO Alliance USA, Brown Edwards can expand the services offered to clients by drawing on the resources of BDO USA, LLP, the fifth largest accounting services firm in the nation, and other Alliance members. The firm serves clients through 63 offices and more than 450 independent Alliance firm locations nationwide. As an independent Member Firm of BDO International Limited, BDO serves multi-national clients through a global network of more than 1,300 offices in over 150 countries.



Brown Edwards is also a member of the American Institute of Certified Public Accountants' Governmental Audit Quality Center (GAQC). The GAQC is designed to help CPAs meet the challenges of performing quality governmental audits. The GAQC's primary purpose is to promote the importance of **quality governmental audits and the value of such audits to purchasers of governmental audit services.** As a member of the GAQC, we adhere to specific membership requirements covering the governmental audits we perform, comply with the specific continuing education requirements for all of our personnel working on these audits, and have access to tools that focus around quality improvement. We believe our participation in the GAQC enhances our audit services to all clients.

Key members of our engagement team are members of the Government Finance Officers Association. All of our local government team partners, directors, and senior associates have extensive experience with the GFOA certificate program. In addition, certain members of our staff have served as qualified reviewers for the GFOA certificate program.



We receive comprehensive resources and up-to-date information on a variety of technical, legislative, and regulatory subjects to assist us in performing employee benefit plan audits and ensure clients are in compliance with the appropriate standards and changes in regulations. These resources help us respond quickly to new standards and requirements to ensure the efficiency of your audit engagement.



MEMBERSHIP ORGANIZATIONS (CONTINUED)



Brown Edwards also employs several Certified Fraud Examiners (“CFE”). CFE’s are experts in the field of internal control, fraud detection and prevention, litigation support, and expert witness assistance. This designation, and the skills associated with this certification, provide an added benefit to complex municipal engagements.

Brown Edwards performs peer reviews for six to eight firms each year, and our peer review clients include seven top 100 firms in the country in terms of annual revenue. Our governmental team participates significantly in this practice area. Participation as peer reviewers gives Brown Edwards exposure to the work of other quality firms and is an excellent exercise to ensure we are up-to-date on the most recent professional standards, audit approaches, and technology.

THE BENEFITS OF A REGIONAL FIRM

As a regional firm, we offer the best of both worlds. With a total staff of over 350 and growing, we are large enough to provide services to a broad range of clients in the functional areas of accounting, auditing, tax, and management advisory services while providing you with **direct access to our partners and directors**.

Although we are considered a large firm on a national basis, Brown Edwards is **owned, operated, and managed locally** and as a result we can **respond to your needs quickly and effectively**. Our offices are located in West Virginia, Virginia, and Tennessee, and we have quick and easy access to all of the southeastern United States. **Because we live and work very close to all the markets we serve, our partners and directors are always accessible to you.** Having **unparalleled access to our firm’s decision makers** helps to create the meaningful relationship between our firm and our clients that you should expect from your auditors. Our goal with the Lottery is not merely to provide the desired services but to proactively work with you to identify opportunities and use our resources to support your strategic mission – **Your Success is Our Focus**.

“In a constantly changing governmental environment full of industry standard updates and changes, Brown Edwards is always there to help guide the implementation to make the transition smooth. They are a top notch quality firm that gets the job done right.”

*-Matthew R. Hornby, Assistant
Director of Finance
Town of Blacksburg, Virginia*

OUR TECHNOLOGY

Brown Edwards is committed to providing our professionals access to sound and advance technology in order to ensure optimum levels of efficiency in our engagements. We use “paperless” audit techniques which enable our professionals to spend more time on judgment matters and in-depth research and analysis, rather than on “number crunching” and other mechanical aspects of client service, which enhances efficiency by allowing for the quick update of key documentation from year-to-year.

With an internet connection, our personnel can work from anywhere and have complete access to the firm’s network as well as access to multiple high quality research sites for research of accounting and auditing, and reporting issues. Our electronic software allows efficient integration of client prepared Word, PDF, and Excel files into our workpaper files.



OUR TECHNOLOGY (CONTINUED)

All data on Brown Edwards computers, including our workpapers in our computerized audit documentation management system, is encrypted using advanced algorithm technology. The data encryption ensures that in the unlikely event that one of our computers were to be lost or stolen, your data and our workpapers would be unreadable to anyone other than Brown Edwards personnel.

We use the following software solutions to perform the aforementioned tasks:



ProSystem Fx Engagement – A workpaper preparation program that produces financial statements, trial balances, journal entries, fluctuation and ratio analysis.



Checkpoint - Online access to an expansive library of tax, accounting, auditing, and corporate finance content, including primary source materials and expert analysis.



IDEA - A powerful data extraction and analysis program that provides us with access to large amounts of data from which we can quickly import, join, analyze, sample and extract data from almost any source. Through data extraction and analysis programs, a significant amount of information can be evaluated for unusual relationships, which may be the result of erroneous data. **In most cases, use of IDEA reduces the audit preparation time for the client and reduces the duration of fieldwork testing.**



ShareFile - A secure cloud-based collaboration, file-sharing and workflow solution that supports all the document-centric needs of businesses. Auditors and clients can safely share large files, e-sign and get secure remote access to servers and PCs from any device, any time.

Information and Cybersecurity Consulting

Brown Edwards also offers specialized Information and cybersecurity consulting ranging from Security assessments and consulting to penetration and vulnerability testing to help identify threats to system security. We have the expertise and experience to help our clients design and implement solid, secure programs for both IT compliance and security. Fees associated with these services would be based on the degree of responsibility involved and the skill required.

Emerging Technology and Its Effect on the Audit Process

As a Top 100 accounting firm, Brown Edwards is currently participating in discussions with the AICPA and other Top 100 accounting firms regarding the use of artificial intelligence (AI) in the audit process. What this means for the Lottery is that you can be assured that Brown Edwards continually strives to improve the efficiency and effectiveness of our audit process in order to better serve our audit clients.

OTHER PROFESSIONAL SERVICE OFFERINGS

We know our clients operate in a complex financial and compliance focused environment. At times, clients face challenges that only our expertise can assist with. These circumstances have strengthened our relationship with clients through services that are beyond the basic engagement. Brown, Edwards can provide a number of professional services, visit us at becpas.com to learn more.



QUALIFICATIONS AND EXPERIENCE

We have assembled a dedicated team of professionals to serve the needs of the Lottery. These individuals bring a wide range of experience, professionalism, and insight to your engagement. They each have proven records with other governmental entities. Our service team is exceptionally well suited to meet your needs because:

- Our firm's experience and commitment to continuing to build our governmental practice ensures that your questions and concerns are addressed promptly.
- Our local presence provides immediate availability of resources, expertise, and decision-making on the Lottery's engagement.
- Our people have experience and knowledge that is relevant to the financial, accounting, information technology, and other business considerations facing the Lottery.
- Our people are active members in various governmental organizations and associations, and maintain a strong professional relationship with FARS, the GFOA, and GASB.
- All service team members meet or exceed minimum continuing professional education requirements, including the stringent requirements under the GAO Yellow Book.

People make the difference in professional relationships. We believe communication and personal chemistry are particularly important elements of client relationships, especially in the dynamic governmental arena. Our professionals are skilled in this field, and we expect you will feel comfortable with their expertise and commitment. A short introduction to your service team is listed below with full resumes listed in **Appendix A**.

Engagement Partner – Robert E. Adams, CPA, CGMA, is a partner with Brown Edwards who has extensive experience in serving governmental and not-for-profit clients and will serve as the lead partner for the WV Lottery Commission. In this role, Rob will assume primary responsibility for the successful completion of the engagement and will maintain contact with you and senior management of the Lottery throughout the engagement to ensure that services and resources are provided to the Lottery in a timely manner. Rob will also provide technical expertise to the team and perform review and supervision procedures. Rob has over 20 years of experience providing service to the Lottery.

Concurring Partner – Chris Banta, CPA, CFE, is a partner with Brown Edwards with 20 years of governmental and nonprofit entity experience and will serve as concurring partner for the engagement. The role of the concurring partner is an essential element of Brown Edwards' quality processed services. Chris will be available to consult with the team on accounting and reporting matters and provide technical expertise.

Audit Senior Manager – Anthony Carpenter, CPA, is a senior manager at Brown Edwards with many years of specialized experience with governmental entities and nonprofit organizations. Anthony will be responsible for developing our approach, supervising and coordinating the efforts of the engagement team, identifying and researching technical issues, and administrative matters. Anthony will be in contact with you to ensure your needs and deadlines are met and will be onsite to manage the audit process on a daily basis. Anthony has over 10 years of experience providing financial accounting and auditing services to the Lottery.



QUALIFICATIONS AND EXPERIENCE (CONTINUED)

Audit Manager – Staunton Gorrell, CPA, is a manager in Brown Edwards with multiple years of specialized experience with governmental entities and nonprofit organizations. Staunton has 6 years of experience auditing the Lottery's financial statements and his knowledge and experience regarding the audit service is invaluable. Staunton will be focused on supervising our engagement and assisting all personnel assigned on a daily basis.

Information Technology Director – Cindy Gross, CPA, CISA, C|EH, is an information technology director with extensive experience with governmental entities and nonprofit organizations. Cindy will serve as a consultant to the engagement. In this role, she will be available to provide technical expertise throughout the engagement. She served the Lottery as a member of our engagement team during the June 30, 2018 audit.

CONTINUING PROFESSIONAL EDUCATION

One of the best measures of a firm's commitment to its audit practice is the depth of specialized training provided to its professionals. Brown Edwards provides internal and external training on governmental accounting, auditing, reporting, and operations in excess of the GAO requirements. In addition, our membership in the AICPA's Governmental Audit Quality Center requires additional levels of continuing professional education to maintain our membership. We continually monitor the issuance of technical auditing and accounting pronouncements and provide our personnel with specialized training in these areas. Professionals at all levels receive specialized training in seminars and courses presented by nationally recognized experts in governmental and nonprofit accounting, auditing and financial reporting. Brown Edwards' professional staff has met all continuing professional education requirements.

COMMITMENT TO PROVIDE CONTINUITY OF STAFF

Our staffing and scheduling policies have historically been very successful in maximizing audit team continuity from year to year. Effective staff recruiting and retention is a top priority for our firm, because we realize that our most valuable investment is our people. We recruit only those who have achieved a high academic standing and have demonstrated commitment, ambition, and leadership skills, and offer them a proactive approach to staff development that includes a mentoring program, comprehensive training at every level, and performance evaluations after every significant engagement.

We view continuity of engagement teams to be in the best interest of the Firm and our clients. Staff repetition enhances audit effectiveness and efficiency, and is our guiding principle in scheduling. When personnel changes are unavoidable, the depth of our pool of experienced professionals gives us the ability to select a replacement with similar qualifications and levels of experience for your audit team. We understand that the Lottery reserves the right to request staff changes throughout the term of the contract.



OVERALL CHARLESTON OFFICE EXPERIENCE

The Charleston office of Brown Edwards, including the former firm of Gibbons & Kawash, has a long tradition of providing the highest quality professional services to governmental clients. The Brown Edwards' Charleston office includes recent public sector experience with the following entities:

- City of Charleston, West Virginia
- Central West Virginia Regional Airport Authority
- Charleston Area Alliance
- Kanawha County Commission
- Kanawha County Sheriff's Department
- Kanawha Valley Regional Transportation Authority
- Kanawha County Regional Development Authority
- Region III Planning and Development Council
- Region VII Planning and Development Council
- School Building Authority of West Virginia
- Tobacco Settlement Finance Authority of West Virginia
- West Virginia Affordable Housing Trust Fund
- West Virginia Alcohol Beverage Control Administration
- West Virginia Bar Foundation
- West Virginia Board of Treasury Investments
- West Virginia Consolidated Public Retirement Board
- West Virginia Department of Transportation
 - Division of Motor Vehicles
 - Division of Public Transit
 - Aeronautics Commission
 - Public Port Authority
- West Virginia Division of Highways
- West Virginia Drinking Water Treatment Revolving Loan Fund
- West Virginia Economic Development Authority
- West Virginia Housing Development Fund
- West Virginia Infrastructure and Jobs Development Council
- West Virginia Jobs Investment Trust
- **West Virginia Lottery Commission**
- West Virginia Municipal Pension Oversight Board
- West Virginia Parkways Authority
- West Virginia Prepaid College Tuition and Savings Plan
- West Virginia Public Service Commission
- West Virginia Regional Jail and Correctional Facility Authority
- West Virginia Solid Waste Management Board
- West Virginia State Bar
- West Virginia State Rail Authority
- West Virginia Water Development Authority
- West Virginia Water Pollution Control Revolving Loan Fund



RECENT ENGAGEMENTS WITH THE STATE OF WEST VIRGINIA

The following is a list of engagements with the State of West Virginia from the Charleston office of Gibbons & Kawash, now Brown Edwards, for the past five years.

<u>West Virginia Engagements</u>	<u>Principal Contact</u>	<u>Scope of Work</u>	<u>Years Served</u>
West Virginia Lottery Commission	Dean Patrick 304-558-0500	GAS	2013-2018
West Virginia Division of Highways	Susan Creager 304-558-9420	GAS	2015-2016
Tobacco Settlement Finance Authority of WV	Jane Shinn 304-558-4083	GAS	2013-2018
West Virginia Infrastructure and Jobs Development Council	Sheila Miller 304-414-6500	GAS	2013-2018
West Virginia Water Development Authority	Sheila Miller 304-414-6500	GAS	2013-2018
West Virginia Drinking Water Treatment Revolving Loan Fund	Sheila Miller 304-414-6500	GAS / UG	2013-2018
West Virginia Jobs Investment Trust	Andy Zulauf 304-345-6200	GAS	2013-2018
West Virginia Economic Development Authority and affiliated entities	Jackie Browning 304-558-3650	GAS	2015-2018
West Virginia Water Pollution Control Fund	Katheryn Emery-Fultineer 304-926-0499	GAS / UG	2016-2018
West Virginia Alcohol Beverage Control Administration	Julia Jones	GAS	2013-2018
West Virginia Solid Waste Management Board	Scott Norman 304-926-0448	GAS / AUP	2013 and 2015-2018
West Virginia Prepaid College Tuition and Savings Plan	Greg Curry 304-340-2702	GAS	2016-2018
West Virginia Board of Treasury Investments	Kara Hughes 304-340-1564	GAS / AUP	2013-2018
West Virginia Housing Development Fund	Chad Leport 304-391-8644	GAS / UG	2013-2018
West Virginia Consolidated Public Retirement Board	John Galloway 304-558-3570	GAS	2013-2015



RELEVANT GOVERNMENTAL EXPERIENCE

The Lottery is a complex governmental entity with extensive financial reporting and disclosure requirements. Our personnel selected for the Lottery engagement team are experienced with the specialized financial reporting and compliance requirements applicable to the operations of the Lottery as a government entity. Engagements identified in the section titled RECENT ENGAGEMENTS WITH THE STATE OF WEST VIRGINIA are engagements most similar to the engagement described in your request for quotation. Their annual audits are performed under *Government Auditing Standards* and/or performed in accordance with *Uniform Guidance/OMB Circular A-133* standards. Most of the audits include required reporting of supplemental information to the West Virginia Financial Accounting and Reporting Section (FARS).

LOTTERY EXPERIENCE

As Brown Edwards, and previously Gibbons & Kawash, we have audited the financial statements of West Virginia Lottery Commission for 19 years and have an in-depth knowledge of the operations of the Lottery. During this time, the Lottery's operations have expanded and have become substantially more complex, adding Racetrack Video Lottery, Limited Video Lottery, Table Games, and Sports Book Wagering. Our personnel are familiar with the requirements of the State Lottery Act, the Racetrack Video Lottery Act, Limited Video Lottery Act, Table Games Act, Limited Gaming Facility Act, and Sports Wagering Act, as well as the many other laws and regulations applicable to Lottery operations as presently designed. Our staff has detailed knowledge regarding all of the Lottery's various gaming types (Traditional, Racetrack and Limited Video Lottery Games and Table Games) as well as the computer systems currently in use by the Lottery to operate its traditional games, limited video lottery, and racetrack video lottery, as well as the related controls that impact complete and accurate financial reporting.

In connection with its traditional games, the Lottery conducts live televised drawings. Our personnel include numerous individuals with multiple years of combined experience observing the drawings.

ADDITIONAL GAMING INDUSTRY EXPERIENCE

Our gaming industry experience includes over 15 years of providing financial statement auditing services to a licensed racetrack, Mardi Gras Casino and Resort (formerly Tri-State) in Cross Lanes, West Virginia. The scope of our work included Racetrack Video Lottery operations at the track, which operated "coin drop" machines and "TITO" (ticket in ticket out) machines, as well as pari-mutuel wagering operations. Our experience with the licensed racetrack has provided a unique perspective for our understanding of racetrack video lottery.

We performed separate engagements for two licensed racetracks in West Virginia (Tri-State and Mountaineer) relating to evaluations of procedures and controls over their pari-mutuel wagering or totalisator (tote) systems. These services included procedures at the local tracks and at the off-site data center responsible for processing data from over 60 tracks in the eastern U.S. utilizing inter-tote protocol. These services were provided to one track (Mountaineer) for two years and another track (Tri-State) for over 10 years. Our experience with these systems has contributed to our ability to evaluate electronic controls and procedures in environments such as the Lottery's.



UNDERSTANDING OF LOTTERY OPERATIONS

Brown Edwards understands that the Finance Division of the Lottery is managed by a deputy director, a chief accountant, and two (2) accounting managers and consists of ten (10) other active employees.

Computer Systems Utilized for Lottery Operations

We understand that a daily reconciliation of online operations is performed on the Lottery's computer by means of a set of software procedures called the Internal Control Systems (ICS). IGT Global Solutions Corporation (IGT), the current online and instant games vendor, provides the Lottery with log files of all online transactions recorded during the day's activities. The Lottery processes these files on its ICS computer and processes them through the ICS. While doing this, ICS:

- Verifies that the correct date is being processed
- Processes the transactions and the drawings occurring on that day
- Produces prize reports similar to those provided by IGT after each drawing is held, which are reconciled to IGT prize reports
- Produces control total reports. The Lottery balances to these reports by comparison to similar reports printed by IGT during their end of day processing. If the transactions processed by JCS do not balance with those processed by IGT, JCS will generate a report of all retailers who are not in balance and the amount (either plus or minus) by which they differ.

We understand that accounting reports are generated on a daily and weekly basis and provide financial data for sales, cancels (discontinued tickets), accounts receivable, prizes paid and remaining liabilities. Drawing reports which give handle (total) amounts and prizes won are produced daily for Daily 3, Daily 4, and Travel Keno, semi-weekly for Powerball®, Mega Millions®, and Lotto America®, and four days a week for Cash 25.

We understand that electronic fund transfer files are produced on a weekly basis of all outstanding instant and/or online retailer balances. These files are processed by the State Treasurer's Office to transfer funds from the retailer bank accounts to the Lottery bank account.

We understand that personal computers are used throughout the Lottery's finance division to summarize daily and weekly reports of sales, prize liability, and payout activities provided by IGT and the Connexus video systems. Personal computers are also used to accumulate, classify and summarize personnel services and other administrative expenses accrued by Lottery for use in producing the monthly journal entries for the financial statements and other related reports. Microsoft Great Plains Dynamics General Ledger software is used to produce the monthly financial statements.

We understand that the Lottery also regulates racetrack video lottery, limited video lottery, table games, and sports wagering across the state. Each of the state's four racetracks, located in Jefferson county, Hancock county, Ohio county, and Kanawha county, operate racetrack video lottery terminals, table games, and sports wagering. The Lottery also regulates a limited gaming facility located in Greenbrier County. The limited gaming facility currently operates video lottery terminals, table games and sports wagering.



UNDERSTANDING OF LOTTERY OPERATIONS (CONTINUED)

We understand that Racetrack Video Lottery (RVL), as of March 20, 2019 had 5,663 TITO (Ticket In Ticket Out) machines available for play at the four racetracks in West Virginia. The daily reports are reviewed for accuracy before total gross terminal income from each track is swept to the Lottery through electronic transfer of funds. Settlements are distributed weekly to recipients as allowed by the Racetrack Video Lottery Act, W.Va. Code §29-22A *et seq.*

We understand that Limited Video Lottery (LVL), as of March 20, 2019, had approximately 7,669 machines available for play throughout the state in retail locations restricted for adult amusement. LVL permit holder funds are electronically swept on a monthly basis.

We understand that Table games, as of March 20, 2019, had approximately 250 tables available for play at the state's 4 racetracks. Racetracks submit a weekly ACH tax remittance and tax return for the thirty-five percent privilege tax on adjusted gross receipts generated through table games.

We understand that the Limited Gaming facility, as of March 20, 2019, had approximately 37 tables and 225 video machines. A weekly tax return and tax remittance is submitted for the thirty-five percent privilege tax on adjusted gross receipts through table games. The Lottery sweeps fifty-three percent of total gross terminal income from video lottery on a weekly basis.

We also understand that Sports Wagering is located at the state's 4 racetracks and the Limited Gaming facility. They submit a weekly ACH tax remittance and tax return for the ten percent sports wagering tax on gaming revenue.

The following is a listing of computer hardware and software used by the Lottery and its vendors:

Online/Instant	IGT Aurora	IBM 3500 Cisco IBM P52	Windows Servers, Switches, Routers, Firewalls and Linux Linux
Video	Scientific Games Connexus	Connexus HP ProLiant Cisco	Windows Server 2012, SQL 2016 Switches, Routers, and Firewalls
Lottery ICS	IGT/Elsym Adtran	IBM 3500	Windows Server 2003/RHAS
Lottery/Accounting	N/A	Personal Computers	Windows/Excel, Access, Word Microsoft Dynamics GP

We understand that IGT is the online and instant ticket vendor for the fiscal year ending June 30, 2019. The Lottery had a SOC 1, Type 2 audit. The Lottery also contracts with IGT for printing instant tickets. The Connexus system used for video lottery is an agency-owned-and-operated system. No other outside audits or reviews of the Lottery computer systems are scheduled.



SERVICE APPROACH

SERVICE PHILOSOPHY

We reject the notion that an audit is a commodity. First and foremost, we are in business to serve our clients, to help them solve their problems, achieve their objectives, and to make a solid contribution to their success. Our people work to identify and respond to our clients' needs. We believe that in the course of conducting an audit, your firm should generate information and develop insights that-in the hands of professionals who combine competence with judgment, maturity, and creativity-will result in improved controls, greater efficiencies, and clear, concise, and understandable financial reporting. It is this "value-added" philosophy to client service that has molded our approach to engagement management and distinguishes us from other firms.

CLEAR COMMUNICATION

We value the candid exchange of ideas and opinions with our clients, and we maintain an open and robust dialogue with management and those charged with governance. We believe that communication is the most important tool for maximizing audit efficiency and effectiveness. There is no value to be derived from audit information unless it is communicated to the client in an effective and timely manner. Our approach emphasizes the importance of communication during all phases of the audit process. Good communication is the key to **no surprises!**

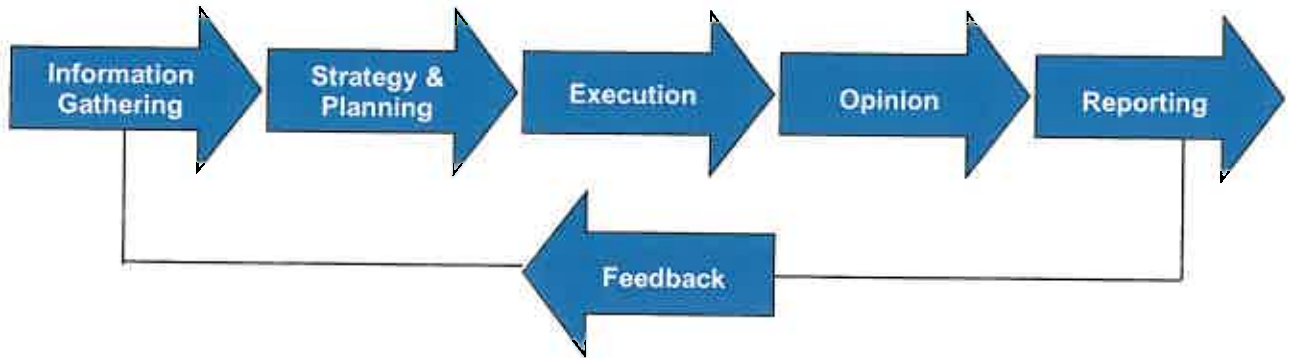
- Prior to the audit, we will meet with management and the Audit Committee to assist us in planning the audit. Taking the time to listen to you during the planning process is crucial to ensuring that we understand your organization and its risks.
- Our key team members will also meet with management frequently during the engagement to keep you apprised of our progress, to discuss any issues that may arise, and to solicit feedback regarding our performance.
- At the conclusion of our audit, we will communicate in writing regarding the results of the audit and any internal control matters that are required by professional standards to be communicated and we will meet with management to discuss these matters.
- We also encourage contact throughout the year, and your client service team has been and will be ready to consult with you any time you have a question. To demonstrate this commitment to meaningful dialogue, we do not bill for brief phone calls throughout the year. Of course, if a question requires extensive research, we will let you know and arrive at a fee estimate in advance.





OUR METHODOLOGY

Our methodology is broken down into six phases:



- We will gather sufficient information on the key audit risks including the development of our understanding of key internal controls, to enable us to design appropriate audit procedures, and conduct the audit in the most efficient manner, appropriately report on our procedures, and within the pre-agreed time frame and budget.

AUDIT APPROACH OVERVIEW

We recognize that every organization we serve is unique. Effective and thorough planning is the key to ensuring that our approach is tailored to meet your specific needs and is the cornerstone of successful engagement management. Our audit approach is designed to assess risk in relation to specified audit objectives to ensure an effective and timely audit. We evaluate the internal controls that you have established to safeguard assets and to provide for the preparation of accurate financial information. After documenting our understanding of the controls in the accounting system, we perform walkthroughs and design tests of internal controls over financial reporting, as necessary. We then design substantive testing procedures and plan our response to other favorable and unfavorable factors we identify during our risk assessment.

The risk and control assessments and substantive procedures provide evidence to support our audit opinion and provide us with a basis for making internal control and operational recommendations. Materiality is evaluated based on factors deemed important to the users of the Lottery's financial statements, including assessments of selected qualitative measures. Our goal here is to get beyond the numbers, to develop a clear understanding of your organization, your goals and objectives, and the environment in which you operate.





AUDIT APPROACH OVERVIEW (CONTINUED)

Our approach emphasizes up-front planning. During the planning phase, we will gain an understanding of the Lottery and its internal controls, to the extent necessary to plan our audit. This will involve one-on-one interviews with various personnel. We then perform “walkthroughs” of key internal controls and conduct interviews with personnel to corroborate our understanding. Our approach places significant emphasis on identifying and determining that key controls of each entity have been implemented. This allows us to appropriately design our substantive audit procedures in well-controlled environments.

In addition, we will seek to identify areas that might be of higher risk. We perform analytical procedures of trends and relationships reported in the balances of financial statements at the account and grouping levels. During this time, we will also inquire of Lottery personnel as to whether there are changes to their operations requiring us to address compliance with new laws and regulations as we plan our audit. We also review internal documents, such as by-laws, minutes, written policies and procedures, contracts, and agreements.

Utilizing this information, we assess the risks associated with your audit, including fraud, and adapt our audit strategy accordingly. A thoughtful, rigorous risk assessment process forces us to focus our efforts and to be as efficient and effective as possible. We also perform an engagement team “brainstorming” session to identify ways in which the financial statements could be misstated, especially as related to misappropriation or intentional misstatement. Our partners and directors are highly involved in this exercise.

Once we have made these critical decisions, we tailor our specific audit procedures and approach accordingly. We also factor the potential impact of newly issued technical pronouncements into the overall plan. To assist with controlling audit costs, we work with our clients to fully utilize their internal resources by developing comprehensive client assistance packages.

The comprehensive planning process is the cornerstone of adapting our audit approach to the needs identified by risk assessment for the Lottery. The audit approach we take is both innovative and prudent in responding to the risk assessment; and its impact on the opinion provided on the financial statements of the Lottery. These items help to determine the quality and quantity of audit evidence required to limit that risk to an acceptable level.





INTERNAL CONTROL

As mentioned previously, obtaining an understanding of internal controls is an important part of the risk assessment process. We will obtain an understanding of the interrelated components of internal control including:

- a. Control environment
- b. Risk assessment
- c. Information and communication
- d. Monitoring
- e. Control activities

Our understanding of internal control will be sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Our understanding of internal controls incorporates two primary elements - the evaluation of the design of the control and a determination of whether it has been implemented. We will identify key controls and perform walkthroughs, observations, and inquiries to determine that they have been implemented.

Generally accepted auditing standards require that we gain an understanding of the information technology internal control system sufficient to plan our audit. As part of that process, we utilize experienced technology personnel. We have obtained this experience performing IT assessment procedures for various size companies, from public companies for Sarbanes-Oxley Information Technology requirements, governments, colleges, and financial institutions. Our professionals will interview your IT personnel for the purpose of evaluation of IT risks and controls relevant to the audit. In most cases, this review results in the identification of previously unknown areas of risk and areas where controls and/or processes could be improved.

Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed.

CONSIDERATION OF LAWS, REGULATIONS, CONTRACTS AND GRANTS

Identifying and ensuring that the Lottery complies with laws and regulations is the responsibility of management. We will include appropriate inquiries of management and staff of the Lottery to identify laws and regulations with which noncompliance could have a direct and material effect on the financial statements. We will also review relevant portions of the West Virginia Code, code of State Rules, and relevant regulations. We will test the provisions of those laws, regulations, grants and contracts for noncompliance which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions is not an objective of our audit, and accordingly, we will not express such an opinion. We will report on the results of our tests if we discover any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



AUDIT PLAN AND EXECUTION

The risk assessment, planning, and information gathering result in the development of the audit plan which is a detailed audit approach that is supplemented by written, detailed audit programs. The plan will be scrutinized by the engagement partner to determine that the specific procedures developed are appropriate, efficient and reasonable in the circumstances.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected sources, creditors, and for financial institutions. We may also request written representations from your attorneys as part of the engagement. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles. The objective also includes reporting on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements in accordance with *Government Auditing Standards*.

Upon completion of fieldwork, the reporting phase will be completed in draft form and reviewed by the engagement in-charge, senior manager, and partner, prior to submission to the Lottery's management for their review. After any questions or concerns have been answered, the final reports will be issued.

We will issue our report on the fair presentation of the Lottery's financial statements in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We will inform the Lottery of each of the following:

- The auditor's responsibility under generally accepted auditing standards and *Government Auditing Standards*
- Significant accounting policies
- Management judgments and accounting estimates
- Significant audit adjustments
- Other information in documents containing audited financial statements
- Disagreements with management
- Management consultation with other accountants
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit
- Significant abuse, if detected

In addition, if we discover matters that are considered control deficiencies or other opportunities to strengthen existing controls or provide operational efficiency we will provide those in written form to



management in a communication separate from the deliverables described above, commonly referred to as a management letter.

SCOPE OF WORK

Brown Edwards will conduct an audit with the objective of expressing an opinion on the fair presentation of the Lottery's financial statements for the fiscal year ending June 30, 2019, with the option to audit each of the two subsequent fiscal years, in conformity with U.S. generally accepted accounting principles and standards established by the GASB of the AICPA. Our audit will be performed in accordance with the requirements of generally accepted auditing standards and *Government Auditing Standards*. In addition, we will assist in the preparation of all supporting schedules required by the Department of Administration for the preparation of the State's Comprehensive Annual Financial Report (CAFR). We will also assist in the preparation of required supplementary information required by the Governmental Accounting Standards Board (GASB) as mandated by the AICPA and report on these matters in accordance with all professional standards. We will be proactive in advising the Lottery on these issues along with accounting matters, GASB pronouncements, and auditing standards. Brown Edwards assures our comfort with all Lottery based gaming systems and internal systems.

The West Virginia Lottery Commission 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 of Excellence in Financial Reporting program. Brown Edwards will provide special assistance to the Lottery to meet the requirements of that program as follows:

- Advise the Lottery on the technical standards necessary to file a CAFR for an enterprise fund.
- Review the Lottery's CAFR documents and assist in the development of meaningful statistical charts and data by providing direct on-site assistance to the Lottery staff.
- Formulate the auditor's report to be included in the Lottery's CAFR.
- Proofread the CAFR prior to filing to assure financial data and context of discussions are appropriate.
- Assist in the preparation of schedules, charts and graphs to be placed in the CAFR.

The financial statements of the Lottery must be included as a component unit of the financial statements of the State of West Virginia. Brown Edwards will provide special assistance to the State of West Virginia's auditors and the Department of Administration's Financial Accounting and Reporting Section.

Following the completion of the audit of the fiscal year's financial statements ending June 30, 2019, Brown Edwards will issue a 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" opinion on the supporting schedules required by FARS based on the auditing procedures applied during the audit of the financial statements.

Brown Edwards will communicate in a letter to management any significant deficiencies and material weaknesses found during the audit, such conditions 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.

Brown Edwards will make an immediate, written report of all irregularities and illegal acts of which we become aware to the following parties:

- Lottery Director
- Lottery General Counsel
- Lottery Compliance Officer



- Finance/Audit Committee of the Lottery Commission

SCOPE OF WORK (CONTINUED)

Brown Edwards will report to the West Virginia Lottery Commission's Finance/Audit Committee each of the following within 60 days of the issuance of the audit:

- The auditor's responsibility under generally accepted auditing standards
- Significant accounting policies
- Management judgments and accounting estimates
- Significant audit adjustments
- Other information in documents containing audited financial statements
- Disagreements with management
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit

AUDIT TIMELINE

Brown Edwards shall have drafts of the audit report and recommendations to management available for review by the Deputy Director of Finance and Administration and internal auditors by August 31st immediately following the fiscal year-end being audited.

The Deputy Director of Finance and Administration will complete a review of the draft report as expeditiously as possible. During that period, Brown Edwards must be available for any meetings that may be necessary to discuss the audit reports.

Brown Edwards shall prepare the financial statements, notes, management letter and all required supplementary schedules and statistical data by the second Friday of September immediately following the fiscal year-end being audited.

Annual filing with FARS will be made by October 15th each year.

The following reports must be delivered to the Deputy Director of Finance and Administration:

- a. Financial Statements with Additional Information – statewide CAFR, ten (10) copies;
- b. Audit Results – Management Letter, twenty (20) copies; and
- c. Financial Statements, fifty (50) copies.

The vendor must be present at such times as necessary to provide assistance to the Lottery staff in filing the Lottery CAFR. CAFR work will be supported from September 10 to December 31 of each year to be audited.

STAFFING APPROVAL

The Lottery has the right to refuse the services of any on-site employee of the Firm based on the employee's competence or criminal background. All management, supervisory, and key personnel who will be active in the audit shall be subject to initial and periodic background checks using the Lottery's electronic fingerprint capture system. An individual shall be removed from supporting the contract as an outcome of adverse results from the background checks. The Lottery will only refuse the services of an individual if that individual has a conviction for any violation of the W.Va. Code § 29-22-1 et seq., § 29-22A-1 et seq., § 29-22B-1 et seq., § 29-22C-1 et seq., or § 29-25-1 et seq., or for any felony, or any



crime involving moral turpitude, or any other crime that may have bearing upon the individual's fitness to support the contract.

CONFIDENTIALITY

Brown Edwards shall have access to private and confidential data maintained by the Lottery to the extent required for Brown Edwards to carry out the duties and responsibilities defined in this contract. Brown Edwards agrees to maintain confidentiality and security of the data made available.

WORKPAPER RETENTION AND ACCESS TO WORKPAPERS

All workpapers will be provided, upon request, as they pertain to any questioned costs determined in the audit. The workpapers will be concise and provide the basis for the questioned costs as well as any analysis of the problem. The workpapers will be available for examination by authorized representatives of any cognizant federal or state audit agency, the Government Accountability Office, or the WV Lottery Commission. The workpapers and reports will be retained, at our expense, for a minimum of five years, unless we are notified in writing by the Lottery of the need to extend the retention period. In addition, we will respond to the reasonable inquiries of any successor auditor and allow the successor auditor to review workpapers relating to matters of continuing accounting significance.

AFFIRMATIVE STATEMENTS

General and Specific Terms and Conditions – By signing and submitting this proposal, Brown Edwards agrees to be bound by all terms contained in this RFQ LOT1900000004 (RFQ). This includes by reference all Terms and Conditions described in all parts of the RFQ. Brown Edwards certifies that we have read and understand the statutory provisions governing the operation of gaming in WV and shall be conversant concerning these statutes while engaged in the audit.

Independence – Brown Edwards is independent of the Lottery, the State of West Virginia, and any component units of the State of West Virginia, as defined by generally accepted auditing standards and *Government Auditing Standards*.

License to Practice – Brown Edwards and all assigned key professional staff are licensed to practice public accounting and perform assurance services in West Virginia.

Registration – Brown Edwards is properly registered with the State of West Virginia Purchasing Division and has paid all required fees.

Disciplinary Action - No disciplinary action has been taken or is pending against Brown Edwards.

Insurance - The Firm is in good standing and maintains sufficient professional liability and workers compensation insurance through policies with reputable insurance carriers.

CPA's – Brown Edwards employs 167 certified public accountants who are members of the AICPA across our 10 Firm offices.

Highly Skilled Services — Brown Edwards understands the Lottery's need to obtain highly skilled audit and accounting services and advice needed to ensure accomplishment of the reliance placed on these by bond rating agencies, State of West Virginia Legislature & Governor's Office, the public, and the many users of the national gaming industry.



AFFIRMATIVE STATEMENTS (CONTINUED)

Work Preparation — Brown Edwards will prepare all work necessary and work with the Lottery staff to ensure the Lottery's annual CAFR is filed by the due date of December 31st of each year that the contract is in effect and that the information contained within the submissions complies with all applicable accounting standards and the filing requirements of the GFOA of the United States and Canada.

Experience — Brown Edwards has certified public accountants assigned to the Lottery who understand traditional, instant, and online gambling (including the automated computer systems used to account for these operations), RVL (with related central computer system applications), racetrack table games operations, and limited gaming facility operations of table games and video lottery (central computer system). Brown Edwards understands the West Virginia statutes, legislative rules, and internal policies which control and define the accounting for each of the games listed above. All Brown Edwards partners, audit managers, and senior accountants assigned to the Lottery are certified public accountants with a license to practice in West Virginia, and have a minimum of five years of auditing experience of gaming lotteries, and five years of governmental auditing of state level agencies.

Availability — Brown Edwards will be available to the Lottery on short notice to give advice to the Lottery on changes in accounting practices, changes in the law, and will engage in general accounting discussions on the appropriate treatment of transactions which may present themselves and which may affect our presentation in the Lottery's financial statements or in the course of internal auditing functions.

Compliance — Brown Edwards certifies compliance with all other required certifications or requirements listed as in the body of the RFQ.

Travel Costs — Brown Edwards certifies that any mileage and travel costs, including travel time, will be included in the flat fee or hourly rate listed in our bid. Brown Edwards will be responsible for any mileage or travel costs not listed in the flat fee or hourly rate.



APPENDIX A – RESUMES



Rob Adams, CPA, CGMA
Engagement Partner
304-343-4188
readams@BEcpas.com

PROFILE

- Partner is our Charleston office with over 25 years of experience in public accounting
- Director of Assurance Services for the Charleston office
- Extensive experience in financial reporting, accounting, internal control, auditing, review, compilation, agreed upon procedures and other professional services for the following entity types:
 - Nonprofit organizations
 - Various state and local governments
 - Closely-held businesses and public sector entities including real estate, hospitality, manufacturing, retail, wholesale, mining, and media
- Active in the AICPA's Governmental Audit Quality Center and the Charleston Partner assigned to the Center

RELEVANT EXPERIENCE

- West Virginia Lottery Commission
- Central West Virginia Regional Airport Authority
- Charleston Area Alliance
- Charleston Urban Renewal Authority
- City of Charleston, West Virginia
- Kanawha County, West Virginia
- Kanawha County Parks and Recreation Commission
- Kanawha Valley Regional Transportation Authority
- Metro Emergency Operations Center of Kanawha County
- School Building Authority of West Virginia
- Tobacco Settlement Finance Authority
- West Virginia Affordable Housing Trust Fund
- West Virginia Alcohol Beverage Control Administration
- West Virginia Board of Treasury Investments
- West Virginia College Prepaid Tuition and Savings Plan
- West Virginia Consolidated Public Retirement Board
- West Virginia Department of Transportation

CONTINUING PROFESSIONAL EDUCATION

- Rob is in compliance with all applicable CPE requirements

EDUCATION

- Bachelor of Business Administration with a concentration in accounting, West Virginia Wesleyan College
- Graduated Magna Cum Laude

MEMBERSHIPS

- Certified Public Accountant in West Virginia
- American Institute of Certified Public Accountants (AICPA)
- West Virginia Society of Certified Public Accountants, Charleston Chapter
- Governmental Finance Officers' Association
- Chartered Global Management Accountant
- West Virginia Kids Count, Board Member
- Multiple local church leadership committees

- West Virginia Economic Development Authority
- West Virginia Educational Broadcasting Authority
- West Virginia Independent Colleges and Universities
- West Virginia Infrastructure and Jobs Development Council
- West Virginia Jobs Investment Trust
- West Virginia Division of Highways
- West Virginia Municipal Pensions Oversight Board
- West Virginia Regional Jail and Correctional Facility Authority
- West Virginia Solid Waste Management Board
- West Virginia State Rail Authority
- West Virginia Water Development Authority
- West Virginia Water Pollution Control Revolving Fund
- West Virginia Drinking Water Treatment Revolving Loan Fund



Chris Banta, CPA, CFE
 Concurring Partner
 540-345-0936
 cbanta@BEcpas.com

PROFILE

- Partner and Firm Coordinator of Brown Edwards state and local government practice with over 20 years experience
- Specializes in municipalities, electric cooperatives, not-for-profit organizations, and HUD properties
- Coordinates the compliance auditing aspect of the annual audits of municipal and nonprofit clients, including APA compliance and transmittal form preparation, single audit compliance, FAA compliance, RUS compliance, and NTD reporting compliance
- Member of Brown Edwards' peer review services team
- Certified Fraud Examiner, providing internal control reviews, fraud examinations, forensic accounting services, and litigation support services
- Previously named a "Super CPA" in the Government and Nonprofits area of practice in the *Virginia Business* magazine

CONTINUING PROFESSIONAL EDUCATION

- Chris is in compliance with all applicable CPE requirements.

RELEVANT EXPERIENCE

- West Virginia Board of Treasury Investments
- County of Frederick, Virginia
- County of Bedford, Virginia
- Montgomery County, Virginia
- Riverside Regional Jail Authority
- City of Falls Church, Virginia
- City of Colonial Heights, Virginia
- City of Winchester, Virginia
- City of Lynchburg, Virginia
- City of Harrisonburg, Virginia
- City of Staunton, Virginia
- Roanoke City Public Schools
- Virginia Tech/Montgomery Airport Authority
- Town of Blacksburg, Virginia

EDUCATION

- Bachelor of Science in Accounting from Virginia Tech

MEMBERSHIPS

- American Institute of Certified Public Accountants (AICPA), the Virginia Society of Certified Public Accountants (VSCPA), the Virginia Government Finance Officers' Association (VGFOA), the National Society of Accountants for Cooperatives (NSAC), and the Association of Certified Fraud Examiners (ACFE)
- Past Treasurer (also former President) of the Grandin Theatre Foundation
- Current Board Member of the Virginia Museum of Transportation and Boys and Girls Club of Southwest Virginia
- Member of the Kiwanis Club of Roanoke, serving as chair of the Career Technical Education Scholarship Committee

- Virginia Resources Authority
- Virginia Tobacco Settlement Financing Corporation
- Greater Lynchburg Transit Company
- Bedford Regional Water Authority
- Town of Bedford, Virginia
- Town of Culpeper, Virginia
- Town of Vinton, Virginia
- Town of Tazewell, Virginia
- City of Charlottesville, Virginia
- County of King William, Virginia
- County of New Kent, Virginia
- Coordinated Services Management



Anthony Carpenter, CPA
Senior Manager
304-343-4188
acarpenter@BEcpas.com

PROFILE

- Senior manager in the Charleston office with over 11 years of experience in public accounting with a concentration in Accounting and Assurance Services
- Primarily works for non-profit organizations, local and state governmental agencies, closely held businesses, and retirement plans

CONTINUING PROFESSIONAL EDUCATION

- Anthony is in compliance with all applicable CPE requirements.

RELEVANT EXPERIENCE

- **West Virginia Lottery Commission**
- Central West Virginia Regional Airport Authority
- Charleston Area Alliance
- City of Charleston, West Virginia
- EastRidge Health Systems
- Hatfield-McCoy Regional Recreational Authority
- Kanawha County, West Virginia
- Kanawha Valley Regional Transportation Authority
- Public Service Commission of West Virginia
- School Building Authority of West Virginia
- Seneca Health Services
- United Methodist Foundation of West Virginia, Inc.
- Valley Healthcare System
- West Virginia Affordable Housing Trust Fund
- West Virginia Board of Treasury Investments
- West Virginia Consolidated Public Retirement Board
- West Virginia Department of Transportation

EDUCATION

- Bachelor of Business Administration with a concentration in accounting, West Virginia State University

MEMBERSHIPS

- Certified Public Accountant In West Virginia
- American Institute of Certified Public Accountants (AICPA)
- West Virginia Society of Certified Public Accountants (WVSCPA)
- Leadership Kanawha Valley
- Emerging Leaders Academy

- West Virginia Housing Development Fund
- West Virginia Independent Colleges and Universities
- West Virginia Infrastructure and Jobs Development Council
- West Virginia Division of Highways
- West Virginia Municipal Pensions Oversight Board
- West Virginia Parkways Authority
- West Virginia Regional Jail and Correctional Facility Authority
- West Virginia Solid Waste Management Board
- West Virginia Water Development Authority
- West Virginia Water Pollution Control Revolving Fund
- Young Men's Christian Association of Kanawha Valley, Inc.



Staunton Gorrell, CPA
Manager
 304-343-4188
 sgorrell@BEcpas.com

PROFILE

- Manager in the Charleston office with over 6 years of experience in public accounting with a concentration in Accounting and Assurance Services
- Primarily works in the Nonprofit and Governmental Niche

RELEVANT EXPERIENCE

- Central West Virginia Regional Airport Authority
- West Virginia Alcohol Beverage Control Administration
- West Virginia Water Pollution Control Revolving Fund
- Region III Planning and Development Council
- West Virginia Housing Development Fund
- West Virginia Independent Colleges and Universities
- **West Virginia Lottery Commission**
- West Virginia Solid Waste Management Board
- City of Charleston, West Virginia
- Kanawha County, West Virginia
- School Building Authority of West Virginia
- United Methodist Foundation of West Virginia, Inc.
- West Virginia Consolidated Public Retirement Board
- YMCA of Charleston, WV, Inc.
- Heart and Hand
- Center for Neighborhood Enterprise
- Jackson County Development Center
- University of Charleston

EDUCATION

- Bachelor of Business Administration in Finance, James Madison University

MEMBERSHIPS

- Certified Public Accountant in West Virginia
- American Institute of Certified Public Accountants (AICPA)
- West Virginia Society of Certified Public Accountants (WVSCPA)
- Treasurer, Charleston FestiVALL

CONTINUING PROFESSIONAL EDUCATION

- Staunton is in compliance with all applicable CPE requirements.



Cindy Gross, CPA, CISA, C|EH
Information Technology Director
540-434-6736
cgross@BEcpas.com

PROFILE

- Information technology specialist in the Harrisonburg office with over 15 years of public accounting experience providing IT audits and consulting services to a wide range of entities including financial services, technology, and healthcare entities
- Services include SOX compliance, SSAE 16/18 audits, SOC 2 audits, IT risk assessments, and IT internal audit
- Has over fifteen years of experience in systems development and design
- Experience performing information technology assessments for local government, private industry, financial institutions, and colleges and universities
- **Cindy previously served on the engagement team for the West Virginia Lottery during the June 30, 2018 financial statement audit**

CONTINUING PROFESSIONAL EDUCATION

- Cindy is in compliance with all applicable CPE requirements

EDUCATION

- Master of Professional Accountancy from the University of Texas
- Master in Computer Programming and Information Systems from Shepherd University

MEMBERSHIPS

- American Institute of Certified Public Accountants (AICPA) and the Virginia Society of Certified Public Accountants (VSCPA)
- Information Systems Audit and Control Association
- Certified Information Systems Auditor
- Certified Information Auditor through ISACA
- Certified Ethical Hacker through EC-Council



APPENDIX B – PEER REVIEW REPORT



Report on the Firm's System of Quality Control

To the Partners of
Brown Edwards & Company L.L.P.
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Brown Edwards & Company L.L.P. (the firm) applicable to engagements not subject to PCAOB inspection in effect for the year ended May 31, 2018. 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

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. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

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.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, and audits of employee benefit plans.

As part of our peer review, we considered reviews by regulatory entities as communicated to the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Brown Edwards & Company L.L.P. applicable to engagements not subject to PCAOB inspection in effect for the year ended May 31, 2018, 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*. Brown Edwards & Company L.L.P. has received a peer review rating of *pass*.

Postlethwaite & Netterville

Baton Rouge, Louisiana
October 17, 2018



**APPENDIX C – FIRM LICENSE TO PERFORM
ATTESTATION SERVICES AND TEAM MEMBER CPA
LICENSES**



CPA License Information

Name ROBERT E ADAMS
Company Name BROWN EDWARDS & CO LLP
Address 707 VIRGINIA ST E STE 300
City CHARLESTON
State WV
Zip 25301-2710
County KANAWHA
License Number [REDACTED]
License Type CPA
Status Active
Effective Date 07/01/2018
Expiration Date 6/30/2019

Discipline

Public Discipline Documents



[Home](#) - [Consumer Information](#) - [Online Services](#)

Licensee Details

Demographic Information

Name: Christopher Alan Banta

Address Information

Line 1: [REDACTED]

Line 2:

Line 3:

Line 4: ROANOKE VA 24019

County: Roanoke

Country: United States

License Information

Lic #: [REDACTED]	Profession: Accountancy	Type: Certified Public Accountant
Status: Active	Issued: 5/18/2007	Expiration: 6/30/2019



CPA License Information

Name ANTHONY LEE CARPENTER
Company Name BROWN EDWARDS & CO LLP
Address 707 VIRGINIA ST E STE 300
City CHARLESTON
State WV
Zip 25301-2710
County KANAWHA
License Number [REDACTED]
License Type CPA
Status Active
Effective Date 07/01/2018
Expiration Date 6/30/2019
Discipline

[Public Discipline Documents](#)

CPA License Information

Name STAUNTON THOMAS GORRELL
Company Name BROWN EDWARDS & CO LLP
Address 707 VIRGINIA ST E STE 300
City CHARLESTON
State WV
Zip 25301-2710
County KANAWHA
License Number [REDACTED]
License Type CPA
Status Active
Effective Date 07/01/2018
Expiration Date 6/30/2019
Discipline

[Public Discipline Documents](#)



Licensee Details

Demographic Information

Name: Cynthia M Gross

Address Information

Line 1: [REDACTED]

Line 2:

Line 3:

Line 4: [REDACTED]

County: Rockingham

Country: United States

License Information

Lic #: [REDACTED]

Profession: Accountancy

Type: Certified Public Accountant

Status: Active

Issued: 10/12/2017

Expiration: 6/30/2019

Firm License Information

Firm Name BROWN EDWARDS & CO LLP

Address 707 VIRGINIA ST E STE 300

City CHARLESTON

State WV

Zip 25301

County KANAWHA

Permit Number

Effective Date

Current Status

Expiration Date

Authorization to Perform Attest/Compilation Services



APPENDIX D – REQUIRED FORMS



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

State of West Virginia
Request for Quotation
34 - Service - Prof

Proc Folder: 535835
Doc Description: RFQ FOR ANNUAL AUDIT SERVICE
Proc Type: Central Contract - Fixed Amt

Date Issued	Solicitation Closes	Solicitation No	Version
2019-04-04	2019-04-17 13:30:00	CRFQ 0705 LOT1900000004	1

BID RECEIVING LOCATION

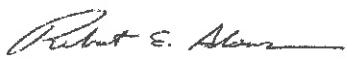
BID CLERK
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION
2019 WASHINGTON ST E
CHARLESTON WV 25305
US

VENDOR

Vendor Name, Address and Telephone Number:
Brown, Edwards & Company, L.L.P.
300 Chase Tower
707 Virginia Street, East
Charleston, West Virginia 25301
(304) 343-4188

FOR INFORMATION CONTACT THE BUYER

Brittany E Ingraham
(304) 558-2157
brittany.e.ingraham@wv.gov

Signature 

FEIN # 54-0504608

DATE 04/17/2019

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



ADDITIONAL INFORMATION:

The West Virginia Purchasing Division is soliciting bids on behalf of the West Virginia Lottery to establish a fixed term contract to provide the Lottery with Audit and Management Advisory Services for the fiscal year ending June 30, 2019, per the bid requirements, specifications, terms and conditions attached to this solicitation.

It is anticipated that a contract awarded from this solicitation will be effective: July 01, 2019

INVOICE TO		SHIP TO	
ACCOUNTS PAYABLE		PURCHASING	
LOTTERY		LOTTERY	
PO BOX 2087		900 PENNSYLVANIA AVE	
CHARLESTON	WV25327-2087	CHARLESTON	WV 25302
US		US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
1	ANNUAL AUDIT SERVICE				

Comm Code	Manufacturer	Specification	Model #
84111600			

Extended Description :
PLEASE SEE EXHIBIT A PRICING PAGE.

CERTIFIED PUBLIC ACCOUNTING FIRM TO PROVIDE ANNUAL AUDIT SERVICES FOR FISCAL YEAR ENDING JUNE 30, 2019, FOR THE WV LOTTERY LOCATED AT 900 PENNSYLVANIA AVENUE, CHARLESTON, WV 25302 PER THE ATTACHED.



LOT1900000004	Document Phase Draft	Document Description RFQ FOR ANNUAL AUDIT SERVICE	Page 3
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ADDITIONAL TERMS AND CONDITIONS

See attached document(s) for additional Terms and Conditions



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

Robert E. Adams

(Name, Title)
Robert E. Adams, Partner
(Printed Name and Title)
300 Chase Tower, 707 Virginia Street, East, Charleston, WV 25301
(Address)
Phone: (304) 343-4188 Fax: (304) 344-5035
(Phone Number) / (Fax Number)
readams@BEcpas.com
(email address)

CERTIFICATION AND SIGNATURE: By signing below, or submitting documentation through wvOASIS, I certify that I have reviewed this Solicitation in its entirety; that I understand the requirements, terms and conditions, and other information contained herein; that this bid, offer or proposal constitutes an offer to the State that cannot be unilaterally withdrawn; that the product or service proposed meets the mandatory requirements contained in the Solicitation for that product or service, unless otherwise stated herein; that the Vendor accepts the terms and conditions contained in the Solicitation, unless otherwise stated herein; that I am submitting this bid, offer or proposal for review and consideration; that I am authorized by the vendor to execute and submit this bid, offer, or proposal, or any documents related thereto on vendor's behalf; that I am authorized to bind the vendor in a contractual relationship; and that to the best of my knowledge, the vendor has properly registered with any State agency that may require registration.

Brown, Edwards & Company, L.L.P.
(Company)

Robert E. Adams
(Authorized Signature) (Representative Name, Title)

Robert E. Adams, Partner
(Printed Name and Title of Authorized Representative)

04/17/2019
(Date)

Phone: (304) 343-4188 Fax: (304) 344-5035
(Phone Number) (Fax Number)

Revised 01/24/2019



10.1 Contract Manager: During its performance of this Contract, Vendor must designate and maintain a primary contract manager responsible for overseeing Vendor's responsibilities under this Contract. The Contract manager must be available during normal business hours to address any customer service or other issues related to this Contract. Vendor should list its Contract manager and his or her contact information below.

Contract Manager: Robert E. Adams

Telephone Number: (304) 343-4188

Fax Number: (304) 344-5035

Email Address: readams@BEcpas.com



APPENDIX D –
QUOTATION AND LOT1900000004 PRICING PAGE



QUOTATION AND LOT1900000004 PRICING PAGE

DESCRIPTION	YEAR	COST
Total, all-inclusive price for audit services (including preparation of financial statements and footnote disclosures), preparation of CAFR, and all other services as described in this solicitation.	FY 2019	\$38,395
Total, all-inclusive price for audit services (including preparation of financial statements and footnote disclosures), preparation of CAFR, and all other services as described in this solicitation.	FY 2020	\$38,395
Total, all-inclusive price for audit services (including preparation of financial statements and footnote disclosures), preparation of CAFR, and all other services as described in this solicitation.	FY 2021	\$38,395
	Total Bid Amount	\$115,185

Vendor: Brown, Edwards & Company, L.L.P.

Signature: *Robert E. Adams*

Date: 04/17/2019