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Header 2

List View

General Information | Contact | Default Values | Discount | Document Information

Procurement Folder: 697195

SO Doc Code: CRFQ

Procurement Type: Central Contract - Fixed Amt

SO Dept: 0203

Vendor ID: 000000184076

SO Doc ID: CPR2000000003

Legal Name: CLIFTONLARSONALLEN LLP

Published Date: 4/29/20

Alias/DBA:

Close Date: 5/4/20

Total Bid: \$1,020,000.00

Close Time: 13:30

Response Date: 05/04/2020

Status: Closed

Response Time: 11:26

Solicitation Description: Addendum No. 2 Assurance/Audit Services & CAFR Technical

Total of Header Attachments: 2

Total of All Attachments: 2



Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
1	Government Auditing Services - 1st Year				\$250,000.00

Comm Code	Manufacturer	Specification	Model #
93151607			

**Extended Description :** Auditing Services & Technical Assistance. Year 1

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
2	Government Auditing Services - 2nd Year Optional Renewal				\$258,000.00

Comm Code	Manufacturer	Specification	Model #
93151607			

**Extended Description :** Optional Renewal. Year 2  
Auditing Services & Technical Assistance.

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
3	Government Auditing Services - 3rd Year Optional Renewal				\$252,000.00

Comm Code	Manufacturer	Specification	Model #
93151607			

**Extended Description :** Optional Renewal. Year 3  
Auditing Services & Technical Assistance.

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
4	Government Auditing Services - 4th Year Optional Renewal				\$260,000.00

Comm Code	Manufacturer	Specification	Model #
93151607			

**Extended Description :** optional Renewal. Year 4.  
Auditing Services & Technical Assistance.



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: 697195

Doc Description: Addendum No. 2 Assurance/Audit Services & CAFR Technical

Proc Type: Central Contract - Fixed Amt

Date Issued	Solicitation Closes	Solicitation No	Version
2020-04-29	2020-05-04 13:30:00	CRFQ 0203 CPR2000000003	4

**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:

CliftonLarsonAllen LLP  
 1966 Greenspring Drive, Suite 300  
 Timonium, MD 21093  
 888-778-9588

**FOR INFORMATION CONTACT THE BUYER**

Melissa Pettrey  
 (304) 558-0094  
 melissa.k.pettrey@wv.gov

Signature X

FEIN #

41-0746749

DATE

May 4, 2020

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

Create Opportunities



May 4, 2020

**Proposal to provide professional assurance and auditing services and CAFR technical assistance services to the:**

## **West Virginia Consolidated Public Retirement Board**

*Prepared by:*

**Jason J. Ostroski, CPA, Principal**

jason.ostroski@CLAconnect.com

phone 888-778-9588 | mobile 410-322-9136



[CLAconnect.com](https://www.claconnect.com)

WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND  
CONSULTING



CLA (CliftonLarsonAllen LLP)  
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Timonium, MD 21093  
410-453-0900 | fax 410-453-0914  
CLAconnect.com

May 4, 2020

**VIA ELECTRONIC SUBMISSION ONLY**

West Virginia Consolidated Public Retirement Board  
Department of Administration, Purchasing Division  
2019 Washington Street East  
Charleston, WV 25305-0130

**RE: Solicitation Number – CRFQ CPR200000003**

Dear Ms. Pettrey:

Thank you for inviting us to propose our services to you. We gladly welcome the opportunity to share our approach to helping the West Virginia Consolidated Public Retirement Board (CPRB) meet its need for professional services. The enclosed proposal responds to your request for assurance services and technical assistance for fiscal year ended June 30, 2020 and three optional one-year renewals.

We are confident that our extensive experience serving similar government pensions, bolstered by our client-oriented philosophy and depth of resources, will make CLA **THE** top qualified candidate to fulfill the scope of your engagement. The following differentiators are offered for CPRB's consideration:

- ***Extensive Experience Auditing Similar Entities.*** **Our Government Pension Team has one of the largest governmental pension and investment fund practices in the nation and the professionals who will serve CPRB** currently audit and provide consulting services to some of the largest public benefit plans and investment offices nationwide. We are confident that our extensive experience with public pensions and investments, bolstered by our client-oriented philosophy and depth of resources, will make CLA the best qualified candidate to fulfill the scope of the engagement.
- ***The CLA Seamless Assurance Advantage (SAA).*** The CLA Seamless Assurance Advantage (SAA) is an innovative approach to auditing that utilizes leading technologies, analytics, and audit methods to help solve client problems and create a seamless experience. SAA is unlike any conventional audit process. SAA does not depend on physical location. It reduces the time our professionals spend on site, creates fewer disruptions, enables more efficient use of resources (yours and ours), and allows for more impactful interactions with your people.
- ***Innovative Audit Procedures.*** Our Government Pension Team recognizes the impact of technology on the financial statement audit and have responded by incorporating data analytics into our audit approach. We utilize a data analytic software application to examine 100% of our government pension's high volume transactions including contributions, benefit payments, claim payments and census data. This approach has yielded results for our clients that include identification of anomalous transactions and new insights into their business.
- ***Strong Methodology and Responsive Timeline.*** In forming our overall audit approach, we have carefully reviewed the RFP and other information made available and considered our past experience performing work for other large retirement systems. In addition to public pension clients, we currently serve more than 3,450 governmental organizations nationally. Our staff understands your complexities not just from a compliance standpoint, but also from an operational point of view. We have developed a work plan that takes into consideration your unique needs both as a public pension system and governmental

entity in West Virginia. The work plan also minimizes the disruption of your staff and operations, and provides a blueprint for timely delivery of your required reports.

- **Communication and Proactive Leadership.** CPRB will benefit from a high level of hands-on service from our team's senior professionals. We can provide this level of service because, unlike other national firms, our principal-to-staff ratio is similar to smaller firms – allowing our senior level professionals to be involved and immediately available throughout the entire engagement process. Our approach helps members of the engagement team stay abreast of key issues at CPRB, and take an active role in addressing them.
- **A Focus on Providing Consistent, Dependable Service.** We differ from other national firms in that our practice focuses on the needs of non-SEC clients, thus allowing us to avoid the workload compression typically experienced by firms that must meet public companies' SEC filing deadlines. CLA is organized into industry teams, affording our clients with specialized industry-specific knowledge. Therefore, CPRB will enjoy the service of members of our state and local government services team, and more specifically our Government Pension Team, who understand the issues and environment critical to CPRB.
- **Fresh Perspective.** By engaging CLA, CPRB will benefit from a “fresh look” at its business operations, information systems, and financial and risk management policies and procedures. You will be served by an engagement team with enthusiasm and a desire to meet and exceed expectations. We are confident that our industry experience will bring to CPRB new ideas, creative approaches, and fresh opportunities to meet the financial management and accountability challenges before CPRB.

We are confident that our technical approach, insight, and resources will result in unmatched client service for CPRB. For ease of evaluation, the structure of our proposal follows your RFQ section titled, *Specifications 3. Qualifications*.

We are eager to work with you and welcome the chance to present our proposal to CPRB. If you have any questions about our offerings, please do not hesitate to contact me via phone at 888-778-9588 or email [jason.ostroski@CLAconnect.com](mailto:jason.ostroski@CLAconnect.com).

Sincerely,

**CliftonLarsonAllen LLP**



Jason J. Ostroski, CPA  
Principal

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## 3. Qualifications

### 3.1 Firm independence and license to practice

CLA is independent of the West Virginia Consolidated Public Retirement Board (CPRB) and the State of West Virginia (the State) as required by auditing standards generally accepted in the United States and the U.S. Government Accountability Office’s *Government Auditing Standards*. Our firm-wide quality control policies and procedures foster strict compliance with these professional standards. In addition, the individuals assigned to your audit are independent of the CPRB and the State.

Additionally, CLA is duly licensed to practice public accountancy in the state of West Virginia. A copy of our state license is provided below:



**West Virginia  
Board of Accountancy**

### Firm Verification: Details

---

#### Firm License Information

<b>Firm Name</b>	CLIFTONLARSONALLEN LLP
<b>Address</b>	220 S 6TH ST STE 300
<b>City</b>	MINNEAPOLIS
<b>State</b>	MN
<b>Zip</b>	55402
<b>County</b>	
<b>Permit Number</b>	F0347
<b>Effective Date</b>	07/01/2019
<b>Current Status</b>	Active
<b>Expiration Date</b>	06/30/2020

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#### Authorization to Perform Attest/Compilation Services

<b>Active</b>	06/30/2020
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### 3.2 Engagement team experience

An experienced engagement team has been aligned to provide the most value to your organization. The team members have performed numerous engagements of this nature and will commit the resources necessary to



provide top quality service throughout the engagement. Resumes, which include each team members experience and relevant client listings, have been provided in *Appendix A*. Should the CPRB request additional references for each team member, we would be happy to provide them.

Following are our proposed management team members:

Engagement Team Member	Role	Years Experience
<p><u><b>Jason Ostroski, CPA</b></u> Engagement Principal</p>	<p>Jason will have overall engagement responsibility including planning the engagement, developing the audit approach, supervising staff, and maintaining client contact throughout the engagement and throughout the year. Jason is responsible for total client satisfaction through the deployment of all required resources and continuous communication with management and the engagement team.</p>	<p>16+</p>
<p><u><b>Thomas R. Rey, Jr., CPA</b></u> Technical Resource Principal</p>	<p>Thomas will be the technical resource for the audit team as well as CPRB personnel. Thomas’ many years of serving governmental entities will be an invaluable resource.</p>	<p>22+</p>
<p><u><b>Tim Rawal, CPA</b></u> Engagement Manager</p>	<p>Tim will act as the lead manager on the engagement. In this role, Tim will assist Jason with planning the engagement and performing complex audit areas. He will perform a technical review of all work performed and is responsible for the review of comprehensive annual financial report and all related reports.</p>	<p>7+</p>
<p><u><b>Phillip (Phil) Del Bello, CPA, CISA</b></u> Information Systems Manager</p>	<p>Phil will assist the audit team in documenting and evaluating general computer controls and IT application controls.</p>	<p>10+</p>

**Additional Staff** - We will assign additional senior and staff associates to your engagement based on your needs and their experience providing services to governmental pension plans. Ideally, the government pension team members assigned to your audit will be from our Maryland and Minneapolis offices with governmental pensions as their industry focus at CLA.

**The most important resource any business has is people — the right people.**

*We understand that the CPRB retains the right to approve or reject replacement engagement team members based upon their qualifications, experience or performance throughout the life of the contract.”*



### IT & Risk Management – Value-Added Service

CLA believes that a good audit yields substantial information for management and is a valuable tool in recognizing opportunities and identifying areas that can be strengthened. In that regard, we have assigned an experienced Information Technology (IT) resource manager to the CPRB’s audit. The IT manager’s role in the audit will be to perform a review of Information Systems (IS) controls to conclude whether they are properly designed and operating effectively. For IS-related controls that we deem to be ineffectively designed or not operating as intended, we will communicate our findings and will provide recommendations to improve internal controls.

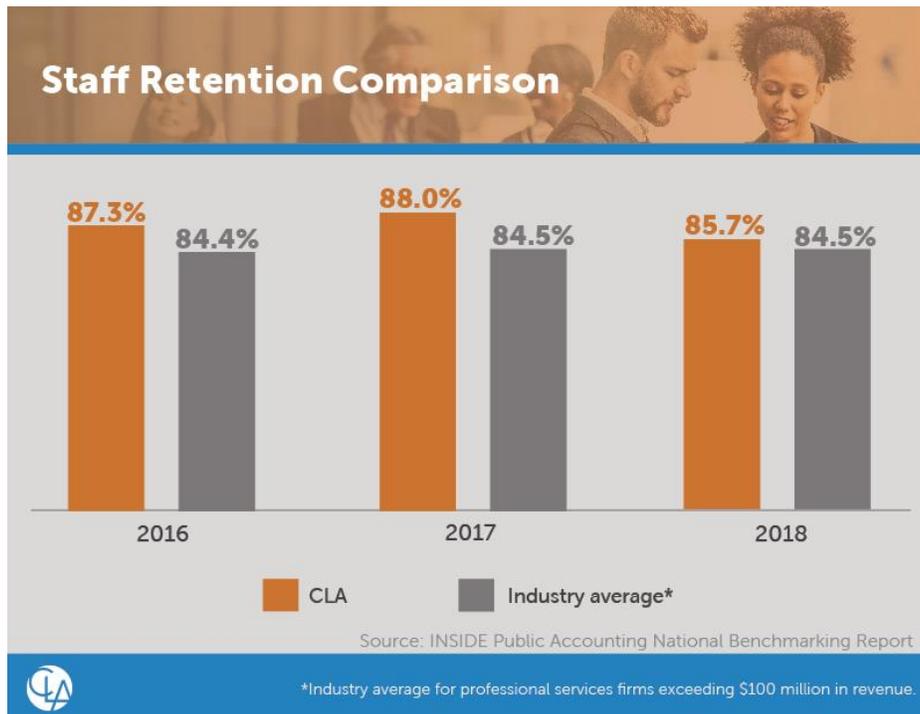
***Including an IT professional on the CPRB’s audit is a value-added service that is not always offered by all firms that conduct large governmental pension audits.***

### Continuity of service

We are committed to providing continuity throughout this engagement. It is our policy to maintain the same staff throughout an engagement, providing maximum efficiency and keeping the learning curve low. We are also flexible in exploring alternative strategies to non-mandatory rotation policies.

In any business, however, turnover is inevitable. When it happens, we will provide summaries of suggested replacements and will discuss re-assignments prior to finalizing. We have an adequate number of qualified staff members to provide CPRB with top service over the term of the engagement.

CLA is committed to maintaining high staff retention rates, which we believe are a strong indicator of service quality. Continuity results in increased efficiency and quality because staff assigned to the engagement will not have to go through a “learning curve” with annual engagements or each new project. Client staff spends less time orienting the engagement team, and more time working toward goals. With a solid, steady engagement team, each year brings the additional benefits of trust and familiarity. High retention rates also indicate that our staff members have the resources they need to perform their tasks and maintain a positive work/life balance.



### 3.3 Governmental pension experience

#### **Governmental experience**

CLA offers the credibility, reputation, and resources of a leading professional services firm — without sacrificing the small-firm touch. We bring unsurpassed levels of technical excellence, commitment, and dedication to our clients, which have made us one of the most successful professional service firms serving governmental entities.

CLA has one of the largest governmental audit and consulting practices in the country, serving more than 3,450 governmental clients nationwide. Public sector clients represent approximately one-quarter of all firm-wide revenue, and each of the government services team members are thoroughly versed in the issues critical to complex governmental entities. CLA also believes in deep industry specialization which means that even within our government audit group we have a team that focuses solely and specifically on governmental retirement systems such as CPRB. Below we further describe the experience of this team and the value it will bring to CPRB.

#### **Pension experience**

Over the past 20 years, CLA has made a concerted effort in developing a unique niche in working with large state and local government retirement plans. ***For CPRB, choosing CLA offers you the benefit of working with this unique group of public pension professionals who dedicate 100% of their time serving governmental pensions similar to CPRB.*** Our experience includes auditing some of the largest governmental retirement plans that range in size up to \$600 billion in assets, which ensures that our staff understands your complexities not just from a compliance standpoint, but also from an operational point of view. With our wealth of resources and experience, ***we have an unparalleled reputation for helping similar clients effectively accomplish their goals.***

We have experience analyzing, auditing and reviewing transactions surrounding alternative investments for our public pension fund clients. Our clients have diverse holdings such as joint ventures, real estate investment holdings, off-shore investments, private company holdings, partnerships, common collective funds, hedge funds and insurance contracts. And, we have worked through a number of valuation issues and disclosure issues pertaining to those investments to determine that such investments are appropriately stated and adequately disclosed. Our audit efforts will concentrate on confirming the existence of investments and assessing the proper valuation of such investments at year-end.

Our extensive experience working with state and local retirement plans provides us with a database of best practices that we can draw upon to provide our clients with the highest value in advice and recommendations. By engaging CLA, CPRB will benefit from a “fresh look” at your business operations, information systems, and financial and risk management policies and procedures. You will be served by an experienced engagement team with enthusiasm and a desire to meet and exceed expectations. We are confident that our relevant industry pension experience will bring new ideas, creative approaches, and fresh opportunities to meet the financial management and accountability challenges facing CPRB.

We have developed an excellent reputation for effectively performing all aspects of governmental retirement plan auditing, accounting, and consulting engagements. Our professionals understand the complexities of a large pension system and our team focuses heavily on testing internal controls over key areas and relies on information systems controls. Our growth in working with the public pension sector has flourished because we have provided assistance to our clients in meeting their objectives. We have been constructive and supportive with as little interruption to their activities as possible.



### *GASB experience*

As previously mentioned, CLA has one of the largest governmental audit and accounting practices in the country. As a result we are intimately involved in the review, development and implementation of new standards promulgated by GASB. Additionally, we have members of our pension team and government services team that participate in the AICPA State and Local Government Expert Panel. These individuals are involved the process of reviewing and updating the AICPA's State and Local Government Audit and Accounting Guide.

Due to our wealth of experience, we have developed an excellent reputation for effectively performing all aspects of governmental retirement plan auditing, accounting, and consulting engagements. Our professionals understand the complexities of a large pension system and our team focuses heavily on testing internal controls over key areas and relies on information systems controls. Our growth in working with the public pension sector has flourished because we have provided assistance to our clients in meeting their objectives. We have been constructive and supportive with as little interruption to their activities as possible. We were also key contributors to the development of many of our government pension client's implementation of recently issued standards including GASB 67 and 68, GASB 74 and 75 and GASB 72. Our insights and best practices gathered from our deep industry knowledge and experience were critical to seamless implementations of these new standards.

### *Sampling of clients*

Below is a sample listing of audit engagements performed in the past five years for entities similar to the type of audit requested, including agent-multiple employer defined benefit, cost sharing defined benefit and deferred/defined contribution plans and GASB 67/68 and GASB 74/75 schedules.

Public Pension Plans	GASB 67/68	Asset Size	
		\$1-\$5 billion	> \$5 billion
Arizona State Retirement System	X		X
Baltimore City Police & Fire Pension	X	X	
Baltimore City Employees Retirement System	X	X	
Board of Pensions – City of Philadelphia	X	X	
Colorado Public Employees' Retirement Assoc.	X		X
Kansas Public Employees' Retirement System	X		X
North Dakota Retirement and Investment Office	X		X
North Dakota Public Employees Retirement Sys	X		
North Carolina State Investment Trust			X
New Mexico Educational Retirement Board	X		X
New Mexico Public Employees Retirement Assoc.	X		X
Ohio Public Employees Retirement System	X		X
Pennsylvania Municipal Retirement System	X	X	
Pennsylvania School Employees' Retirement System	X		X



Public Pension Plans	GASB 67/68	Asset Size	
		\$1-\$5 billion	> \$5 billion
Seattle City Employees' Retirement System	X	X	
South Carolina Retirement System	X		X
State Retirement & Pension System of Maryland			X
State Teachers Retirement System of Ohio	X		X
Texas Municipal Retirement System	X		X
Washington State Department of Retirement	X		X

Deferred/Defined Contribution Clients	Asset Size		
	<\$1 billion	\$1-\$10 billion	>\$10 billion
Federal Thrift Plan			X
Supplemental Retirement Plans of North Carolina		X	
California Department of Human Resources Savings Plus Program			X
City of Phoenix Employees' Deferred Compensation Plan		X	
Kentucky Deferred Compensation Authority		X	
State of Massachusetts Deferred Compensation Plan			X
City of Philadelphia Deferred Compensation Plan	X		
State of Arizona Deferred Compensation Plans		X	
State of Idaho Deferred Compensation Plan	X		
State of New Mexico Deferred Compensation Plan		X	
State of New Hampshire Public Employees Deferred Compensation	X		
South Carolina Deferred Compensation Plan		X	



## References

In addition, we are pleased to provide you with the following references, who can describe their experience in greater detail. CLA offers its clients the best of two worlds — a firm with national public sector experience, complemented by a local team dedicated to accessibility and responsiveness.

### Ohio Public Employees' Retirement System (2006 – present)

<b>Client Contact</b>	Jennifer Starr, Chief Financial Officer
<b>Phone Number / Email</b>	614-227-0059 / jstarr1@opers.org
<b>Services Provided</b>	Financial Statement Audit, Audit of GASB 68 Schedules, Audit of GASB 75 Schedules

### Texas Municipal Retirement System (2018 – present)

<b>Client Contact</b>	Rhonda Covarrubias, Director of Finance
<b>Phone Number / Email</b>	512-225-3706 / rcovarrubias@tmrs.com
<b>Services Provided</b>	Financial Statement Audit, Audit of GASB 68 schedules, SOC 1 Audit

### North Dakota Public Employees' Retirement System (2015 – present)

<b>Client Contact</b>	Derrick L. Hohbein, Chief Financial Officer
<b>Phone Number / Email</b>	701-328-3945 / dhohbein@nd.gov
<b>Services Provided</b>	Financial Statement Audit; Employer Census Data Testing; Audit of GASB 68 Schedules; Audit of GASB 75 Schedules; Group Health Insurance Fund audit services



### 3.4 Peer review reports

In the most recent peer review report, dated November 2019, we received a rating of ***pass***, which is the most positive report a firm can receive. Our previous report, dated November 2016, was also rated ***pass***. We are proud of this accomplishment and its strong evidence of our commitment to technical excellence and quality service. ***Our 2019 report is provided on the following page.*** We would be happy to furnish our 2016 report, should the CPRB request it.

In addition to an external peer review, we have implemented an intensive internal quality control system to provide reasonable assurance that the firm and our personnel comply with professional standards and applicable legal and regulatory requirements. Our quality control system includes the following:

- A quality control document that dictates the quality control policies of our firm. In many cases, these policies exceed the requirements of standard setters and regulatory bodies. Firm leadership promotes and demonstrates a culture of quality that is pervasive throughout the firm's operations. To monitor our adherence to our policies and procedures, and to foster quality and accuracy in our services, internal inspections are performed annually.
- Quality control standards as prescribed by the AICPA. The engagement principal is involved in the planning, fieldwork, and post-fieldwork review. In addition, an appropriately experienced professional performs a risk-based second review of the engagement prior to issuance of the reports.
- Hiring decisions and professional development programs designed so personnel possess the competence, capabilities, and commitment to ethical principles, including independence, integrity, and objectivity, to perform our services with due professional care.
- An annual internal inspection program to monitor compliance with CLA's quality control policies. Workpapers from a representative sample of engagements are reviewed and improvements to our practices and processes are made, if necessary, based on the results of the internal inspection.
- Strict adherence to the AICPA's rules of professional conduct, which specifically require maintaining the confidentiality of client records and information. Privacy and trust are implicit in the accounting profession, and CLA strives to act in a way that will honor the public trust.
- A requirement that all single audit engagements be reviewed by a designated single audit reviewer, thereby confirming we are in compliance with the standards set forth in *Uniform Guidance*.





## Report on the Firm's System of Quality Control

November 21, 2019

To the Principals of CliftonLarsonAllen LLP  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2019. 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](http://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; audits of employee benefit plans; audits performed under FDICIA; audits of broker-dealers; and examinations of service organizations [SOC 1 and SOC 2 engagements].

As a part of our peer review, we considered reviews by regulatory entities as communicated by 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 CliftonLarsonAllen LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2019, 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*. CliftonLarsonAllen LLP has received a peer review rating of *pass*.

Cherry Bekaert LLP



### 3.5 Licensed CPA's throughout CLA / Firm overview

CLA has more than 2,500 licensed CPA's firm wide of which 835 are strictly audit professionals. As previously mentioned, CLA has formed a unique niche of team members who serve large governmental pension plans. *For CPRB, choosing CLA offers you the benefit of working with this unique group of public pension professionals who dedicate 100% of their time serving governmental pensions similar to CPRB.*

### 3.6 Required statement on reissued audit reports

CLA has not had a final audit report that had to be reissued due to material errors or omissions discovered by West Virginia Financial Accounting and Reporting Section or other West Virginia state agency.

### 3.7 Membership in the AICPA Government Audit Quality Center (GAQC)

Because CLA is committed to quality audits for our government clients, we are an active member in good standing of the Government Audit Quality Center (GAQC) of the American Institute of Certified Public Accountants (AICPA).

Launched in September 2004, the mission of the GAQC is to raise awareness about the importance of governmental audits and to serve as a comprehensive resource on the topic for member firms.



GAQC member firms must institutionalize annual internal inspection procedures, comply with continuing professional education requirements as set forth by Government Auditing Standards, and establish policies and procedures in compliance with GAQC recognized professional standards.

We leverage our membership to access resources designed to enhance audit quality and to apply audit best practices. The GAQC provides the latest developments in accounting, auditing, and the various rules and regulations that affect governmental audits. CLA's participation in the GAQC is an indicator of our dedication to quality government audits.

# Approach to the Audit

## Seamless assurance advantage: a different way to audit

Many organizations view an audit as a requirement that doesn't contribute to their overall operations or value. At CLA, we believe an audit should be an annual check-up that gives you insight into your organization, allowing you to take advantage of opportunities and improve your operations.

**Our industry experience makes it easier.** CLA auditors are industry aligned, making our audit process fast and smooth. We focus on operational efficiency and leverage our industry experience to bring you meaningful insights that go beyond compliance requirements. A dedicated team of professionals will listen to your goals and concerns, then work with you to navigate industry pressures, changing markets, and complex standards, all with a common goal to drive your business toward success.

**Your time has value.** We recognize that you and your teams' day is filled with competing priorities and constant distractions. We elevate your experience by utilizing a variety of communication mediums, such as a web-based document portal, video conferencing, email, and phone calls, to keep everyone informed and on track. These mediums provide ultimate flexibility so that you can choose where and how your audit is performed. In contrast to a traditional engagement, where a team spends weeks on site at your location, our Seamless Assurance Advantage focuses on having the right team members on your engagement and isn't dependent upon any physical locations.

**A simple transition.** We recognize changing accounting firms presents an opportunity as well as a challenge. Our approach deliberately and effectively minimizes the impact of transition.



**No surprises.** We will provide CPRB with a **no surprises** approach to our services, based on frequent and timely communication and clarity around roles and expectations. If and when issues arise during the course of your audit, we engage the right people in a frank discussion to resolve them.

**Significant involvement of principals and managers.** Because our principals and managers are directly involved in your engagement, we can proactively identify significant issues and resolve them with your management. We



believe that your time is best spent with key decision makers so that you can ask clarifying questions, discuss organizational strategies, and navigate sensitive reporting issues.

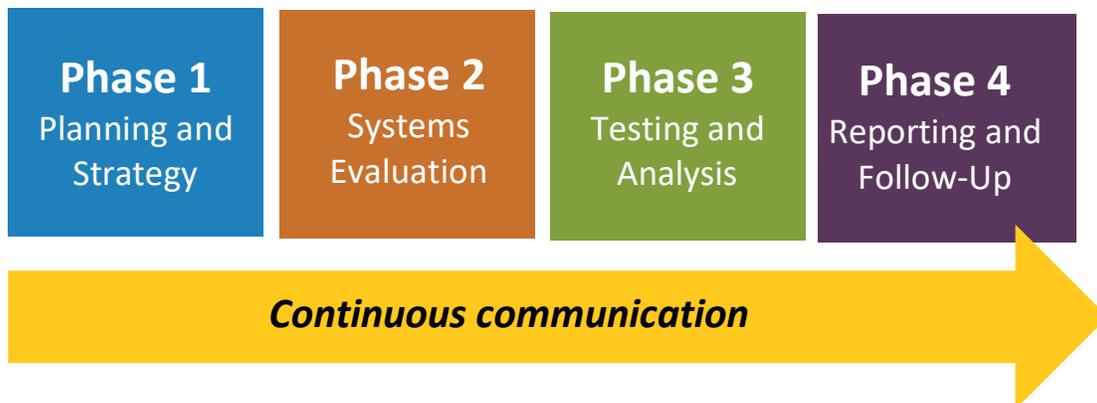
**We tailor the audit just for you.** While our audit programs provide typical approaches for given audit areas, CLA designs a client-specific, risk-based audit approach for each client. We use custom, industry-tailored programs, procedures, and tools that are designed specifically to focus on the issues that are applicable to governmental pensions.

You'll learn about what we're doing and what we've found in plain, everyday language. We believe our services can contribute to better business and administrative practices. By working closely with your staff, CLA continuously learns about your organization. This involvement enables us to offer you recommendations for improvements in your systems and procedures that are more comprehensive, better understood, and more frequently implemented.

When performing an audit, we are sensitive and understanding of the fact that we report to those charged with governance. We maintain objectivity and independence in order to be able to issue our audit opinions. We will act within our philosophy of total client service, maintain the professional relationship refined with management, and fulfill our responsibilities with the utmost professionalism.

**Year-long support.** We encourage your staff to take advantage of our accessibility throughout the year for questions that may arise. Our people, working with you and your staff, can provide proactive advice on new accounting or GAAP pronouncements and their potential impact; help with immediate problems including answers to brief routine questions; and share insights and best practices to assist you in planning for your future success.

We will conduct our financial statement audit in four primary phases, as shown below:



**Methodology.** Our audit is performed based on a risk-based approach. We conduct our audits under the concept of “understanding the entity.” This concept is based fundamentally on the fact that the CPRB is unique. By understanding the CPRB, we gain the necessary perspective for performing an effective audit. Our audit approach places particular emphasis on the planning phase to ensure maximum efficiency and effectiveness.

### Phase 1: Planning and Strategy

The main objective of the planning phase is to identify significant areas and design efficient audit procedures. We will accomplish our planning by following the methodology below:

- Conduct an entrance meeting with the CPRB – Jason Ostroski will meet with the CPRB personnel to mutually agree on an outline of responsibilities and timeframes. The agenda will include but not be limited to the following:

- Establish audit approach and timing schedule,
  - Assistance to be provided by the CPRB personnel,
  - Application of generally accepted accounting principles,
  - Initial audit concerns,
  - Concerns of the CPRB's management,
  - Establishment of report parameters and timetables
  - Progress reporting process, and
  - Establish principal contacts.
- Gain an understanding of the operations of the CPRB, including its organization, management style and internal and external factors influencing the operating environment. We will utilize reference materials such as the budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.
  - Identify significant accounts and accounting applications, critical audit areas, significant provisions of laws and regulations, and relevant controls over operations.
  - Determine the likelihood of effective Information Systems (IS) - related controls.
  - Perform a preliminary overall risk assessment.
  - Determine protocol for requesting information from and meeting with the business office staff.
  - Establish a timetable for the fieldwork phase of the audit.
  - Determine a protocol for using Interactive Data Extraction and Analysis (IDEA), our data extraction and analysis software, to facilitate timely receipt and analysis of reports from management.
  - Compile an initial comprehensive list of items to be prepared by the CPRB, establish mutually agreed upon deadlines.

We will document our planning through preparation of the following:

- **Entity Profile.** This profile will help us gain an understanding of the CPRB's activities, organizational structure, services, management, key employees and regulatory requirements.
- **Preliminary Analytical Procedures.** These procedures will assist in planning the nature, timing and extent of auditing procedures that will be used to obtain evidential matter. They will focus on enhancing our understanding of the financial results, and will be used to identify any significant transactions and events that have occurred since the last audit date, as well as to identify any areas that may represent specific risks relevant to the audit.
- **General Risk Analysis.** This will contain our overall audit plan, including materiality calculations, fraud risk assessments, overall audit risk assessments, effects of our IS assessment, timing, staffing, client assistance, a listing of significant provisions of laws and regulations and other key planning considerations.
- **Account Risk Analysis.** This document will contain the audit plan for the financial statements, including risk assessment and the extent of testing by assertion.
- **Prepared by Client Listing.** This document will contain a listing of schedules and reports to be prepared by the CPRB personnel with due dates for each item.



One of the key elements in the planning of this audit engagement will be the heavy involvement of partners and senior managers. We will clearly communicate any issues in a timely manner, and will be in constant contact with the CPRB as to what we are finding and where we expect it will lead.

We will develop our audit programs during this phase. We will use our standard audit programs as a starting point, and will tailor the initial audit programs for each major section of the audit based on our planning and risks identified. We will hold an entrance conference with the CPRB to discuss the audit timeframes, and will meet the appropriate the CPRB personnel at least one month prior to the start of each audit.

## *Phase 2: Systems Evaluation*

During the systems evaluation phase, we will first gain an understanding of the internal control structure of the CPRB for financial accounting and relevant operations. Next, we will identify control objectives for each type of control that is material to the financial statements, and then identify and gain an understanding of the relevant control policies and procedures that effectively achieve the control objectives. Finally, we will determine the nature, timing and extent of our control testing and perform tests of controls.

This phase of the audit will include extensive testing of controls:

- Over electronic data, including general and application controls reviews and various user controls
- Over financial reporting and compliance with laws and regulations

We will test controls over each critical audit area. One of our audit efficiency initiatives is to rely heavily on internal controls when appropriate and to creatively look at internal control testing to make it as efficient as possible. This means not routinely performing detailed tests of transactions using large samples. We first seek to identify key controls, and then identify possible testing through alternative methods, such as observation, interviews, and re-performance. These tests serve not only to gather evidence about the existence and effectiveness of internal controls for purposes of assessing control risk, but also to gather evidence about the reasonableness of an account balance.

We will also develop our internal control tests to assess the compliance with certain provisions of laws, regulations, contracts, and grants for which noncompliance could have a direct and material effect on the determination of financial statement amounts. Our use of multi-purpose tests allows us to provide a more efficient audit without sacrificing quality.

Our assessment of internal controls will determine whether the CPRB has established and maintained internal controls to provide reasonable assurance that the following objectives are met:

- Transactions are properly recorded, processed, and summarized to permit the preparation of reliable financial statements and to maintain accountability over assets
- Assets are safeguarded against loss from unauthorized acquisition, use, or disposition
- Transactions are executed in accordance with laws and regulations that could have a direct and material effect on the financial statements

We will finalize our audit programs during this phase. We will also provide an updated Prepared by Client List based on our test results and our anticipated substantive testing.

In addition, during the internal control phase, we will perform a review of general and application Information Systems (IS) controls for the applications that are significant to financial statements to conclude whether IS general controls are properly designed and operating effectively, and consider application controls as part of the



internal control assessment in the financial statement audit. Our strategy for the IS review of the applications will involve reviewing all of the general control activities, including the computerized and manual processes. We will determine the scope of work by applying the concepts of materiality and risk assessment to effectively reduce examination inefficiencies. When planning this examination, we will gain an understanding of the CPRB's operations by reviewing its current controls and control objectives as documented, and will also review prior years audit work and the status of corrective actions.

Based on our preliminary review, we will perform an initial risk assessment of each critical element in each general control category, as well as an overall assessment of each control category. We will then proceed to assess the significant computer-related controls.

For IS-related controls that we deem to be ineffectively designed or not operating as intended, we will gather sufficient evidence to support appropriate findings and will provide recommendations to improve internal controls. For those IS controls that we deem to be effectively designed, we will perform testing to determine if they are operating as intended through a combination of procedures, including observation, inquiry, inspection, and re-performance.

The above was a general discussion on our approach to system evaluation. Below and on the following pages, we have provided a detailed discussion of our system evaluation process for high-risk audit areas specific to retirement systems. Where applicable, we will leverage our system evaluation for our audit of the financial statements to address the system evaluation and risk assessment related to the audit of the **Schedule of Allocations** and **Schedule of Pension Amounts by Employer**.

- **Investments** – The most complex, significant, and critical audit area in public retirement systems is investments, and as a result they require a unique approach to appropriately address all of the risks. Through our public retirement & pension team's experience auditing some of the largest systems in the country, we have developed a tailored and customized audit approach for this key risk area. The span of a public retirement systems investment operations includes the 'front' office with portfolio management; extends to the 'middle' office with the control, analytical, and support functions; and is underpinned by the 'back office' which supports reconciliation and financial reporting of investments. The size and complexity of the public retirement system will determine the location and responsibility within the organization that these functions will be performed. For example the 'front' and 'middle' offices are in some cases combined and performed in one branch of the organization.

We begin our evaluation of investment operations by reviewing the system's investment policy statement and guidelines, asset allocation, custodial relationships, internal process documentation, and financial reporting. The asset allocation, both actual and policy, is critical because it allows us to identify the allocation to public and private markets and securities lending, each of which possess different types and levels of risk.

Below we will discuss our approach to system evaluation separately for public and private markets and securities lending and we will conclude with a discussion of our evaluation of financial reporting and reconciliation.

- **Public Markets** - Public markets inherently have a lower risk than other types of investments because they are liquid and the markets are generally open and transparent. This lower risk is reflected in our approach to understanding the controls around these types of investments. It is still important to have clear, relevant procedures for selecting investment professionals or



having procedures. Even more important is following and documenting those controls, which mitigates a number of risks to the fund and its core goal of generating returns sufficient to meet benefit obligations. In response to this we will evaluate and understand the manager selection process and how managers are approved and funded. Because most public market investments are held in custody of and processed through the custodial bank, we gain an understanding of and reliance on the controls over these types of investments by reviewing the custodial bank's SSAE 18 report.

- **Private Markets** - Private markets are generally illiquid, not frequently traded, and the investments are not held by the custodial bank. These factors make these investments inherently more risky than public markets. Because of this increased inherent risk, additional scrutiny is required. In the system evaluation phase we evaluate and understand management's controls over the existence and valuation of private market investments. Our approach includes evaluating the due diligence programs for appropriateness and controls. These reviews examine the following:
  - Initial due diligence (procedures performed before the initial investment)
  - Ongoing monitoring (procedures performed after the initial investment)
  - Financial reporting controls (procedures related to accounting for and reporting the investment)
  - Documentation and other evidence to support the due diligence programs

We also review and analyze the use of external asset management policies and processes, including:

- Factors influencing the decision making process to hire external managers and advisors
  - The selection process of external managers and advisors
  - The scope of work provided by external managers and advisors including external investment manager structure and decision-making processes
  - Basis and methodology for the compensation of external investment managers and advisors and payments to others, if any
  - The evaluation process of the performance of external investment managers and the role and qualifications of placement agents and/or third-party marketers
  - Review of the applicability of policies and procedures in conjunction with the various performance reports produced on a regular basis
  - For significant external managers, we will obtain and review contracts and the related provisions regarding compliance, SSAE 18 reports, and review any representations provided to management that the investment managers properly disclosed all issues of noncompliance and are unaware of any fraudulent activities.
- **Securities Lending** - Securities lending is classified separately from public and private market investments because of its unique nature. It is an area that is generally viewed as a low risk, ancillary part of the investment function. However, the collapse of the markets in 2008 highlighted the risk and criticality of this area. To understand the controls around securities lending we perform the following steps:



- Understand the program and related risks
  - Evaluate the completeness of written policies and procedures
  - Review and ensure SSAE 18 reports of providers include internal controls relevant to securities lending
  - Review Compliance Reporting processes
  - Review contract provisions
  - Review issuer/counterparty limits
- **Financial Reporting and Reconciliation** - We perform a system evaluation of the CPRB's financial reporting and reconciliation process and controls over investments. Our evaluation of the 'back' office includes understanding of the processes and controls in place for recording the investment activity to the general ledger and the daily and monthly reconciliations of investment balances between the custodial bank, investment managers and the general ledger. Particularly for private market investments with lagged valuations, these reconciliations are critical controls to assure values are updated through the CPRB's year end.
- **Benefit Payments/Distributions** – Benefit payments are generally the most significant expenditure of any public retirement system and as such, are a critical process in financial reporting. We also understand that benefit calculations can be very complex due to the multitude of options and possible inputs into the calculations. The primary controls for benefit payments occur during the calculation of the initial retirement benefit. Therefore our process includes gaining a thorough understanding of how the initial benefits are calculated and what controls are in place to assure that those calculations are incorporating accurate and proper inputs and that the calculations are being performed in accordance with the plan provisions. We identify the various touch-points with the pension information system in the benefit payment controls structure. For example, the system may calculate the benefit payment for the benefit processor. In this case we have experienced information system auditors to examine the system controls over the calculation of those benefits. In addition to the calculation of the benefits, we examine the controls over inputting the benefits into the pension information system, calculation and input of cost-of-living and other retirement benefit adjustments, payment of the benefits and ultimately recording of the benefits to the general ledger. Our testing of benefits at the retiree payout level is two-fold. Our financial statement auditors manually recalculate samples of varying benefit payments, while our IS auditors simultaneously test sample payouts from a system standpoint starting with the initiation of the payout to the processing of the distribution looking to identify any weaknesses in the process and internal controls.

Once we document and walkthrough our understanding of the controls over these various benefit payment processes, we select a sample of benefit payments and test these controls to assure they are operating effectively.

- **Contributions** – The employer reporting process is a critical process in financial reporting of contributions, particularly for multi-employer plans. Employer reporting includes new member enrollment, reconciliation of contributions, verification of accurate contribution rates and collection, and monitoring of contributions receivable. Our approach begins with an understanding of the internal policies and procedures over employer reporting and how they interact with the financial reporting of contributions. This includes how the contribution received and receivable are ultimately recorded to the



general ledger. Throughout this evaluation we will examine the various touch-points of the pension information system in the control structure. We will have experienced information system auditors examine the information system controls as they relate to contributions. We will then select a sample of active participants and test the key controls identified in our evaluation above for effectiveness.

**Actuarial Data** – The actuarially calculated information is critical to the financial reporting and disclosures of any public retirement system with a defined benefit component. During the system evaluation phase we will primarily gain an understanding of the process for gathering actuarial census data. The census data is an important input into the actuary’s calculation and can have a significant impact on the accuracy of the calculations. In response, our understanding of the census data is woven throughout our entire system evaluation process because inputs that occur in the employer reporting/contribution and benefit payment processes can have an impact on the reliability of the data that is extracted from the pension information system and provided to the actuary. Next, we select a sample of active and inactive participants and retirees directly from the census data and from outside of the census data. The reason we sample from both inside and outside the census data is to evaluate the data for both completeness and existence. We then test the accuracy of the critical inputs into the calculation of the actuarial accrued liability.

In addition to our review of the census data in this phase, we will perform a preliminary review of the most recent actuary report, assumptions, and background of the actuary performing the calculations. A detailed discussion of our procedures for selecting of a representative group of contributing employers, including our planned reliance on employer auditor’s attestation reports or CLA directly performing the procedures, is included in Phase 3, Test and Analysis, **Census Data and Contribution Testing at the Employers**.

### *Phase 3: Testing and Analysis*

The extent of our substantive testing will be based on results of our internal control tests. It has been our experience that governmental entities, like the CPRB, often have a system of internal control that, with appropriately designed tests and

correlation to account balances, can be used to limit the extent of account balance substantiation testing.

Audit sampling will be used only in those situations where it is the most effective method of testing. Before deciding to sample, we will consider all possible approaches and audit techniques. Items where, in our judgment, acceptance of some sampling risk is not justified will be examined 100 percent. These may include unusual items or items for which potential misstatements could individually equal or exceed tolerable error.

After identifying individually significant or unusual items, we will decide on the audit approach for the remaining balance of items by considering tolerable error and audit risk. This may include (1) testing a sample of the remaining balance, (2) lowering the previously determined threshold for individually significant items to increase the percent of coverage of the account balance or (3) applying analytical procedures to the remaining balance. When we elect to sample balances we will use IDEA to efficiently control and select our samples.

Our work papers during this phase will clearly document our work as outlined in our audit programs. We will also provide the CPRB and the State Auditor with status reports during the course of the audit fieldwork. As in all phases of the audit, we will be in communication with the CPRB to ensure that all identified issues are resolved in a timely manner. We will also hold a final exit conference with the CPRB to summarize the results of our fieldwork and review significant findings.



The key areas that we will substantively test during our audit will include, but not necessarily be limited to the following:

- **Investments** – We will focus on verification of existence and valuation of investments. For purposes of understanding our approach, we will segment the discussion of our approach below by public markets, private markets, and securities lending.
  - **Public Markets** - As discussed in Phase 2 above, we will review the SSAE 18 report to gain an understanding of controls at the custodial bank. Because public market investments are generally held in custody by the custodial bank, we test existence by confirming these investment balances with the custodian. Though we place reliance on the controls at the custodian, we still select a sample of equity and fixed income securities and test the valuation of the prices of select securities by comparing the reported valuations to independent third party pricing sources.
  - **Private Markets** - Our focus is on the assertions of existence and valuation. We primarily test existence of private market investments, which include alternative investments and are not held in custody of the custodial bank, by confirming with the investment managers. To test the valuation we perform multiple procedures. First, we obtain audited financial statements and reconcile them to the reported investment balances. There may be instances that the year end of the funds audited statements will not correspond with the CPRB's year-end particularly considering the CPRB's year end is June 30th. In these instances, to roll-forward the value derived from the Funds' audited financial statements to the CPRB's year-end valuations; we trace the cash flows to the custodial bank and compare the valuation adjustment to various benchmarks, consultant's reports, and to expectations developed through discussion with internal investment staff for reasonableness. Another factor that we consider in our testing of private market investments is the existence of lagged valuations. Lagged valuations are used because private market investments are not frequently priced, which means values reported may be not be as of the CPRB's year end and would require additional analysis. In these situations, we will compare the values reported by the CPRB at June 30th to the actual June 30th balances as confirmed by the investment managers and validated through comparison to the funds audited financial statements.
  - **Securities Lending** - To test the existence of securities on loan and the values of reinvested collateral we will confirm the balances with the custodial bank or the third party administrator, as it is separate from the custodial bank. We recalculate the ratios of collateral to securities on loan to assure they are within the policies of the system. We also perform price testing on the securities purchased with the cash collateral received from loaned securities.
  - **Overall Reporting** - We will perform analytical procedures over investment income and balances in each of the areas described above to identify any anomalies. Our analytical procedures rely heavily on the financial information and analysis performed by the CPRB's financial advisors.

Finally, we understand that GASB No. 40, 53 and 72 are significant disclosures impacting public retirement systems due to the variety and complexity of the types of investments held. Statement No. 40 provides information to assess common risks inherent in deposit and investment transactions to readers of governmental financial statements. Statement No. 53



addresses the recognition, measurement, and disclosure of information regarding derivative instruments. Statement No. 72 addresses disclosure requirements regarding the fair value of investments. Since these Statements have such a significant impact on financial reporting for public retirement systems we have developed a detailed approach to assuring the appropriate information is accurately reported. We will work with the financial reporting teams to understanding the specific GASB No. 40, 53, and 72 requirements that apply to the CPRB. Based on this understanding we will test the various inputs into the disclosure such as duration, credit ratings, foreign currency, notional values and fair value leveling by obtaining supporting schedules and tracing sampled holdings to various third party sources such as Bloomberg.

- **Benefit Payments** – As discussed in Phase 2, we will focus on assessing the internal control procedures surrounding the calculation of benefits and the disbursement process to lower our audit risk. We will reconcile a detail of benefit payments obtained from the pension information system to the general ledger. We will use a combination of IT audit work and analytical analysis to further substantively test the reported benefit payment amounts. In addition to utilizing our IT auditors, we will utilize IDEA to assist in selecting samples, but also its ability to search the detail ledgers for unusual transactions or fraud indicators. We will also perform analytical procedures to identify unusual trends. These analytical procedures will include an analysis of trends in average benefits per retiree, changes in benefits month over month and year over year, and a comparison of this information to external data such as the actuarial valuation.
- **Contributions** – In addition to our control testing around calculation of employee and employer contributions and the cash receipt process discussed in Phase 2, we will confirm employee and employer amounts reported to the CPRB with a sample of employers. We will also utilize our IT auditors to assess the control procedures related to member and employer contribution calculations as well as employ IDEA to recalculate transactions, choose samples, and also to search for unusual transactions or indicators of fraud. We will also perform analytical procedures to identify unusual trends. Where applicable, these analytical procedures will include an analysis of trends in average contribution per retiree, changes in contribution amounts month over month and year over year, and comparisons of normal cost rates between actual reported contributions and the actuary report.
- **Actuarial Data** – As discussed in Phase 2, we will initially focus on assessing the internal control procedures surrounding the verification of data provided to the CPRB's actuary. In Phase 3 of the audit we will confirm directly with the actuary's their independence, qualifications, background, and the methods and assumptions used in preparing the report. We will examine the report to assure the calculations are prepared in compliance with the requirements of GASB. We will perform a detailed comparison of assumptions used in the calculation to industry standards and peers to assure they are reasonable, based on the current economic conditions and the performance of the CPRB.

Our public retirement & pension team utilizes an **auditor's specialist** during all engagements. The auditor's specialist is an external actuary firm that performs a thorough review of the actuarial valuation report and the GASB 67 and 68 actuary reports to assure the assumptions and resulting calculations are reasonable. The external firms we utilize are sensitive to the recent scrutiny public pensions nationwide have endured regarding not only existing unfunded liabilities but also the reasonableness of investment return assumptions.

We also understand that our public pension plans are "long-term investors" when it comes to paying future benefits. Since 1985, a period that has included three economic recessions and four years when



median public pension fund returns were negative (including the 2008 decline), public pension funds have exceeded their assumed rates of investment return. Changes in economic and financial conditions are causing many public plans to reconsider their investment return assumption. Such a consideration must remain consistent with the long time frame under which plans operate.

As noted in our approach to the system evaluation, we will leverage substantive testing performed during our audit of the financial statements to reduce any testing specifically required for our audit of the **Schedule of Allocations** and **Schedule of Pension Amounts by Employer**. Our testing approach specific to these schedules will include the following:

- **Census Data and Contribution Testing at the Employers**

We will review plan documents (and collective bargaining agreements for a multiemployer plan) and obtain an understanding of what participant data is relevant to the CPRB's financial statements. Based on an initial review of the statutes and plan summary information as well as discussions with the CPRB's actuary we expect the following participant data to be significant and thereby included in our testing of the census data:

- **Active Employees**

- Birth date
- Salary or wage rate
- Years of services

- **Retirees**

- Retirement benefit
- Age/Date of Birth
- Payee status
- Date of Retirement
- Form of payment

- **Inactive employees**

- Contribution balance (including interest)
- Years of service
- Accrued benefit

In order to test the validity of the contribution and census data, we will select a sample of employers as described below.

The sample selection process will be a risk-based selection process. The risk-based sample selection proposed by the AICPA State and Local Government Expert Panel is as follows:

- Select 100 percent of individually significant employers (>20%)
- Employers that exceed five percent of payroll will be tested on a five-year rotating basis
- The remaining employers will be test on a ten-year rotating basis
- Employers that comprise less than two percent of aggregate contributions will be considered immaterial and excluded from testing

To test the completeness of the census data and contributions we will perform the following procedures:

- Select a sample from the master payroll file of the employer.



- Determine the eligibility of the employees selected to participate in the CPRB.
- Trace eligible employees to the census data or determine that ineligible employees are properly excluded from the census data.
- Trace eligible employees to contributions received by the plan during the year or determine that ineligible employees are properly excluded from contributing to the CPRB.

To test the accuracy of the census data and contributions, we will perform the following procedures for a sample of employees:

- Trace individual payrolls from the payroll journal to the participants' earning records
- Trace pay rates to authorizations or union contracts.
- Verify demographic data, as listed earlier in this work plan, is accurate.
- Verify that the appropriate eligible compensation (i.e. base wages, overtime, and bonuses), as specified in the plan document, was used in the calculation of contributions.
- Re-compute the employee contribution based on the statutorily determined rates.
- Trace the tested individuals' contributions to the individual participant accounts.
- Trace to inclusion in total employee contributions for the year.

#### **Schedule of Employer Allocations**

As a part of our audit related to the schedule of employer allocations, we will do the following:

- We will obtain an understanding of the plan methodology for allocating the individual employers' collection pension amounts.
- We will obtain a schedule of the allocation base by employer, and then test the schedule's clerical accuracy and trace totals to the general ledger, if appropriate. Our testing will include the following:
  - Confirm a sample of the allocation base for the plan year with employers participating in a multiemployer plan.
  - Relate the testing performed in the participant data above to the schedule of the allocation base by employer provided by the plan.

#### **Schedule of Pension Amounts by Employer**

We will perform the following for the schedule of pension amounts by employer:

- Perform the following procedures related to the actuary and the information provided by the actuary:
  - Obtain satisfaction regarding the professional qualifications and reputation of the actuary.
  - Obtain a confirmation from the plan actuary as of the benefit information date. The confirmation can be designed to either request a copy of the actuary's report as part of the response, or to request verification of information in a report provided by the actuary to the client.



- Reconcile the aggregate census data (number of participants and total compensation) from the employers' records to the actuary's report and confirmation.
- Compare the relevant plan provisions and amendments per review of plan documents with those summarized in the actuary's report as used in the actuarial determination.
- Consider whether the actuary's assumptions and methods conform to standards for measuring the total pension liability and to the standards for assumptions in GASB Statement No. 68, *Financial Reporting for Pension Plans* and appear reasonable in relation to the plan's provisions and experience. Specifically, we will consider the reasonableness of the following assumptions:
  - The discount rate (i.e. the rate of return on plan assets)
  - Mortality rates
  - Trends and nature of benefit distributions (for example, lump sum versus annuity)
  - Turnover and retirement assumptions
  - The effects of plan benefit formula changes or a freezing of the plan
- Review the total pension liability for reasonableness.
- Trace amounts in the Schedule of Pension Amounts by employer to the actuary report or other supporting schedules confirmed with the actuary.
- Test the clerical accuracy of the schedule and the allocation of the various elements which include the net pension liability, deferred inflows and outflows of resources and the pension expense.

#### Phase 4: Reporting and Follow-Up

Once the final reviews of working papers and financial statements are completed, which is a process that actually starts while the fieldwork is in process, our opinion, the financial statements, and management letter will be issued.

Reports to management will include oral and/or written reports regarding:

##### **Independent Auditor's Report**

- Independent Auditors' Report on CRPB's financial statements in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States
- Independent Auditors' Report on Internal Control over financial reporting and on compliance and other matters based on an audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Independent Auditors' Report on the Schedules of Employer Allocations and Pension Amounts for the 5 multi-employer defined benefit retirement systems in accordance with GAAS
- Independent Auditors' Report on the Schedule of Pension Amounts for the 4 single-employer retirement systems in accordance with GAAS



### Compilation Report

- Independent Accountant's Compilation Report on the Annual Report of Total Annual Contributions to the West Virginia Public Employees Retirement System. **(ONLY A REQUIREMENT FOR FISCAL YEARS 2020 and 2021) Pricing reflects that this requirement only exists in FY 2020 and 2021.**

### Management Letter

- Written Communication to Those Charged with Governance, which includes the following areas:
  - Our responsibility under auditing standards generally accepted in the United States of America
  - Changes in significant accounting policies or their application
  - Unusual transactions
  - Management judgments and accounting estimates
  - Any significant audit adjustments
  - Other information in documents containing the audited financial statements
  - Any disagreements with the CPRB
  - the CPRB's consultations with other accountants
  - Major issues discussed with management prior to retention
  - Any difficulties encountered in performing the audit
  - Fraud or illegal acts

Once the final reviews of working papers and financial statements are completed, which is a process that actually starts while the fieldwork is in process, the financial statements and management letter will be issued.

The CPRB will be provided a draft of any comments that we propose to include in the management letter, enabling you to review the comments for accuracy prior to final release. Any items that come to our attention that are not what we consider major items may be discussed verbally with management and not included in the management letter. Our management letter will include items noted during our analysis of your operations. We will also make a formal presentation of the results of the audit to those charged with governance of the CPRB, if requested.



## Estimated audit timing by phase

Please see the below chart for the estimated time frame for the 2020 audit relating to each segment of this engagement. This timing will apply to all future years as well.

Annual Audit Task	Phase (Based on Phases in Audit Approach)	Dates (for year 1 of engagement)
Entrance Conference	Phase 1	May 2020
Employer Census Data Testing	Phase 3	May 2020 to October 2020
Interim Audit Work	Phase 1 and 2	May 2020 through August 2020
Audit Fieldwork	Phase 3	August 2020 through October 2020
Issue Final Financial Statement Reports	Phase 4	October 15, 2020
Presentation of financial statement audit to board/management	Phase 4	By October 15
Prepare Compilation Report	Phase 4	October 2020 through November 2020
Issue Final Compilation Report	Phase 4	By December 1, 2020
Provide Final CAFR Audit Opinion	Phase 4	By December 31, 2020
GASB 68 and 75 Schedule Audit Work	Phase 3	January 2021 through April 2021
Issue GASB 68 and 75 Schedule Audit Reports	Phase 4	By May 1, 2021 if not earlier

## Commitment to communication with management

As you will see, we are committed to ongoing communication throughout the engagement. Continual communication starts when an engagement letter is issued, continues until the completion or closeout of an engagement, and throughout the remainder of the year. We believe effective communication is critical to a successful engagement. This communication includes the exchange of ideas and advice as changes are considered or implemented by the entity or the accounting profession.

During the engagement we will hold regular status meetings with CPRB to enhance day-to-day operations, results, and any issues are commonly understood and addressed. The objectives of tracking and formally reporting the engagement status are to:

- Provide a consistent technique for monitoring progress against plan
- Identify any issues quickly to allow for timely corrective action
- Provide an objective rather than subjective evaluation of status
- Provide timely information on a regular basis
- Assist with obtaining buy-in of any audit recommendations on a timely basis

Our proactive measures foster communications, both written and oral, which are ongoing, relevant and routine to our engagements. Our commitment to this practice encourages open lines of communication and often prevents and/or mitigates service delivery issues. Our professionals are trained in documenting observations, recommendations, business issues, and new developments as part of their daily routine.

We explain exactly what we're doing and what we've found in plain, everyday language. We translate our findings into ideas on how you can address them. We believe our services are a contributing factor to better business and administrative practices. We gain a better understanding of your organization by working closely



with your staff. This involvement enables us to offer you recommendations or suggestions for improvement in your systems and procedures that are more comprehensive, better understood, and more frequently implemented.

## Assurance Information Exchange (AIE)

To make working with CLA a seamless experience, our team utilizes a secure web-based application to request and obtain documents necessary to complete client engagements. This application allows CLA and our clients to view a “live” client assistance letter clients, which provides detailed information, including due dates for all of the open items CLA is requesting. Additionally, clients have the ability to attach electronic files and add commentary related to the document requests directly on the application.

Below are some examples of the Assurance Information Exchange software:

Two Dimensional Filter Statistics: SOMN Test					
Stage	OPEN	REOPENED	CLIENT	SUBMITTED	T:
Planning	6	0	4	0	10
Interim	42	0	0	1	43
Final Fieldwork	4	1	14	2	21

Assigned to Me				
Client Name	P ↓	Status	Stage	Summary
SOMN Test Company	↑	CLIENT	Planning	Org chart
SOMN Test Company	↑	CLIENT	Planning	Internal audit plan
SOMN Test Company	↑	CLIENT	Planning	Regulatory example & response
SOMN Test Company	↑	CLIENT	Planning	Mgmt letter response
SOMN Test Company	↑	OPEN	Planning	Lease agreements
SOMN Test Company	↑	OPEN	Interim	Loan and Deposit sheets



## Data analytics

In addition to standard auditing methodology, a distinguishing aspect of CLA's audit services incorporates the power of data analytics to multiply the value of the analyses and the results we produce for clients. CLA's data methodology is a six-phase, systematic approach to examining an organization's known risks and identifying unknown risks. Successful data analysis is a dynamic process that continuously evolves throughout the duration of an engagement and requires collaboration of the engagement team.

Data analytics are utilized throughout our audit process, our *Risk Assessment, Data Analytics and Review* ("RADAR") is a specific application of general ledger data analytics that has been implemented on all audit engagements. RADAR is an innovative approach created and used only by CLA that aims to improve and replace traditional preliminary analytics that were being performed.

The phases in our data analytics process are as follows:

### 1. Planning

In the planning stage of the engagement, the use of data analysis is considered and discussed to determine that analytics are directed and focused on accomplishing objectives within the risk assessment. Areas of focus, such as journal entries, cash disbursements, inventory, and accounts receivable are common.

### 2. Expectations

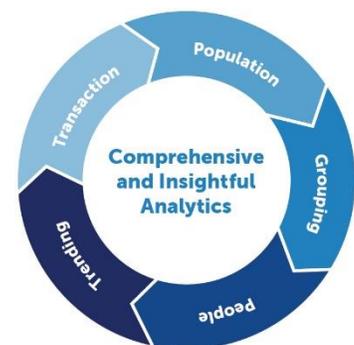
We consider the risks facing our client and design analytics to address these risks. Through preliminary discussions with management and governance, we develop and document expectations of financial transactions and results for the year. These expectations will assist in identifying anomalies and significant audit areas in order to appropriately assess risk.

### 3. Data Acquisition

Sufficient planning, a strong initial risk assessment, and an adequate understanding of your systems will serve as the foundation necessary to prepare our draft data request list. We will initially request information in written format and conduct follow-up conversations helping CLA practitioners our staff share a mutual understanding of the type of data requested and the format required. If there are going to be any challenges/obstacles related to obtaining data, or obtaining data in the preferred format, they will generally be discovered at this point.

### 4. Technical Data Analysis

Technical analysis of the data *requires* the skillful blend of knowledge and technical capability. Meaningful technical analysis provides the engagement team with a better understanding of the organization. The additional clarity assists the engagement team to better assess what is "normal" and, in turn, be better suited to spot anomalies, red-flags and other indications of risk. Analytics generally fall into five categories, each looking into the data set in a different way and deployed with a different purpose.



### 5. Interpret Results and Subsequent Risk Assessment

Trends and anomalies will be identified through the performance of the above referenced analytics. Comments regarding the interpretation of those trends and anomalies will be captured. When trends are identified they are reconciled against expectations. For anomalies identified, the approach to further audit procedures will be considered.

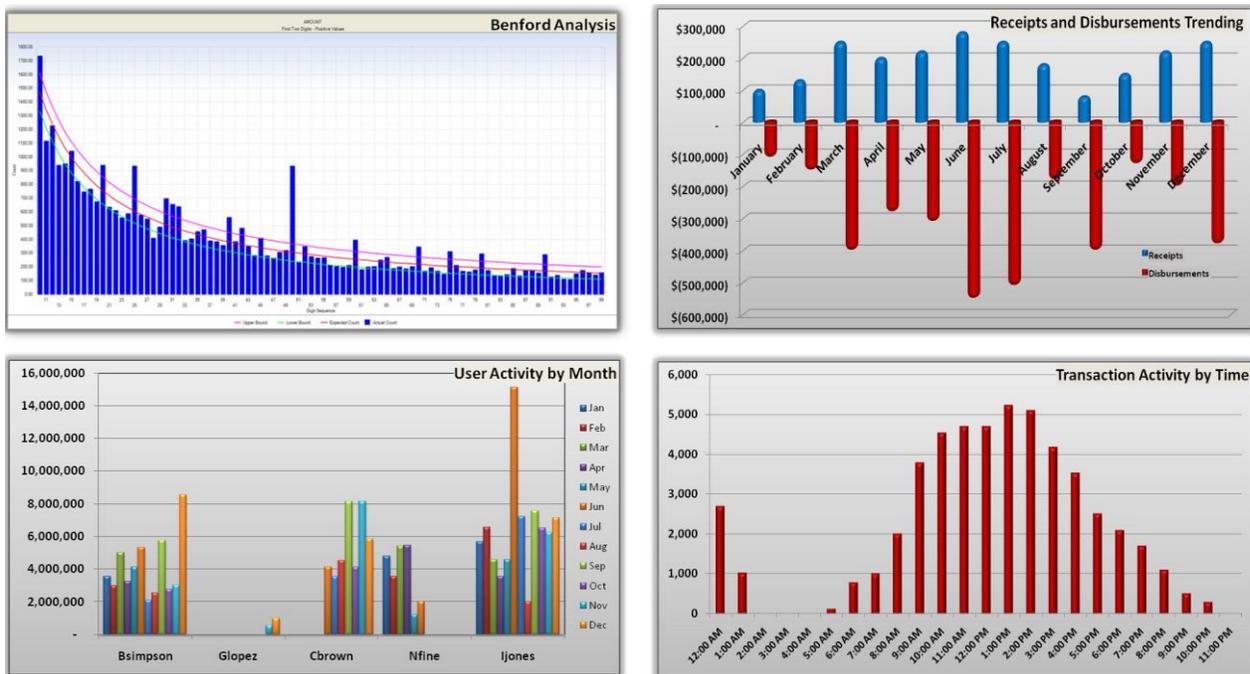


## 6. Response and Document

The last process is to capture responses and determine that our procedures are properly documented. Abstracts, charts or summaries of both trends and anomalies are retained in the audit documentation to support our identification of risks. Our analysis can be tailored and customized to help analyze an array of information, including client specific and proprietary data. Key benefits of data analytics include:

- Built-in audit functionality including powerful, audit specific commands and a self-documenting audit trail
- 100 percent data coverage, which means that certain audit procedures can be performed on entire populations, and not just samples
- Unlimited data access allows us to access and analyze data from virtually any computing environment
- Eliminates the need to extrapolate information from errors (a common effort when manually auditing data) and allows for more precise conclusions

The below figure illustrates typical data analytics scenarios.



**Data Analytics.** At the end of a series of pre-determined analytics (often retrieved from multiple proprietary accounting systems) that are customized to the project at hand, we identify anomalies and potential errors in transactions. In every case, we review what appears to be inappropriate activity, including supporting documentation evidencing the transactions.

## Use of computer assisted audit techniques

One of CLA's advantages is access to advanced audit tools and technology. Throughout the audit we may employ the use of Computer Assisted Audit Techniques (CAATs) to increase efficiency and effectiveness. The key CAATs that we will use include:

- **Interactive Data Extraction and Analysis (IDEA)** – IDEA is a statistical data analysis tool that has the ability to import data from virtually any data source or file type, with no limitations on the size of the data files that can be examined. IDEA utilizes powerful, built-in tools designed for the performance of audits and fraud investigations, providing the ability to:



- Statistically sample, summarize, stratify and/or perform an aging of large data sets
- Compare, join, append or otherwise manipulate multiple, related populations of data
- Identify gaps or duplicates in record sequences
- Extract subsets of data using a variety of criteria or filters
- Build reports and graphs to summarize testing results

- **FX Engagement** – FX Engagement is our “paperless” audit product. This product allows us to file and save all of our audit workpapers in an electronic storage capacity; allowing our firm to save time and resources associated with maintaining and storing paper files. FX Engagement also boasts a trial balance software program, which is utilized to produce financial statements, lead schedules, and allows us to perform trend analysis utilizing our clients’ trial balances.



- **A Program Generator (APG)** – In order to provide a uniform approach to all engagements, the firm requires the use of APG, a software program custom-written for CLA. This software package allows the tailoring of procedures, based on the requirements of your engagement. We have developed a customized CLA audit program, which effectively makes our audit processes paperless and will enhance our present electronic practices.

In an audit engagement, the primary use of APG is to take a standard audit program and modify, add, and delete procedures to create a program that has been specifically tailored to meet the needs of your engagement. Once tailored, the document can be completed electronically. Specific reports in addition to the basic program are generated to accommodate planning and review of your engagement. APG is an example of a technology tool that is designed to promote audit efficiencies. This software produces an industry-specific base program that is intended to encourage more thoughtful and specific tailoring. For an engagement to be effective in dealing with the risk of errors and efficient in avoiding riskless work, the engagement team will create a plan – the program – that contains the steps necessary to accomplish the goals of your engagement. Using APG is viewed as a thinking process, not just a documentation process.

- **Assurance Information Exchange (AIE)** – CLA utilizes AIE, a secure web-based application, to request and obtain documents necessary to complete client engagements. Our AIE serves as a project management solution that allows clients to view detailed information, including due dates for all of the items CLA is requesting. Additionally, clients have the ability to attach electronic files and add commentary related to the document requests directly in the application.
- **LeapFILE and Secure File Transfer Protocol** – CLA is committed to keeping client and member data secure. In addition to AIE, we utilize LeapFILE, a secure file transfer protocol (SFTP) software program, to receive and send encrypted files. LeapFILE allows us to transfer files to and receive files from our clients in a secure manner and keeps files with sensitive data out of our email boxes and hard drives.



# Additional Information

## Certificate of achievement assistance

The Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting is awarded to state and local governments that go beyond the minimum requirements of generally accepted accounting principles. It is awarded to state and local governments who produce a comprehensive annual financial report that evidences the spirit of transparency and full disclosure. Members of the GFOA staff and the GFOA Special Review Committee (SRC) review reports submitted to the CAFR program.

CLA provides audit services to many entities that received the GFOA Certificate of Excellence in Financial Report. All of the procedures noted in our audit approach and our technical review of the CAFR are done to help CPRB prepare and publish the top product possible. Our managers and principals who review the CAFR have a strong understanding of the GFOA requirement for the certificate. We understand that this is a prestigious award for CPRB and a great accomplishment for the Finance and Accounting departments.

We will review the GFOA comment letter for each CAFR and provide CPRB advice regarding the response to the GFOA reviewer's comments. Our procedures with respect to the CAFR will be the review of the comments from GFOA on the prior year submission to determine they were adequately addressed, completion of the CAFR checklist, and review of the transmittal letter and statistical data to determine that information presented is reasonable and agrees with the information in the financial statements and management's discussion and analysis (MD&A), where applicable.

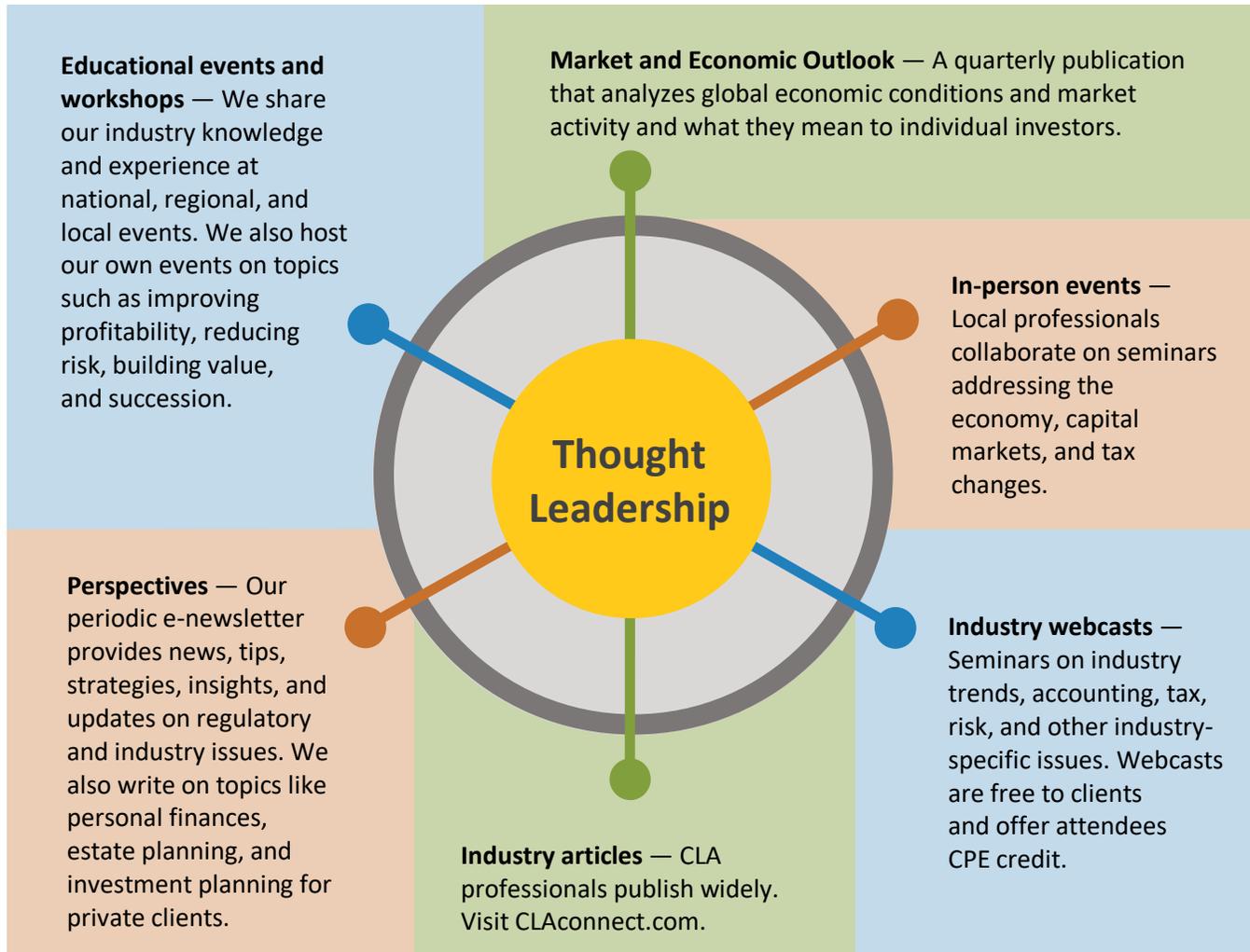
We understand the interrelationships of the many and varied components of a governmental entity's financial statements, allowing us to quickly determine errors or problems with the financial statements. Our depth of knowledge and experience also allows us to assist CPRB with the preparation of the CAFR and improvement of CPRB's financial statements.

Our involvement with clients in the GFOA Certificate program helps to determine that we are on the leading edge of reporting trends and techniques. We have been engaged by various entities to review their statements for compliance with program requirements. We have aided clients in the early implementation of professional pronouncements and regularly provide our clients with updates on new pronouncements which will affect them and will do the same for CPRB.



## Industry participation

CLA actively supports industry education as a thought leader and industry speaker. Our firm focuses on supporting the educational needs of the industry through nationally sponsored trade events. Our team of government professionals is sought after, both as educators and as experienced speakers who are invited to speak and teach at major professional events by leading trade associations.



## Appendix

### A. Engagement team biographies



# Jason Ostroski, CPA

CLA (CliftonLarsonAllen LLP)

Principal  
Baltimore, Maryland



## Profile

Jason is currently an audit principal with CLA and is solely dedicated to CLA's Governmental Retirement System and Investment Practice. With more than 16 years of experience, he is well-versed in serving his public pension clients. Jason serves as a subject matter resource on government retirement systems, assisting with the design and evaluation of audit procedures and by providing training internally at CLA and to external parties on topics ranging from auditing alternative investments to the implementation of new GASB standards including GASB 67, 68, 74 and 75.

## Technical experience

- Audit principal with an emphasis on state and local agency pension plans and retirement systems
  - Planned and managed audits to assure they were completed timely, accurately and in accordance with audit and accounting standards.
  - Improved client operations and reporting by recommending specific improvements to their internal control structure by leveraging experience obtained working with a variety of organizations.
  - Reviewed various systems' CAFRs to assure they were in compliance with the GFOA's requirements and that they received the Certificate of Achievement for Excellence in Financial Reporting Program
- Controller of the District of Columbia Retirement Board (DCRB) which provides retirement benefits to the police officers, firefighters and teachers of the District of Columbia
  - Planned and managed the successful implementation of DCRB's first independent financial accounting software application, Microsoft Dynamics GP.
  - Participated in field testing the exposure drafts of the new GASB pension standards
  - Collaborated with DCRB's investment department and consultants to Implement processes over the review and evaluation of DCRB's alternative investments to assure they were properly valued and disclosed
  - Reorganized the accounting department and redesigned the monthly and year end closing processes to achieve a more efficient and effective accounting operation which resulted in the improved timeliness and accuracy of financial information.

## Education and professional involvement

- Bachelors of science in accounting from Grove City College, Grove City, PA
- Certified Public Accountant
- Maryland Association of Certified Public Accountants
- Government Finance Officer Association
- Public Pension Financial Forum
- American Institute of Certified Public Accountants



## Key relevant clients

- Arizona State Retirement System
- Baltimore County, MD Pension Audit
- Minnesota Public Employees Retirement Assoc.
- Montgomery County Government Retirement System
- New Mexico Educational Retirement Board
- North Dakota Public Employees Retirement System
- Ohio Public Employees Retirement System
- Pennsylvania Municipal Retirement System (*agent-multiple employer plan*)
- Washington State Dept. of Retirement Systems
- Colorado PERA / Office of State Auditors
- District of Columbia Retirement Board
- Kansas Public Employees Retirement System
- New Mexico PERA
- New York State Def. Compensation Board
- North Carolina Office of the State Treasurer
- North Dakota Retirement and Investment Office
- Public Employees Retirement System of Nevada
- Seattle City Employees' Retirement System
- South Carolina Retirement System



# Thomas R. Rey, Jr., CPA

CLA (CliftonLarsonAllen LLP)

Principal  
Baltimore, Maryland



## Profile

With more than 22 years of experience, Thomas is well-versed in serving defined contribution and public defined benefit plans. He is the leader of CLA's government retirement plan practice and is actively involved in and a frequent speaker with the Public Pension Financial Forum, NAGDCA, and GFOA. Thomas is currently the engagement principal to a significant number of the firm's public benefit plans clients across the country.

In addition, Thomas has performed research and consulting projects on the structure and operations of investment entities, passive foreign investment companies, and offshore commodity pools. He also managed several audits of private equity funds which included assessments of their investment valuation procedures and compliance procedures.

## Technical experience

- Firm wide leader of governmental retirement plan practice
- Oversees various nonprofit engagements including audits of providers to the developmentally disabled and athletic associations
- Performed compilations and reviews of financial statements for closely held businesses
- Prepared tax returns for corporations, partnerships and limited liability companies
- Prepared individual tax returns for general partners and investors ranging in degree of complexity
- Prepared and researches tax reporting in non-U.S. jurisdictions
- Performed research and consulting on the structure and operations of offshore commodity pools, investment entities, and passive foreign investment companies

## Education and professional involvement

- Bachelor's of science in accounting from Salisbury University, Salisbury, Maryland
- Certified Public Accountant
- Government Finance Officers Association
- American Institute of Certified Public Accountants
- Maryland Association of Certified Public Accountants
- Public Pension Financial Forum (P2F2)
- National Association of Governmental Deferred Compensation Administrators (NAGDCA)
- National Council of Real Estate Investment Fiduciaries (NCREIF) – Accounting & Valuation Committees Member



## Key relevant clients

- Arizona State Retirement Systems
- Baltimore City Police & Fire Pension System
- Kansas Public Employees Retirement System
- Seattle City Employees Retirement System
- Pennsylvania School Employees' Retirement System
- North Dakota Public Employees' Retirement System
- South Carolina Employees' Retirement System
- Public Employees' Retirement System of Nevada
- Texas Employees Retirement System
- Maryland State Retirement and Pension System
- State of Arizona Deferred Compensation Plan
- Colorado Public Employees' Retirement Administration
- North Carolina State Investment Trust
- North Dakota Retirement and Investment Office
- New Mexico Educational Retirement Board
- Washington State Department of Retirement Services
- Federal Thrift Savings Plan
- Philadelphia Board of Pensions



# Tim Rawal, CPA

CLA (CliftonLarsonAllen LLP)

Audit Manager



## Profile

Tim has more than seven years of experience working within the public sector, specifically governmental pensions and higher education audit clients. He has experience auditing complex investment portfolios, reviewing actuary reports and addressing technical GASB issues, including those related to GASB Statements Nos. 67, 68, 74, and 75. Tim currently serves as manager on a variety of engagements in the public sector industry and teaches staff training courses internally at CLA and externally for clients.

## Technical experience

- Government retirement plans
- Complex investment portfolios
- Implementation of new GASB standards

## Education and professional involvement

- Bachelor of arts from the University of St. Thomas
- Masters of science in accounting from the University of Colorado - Denver
- Certified Public Accountant - *Colorado*
- American Institute of Certified Public Accountants
- Colorado Society of CPAs
- Public Pension Financial Forum (P2F2)

## Key relevant clients

- California Savings Plus Program
- Denver Employees' Retirement Plan
- Kansas Public Employees Retirement System
- Kern County Employees' Retirement Association
- New York City Deferred Compensation Plans
- North Dakota Public Employees Retirement System
- South Carolina Retirement Systems
- Arapahoe County Retirement Plan
- Adams County Retirement Plan
- City of Seattle Voluntary Deferred Compensation Plan
- Fresno County Employees' Retirement Association
- Metro Wastewater Reclamation District (CO) Retirement Plan



# Phillip (Phil) Del Bello, CPA, CISA

CLA (CliftonLarsonAllen LLP)

IT Manager



## Profile

Phil is a manager in the CLA business risk and IT services group. He has more than ten years of professional services experience with assurance, consulting, and advisory engagements.

His primary industry focus is CLA's public sector group, which includes governmental pensions, states and state agencies, counties, municipalities, higher education, K-12 school systems, and nonprofit organizations.

## Technical experience

Phil is a Certified Information Systems Auditor with experience in the areas of SSAE16 reporting (SOC1 and SOC2), IT/application control assessments, risk assessment, enterprise risk management (ERM), IT compliance and gap assessments, IT general controls review, business process improvement, and consulting. Specific experience includes, but is not limited to, the following:

- Performing SSAE16 (SOC1 and SOC2) engagements for population health management systems, healthcare data interface systems, Medicaid claims processing organizations, toll processing facilities, data and image processing organizations, employee verification servicers, tax outsourcing systems, and online saving systems. He has led both SOC1 and SOC2 engagements for various sized organizations, and has a detailed understanding of the SOC reporting requirements.
- Executed all phases on IT audit engagements, which includes risk based planning techniques, evaluating business process and IT general controls, and reporting to executive management. He has completed IT audit projects related to Enterprise Resource Planning (ERP) system conversions and system upgrades, business continuity and disaster recovery planning, vulnerability assessments, virtualization, logical access and security, system and application change management, physical access and environmental controls, backup and recovery processes, and policy/compliance reviews.
- Leading IT general controls and application reviews that assist financial audits in reducing the amount of substantive testing required.

## Education and professional involvement

- Bachelor of Business Administration in Accounting from Loyola University Maryland
- Information Systems Audit and Control Association (ISACA) – Baltimore Chapter Member
- Institute of Internal Auditors (IIA) – Baltimore Chapter Member
- Certified Information Systems Auditor
- Certified Public Accountant in the state of Maryland



## B. Required forms



**ADDENDUM ACKNOWLEDGEMENT FORM**  
**SOLICITATION NO.: CPR2000000003**

**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 checked="" type="checkbox"/> Addendum No. 2 | <input type="checkbox"/> Addendum No. 7  |
| <input checked="" 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 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.

CliftonLarsonAllen LLP

\_\_\_\_\_  
Company

  
\_\_\_\_\_  
Authorized Signature

May 4, 2020

\_\_\_\_\_  
Date

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



**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.

 Principal  
\_\_\_\_\_  
(Name, Title)  
Jason J. Ostroski, CPA, Principal  
\_\_\_\_\_  
(Printed Name and Title)  
1966 Greenspring Dr., Ste. 300, Timonium, MD 21093  
\_\_\_\_\_  
(Address)  
Phone: 888-778-9588 /Fax: 410-453-0914  
\_\_\_\_\_  
(Phone Number) / (Fax Number)  
jason.ostroski@CLAconnect.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.

CliftonLarsonAllen LLP  
\_\_\_\_\_  
(Company)

 Principal  
\_\_\_\_\_  
(Authorized Signature) (Representative Name, Title)

Jason J. Ostroski, CPA, Principal  
\_\_\_\_\_  
(Printed Name and Title of Authorized Representative)

May 4, 2020  
\_\_\_\_\_  
(Date)

Phone: 888-778-9588 /Fax: 410-453-0914  
\_\_\_\_\_  
(Phone Number) (Fax Number)

Revised 01/09/2020



REQUEST FOR QUOTATION  
Assurance/Audit Services & CAFR Technical Assistance  
Independent Certified Public Accountants  
*West Virginia Consolidated Public Retirement Board*

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**10. VENDOR DEFAULT:**

10.1 The following shall be considered a vendor default under this Contract.

10.1.1 Failure to perform Contract Services in accordance with the requirements contained herein.

10.1.2 Failure to comply with other specifications and requirements contained herein.

10.1.3 Failure to comply with any laws, rules, and ordinances applicable to the Contract Services provided under this Contract.

10.1.4 Failure to remedy deficient performance upon request.

10.2 The following remedies shall be available to Agency upon default.

10.2.1 Immediate cancellation of the Contract.

10.2.2 Immediate cancellation of one or more release orders issued under this Contract.

10.2.3 Any other remedies available in law or equity.

**11. MISCELLANEOUS:**

11.1 **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.

11.1.1 The Vendor must notify the Agency if there is a change in the Contract Manager during the contract term.

**Contract Manager:** Jason Ostroski, CPA, Principal

**Telephone Number:** 888-778-9588

**Fax Number:** 410-453-0914

**Email Address:** jason.ostroski@CLAconnect.com

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

**CONSTRUCTION CONTRACTS:** Under W. Va. Code § 5-22-1(i), the contracting public entity shall not award a construction contract to any bidder that is known to be in default on any monetary obligation owed to the state or a political subdivision of the state, including, but not limited to, obligations related to payroll taxes, property taxes, sales and use taxes, fire service fees, or other fines or fees.

**ALL CONTRACTS:** 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: (1) for construction contracts, the vendor is not in default on any monetary obligation owed to the state or a political subdivision of the state, and (2) for all other contracts, 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: CliftonLarsonAllen LLP

Authorized Signature:  Date: May 4, 2020

State of Maryland

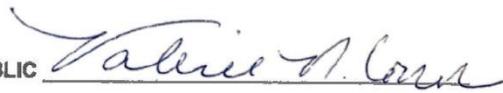
County of Baltimore, to-wit:

Taken, subscribed, and sworn to before me this 4th day of May, 2020.

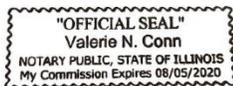
My Commission expires August 5, 2020.

**AFFIX SEAL HERE**

**NOTARY PUBLIC**



*Purchasing Affidavit (Revised 01/19/2018)*



REVISED 04/16/2020

<b>Exhibit A</b>
<b>RFQ - Assurance Services &amp; Technical Assistance</b>
<b>Pricing Page</b>

Description	Quantity	Unit Cost	Extended Cost
1st Year Assurance Services & Technical Assistance	1	\$ 250,000.00	\$ 250,000.00
2nd Year Assurance Services & Technical Assistance (1st Optional Renewal)	1	\$ 258,000.00	\$ 258,000.00
3rd Year Assurance Services & Technical Assistance (2nd Optional Renewal)	1	\$ 252,000.00	\$ 252,000.00
4th Year Assurance Services & Technical Assistance (3rd Optional Renewal)	1	\$ 260,000.00	\$ 260,000.00
<b>TOTAL BID AMOUNT</b>			<b>\$ 1,020,000.00</b>

<b>Vendor Information</b>	
Name:	CliftonLarsonAllen LLP
Address:	1966 Greenspring Drive, Suite 300 Timonium, MD 21093
Phone:	410-453-0900 or 888-778-9588
Email:	jason.ostroski@CLAconnect.com

Vendor should not alter pricing page and should fill out pricing page as is. The addition of alterations to the pricing page and/or addition of commodities other than those listed on the pricing page online or as an attachment will result in disqualification of bid submittal.