



PROPOSAL IN RESPONSE TO
RFQ Number: FAR110000

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

TECHNICAL

BDO USA, LLP
7101 Wisconsin Avenue
Suite 800
Bethesda, MD 20814
Tel: 301-654-4900
Fax: 301-654-3567

Contact Person
William Eisig, CPA
Partner and National Practice Leader
Governmental and Nonprofit Services
Tel: 301-634-4923
Fax: 301-654-3567
Email: weisig@bdo.com

June 1, 2011

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Tel: 301-654-4900
Fax: 301-654-3567
www.bdo.com

7101 Wisconsin Avenue
Suite 800
Bethesda, MD 20814

TRANSMITTAL LETTER

June 1, 2011

Ms. Krista Ferrell
Buyer Supervisor
Purchasing Division
2019 Washington Street, East
P.O. Box 50130
Charleston, West Virginia 25305-0130

Dear Ms. Ferrell:

Thank you for giving **BDO USA, LLP** ("BDO"), in partnership with **Gibbons & Kawash, A.C.** ("Gibbons & Kawash") and **Hayflich & Steinberg, PLLC** ("Hayflich & Steinberg"), (collectively, the "BDO Team"), the opportunity to present our proposal to meet the auditing needs of the **State of West Virginia** (the "State"). Based on our collective substantial experience, we can contribute significantly to the continued success of the State.

The firm selected to serve the State must demonstrate that it has the depth of resources required to perform this engagement in a timely fashion; experience in performing audits of the size and complexity of the State's; familiarity with the laws and regulations that govern State contracts; and the ability to understand and test internal controls, including compliance with laws and regulations.

The BDO Team offers unmatched experience in relation to the services required by the State. While every firm claims to be unique, the BDO Team truly is unique.

Personal Attention and World-Class Experience and Service. As one of the nation's leading public accounting firms and the U.S. partner of the world's fifth largest international accountancy network, BDO offers the depth of resources, extensive technical expertise, and breadth of skills one expects from a national firm with world-class resources. Combined with a personalized approach to client service and a commitment to extensive partner and senior manager involvement in all of our engagements, the BDO Team is able to offer the State unparalleled service at the best value available in the accounting profession.

Extensive Experience Serving Governmental Institutions. The BDO Team has substantial expertise and experience performing financial statement audits as required for this engagement. In addition to satisfying all the requirements defined in the Request for Quotation/Proposal Number FAR110000 ("RFP" or "RFQ"), BDO prides itself on serving its governmental audit clients as a valued business advisor, providing the type of sound advice and recommendations they need to manage their programs and organization in an effective manner. As such, the BDO Team is uniquely able to support the State in carrying out its fiscal responsibilities and, in doing so, contribute significantly to the State's continued success.

Extensive Experience in Performing OMB Circular A-133 Audits. The BDO Team's depth of resources will be complemented with the extensive experience gained from performing hundreds of OMB Circular A-133 audits for governmental entities and other public sector organizations. Our experience and knowledge will provide the State's management with significant benefits including continuity, efficiency, and less disruption to personnel.

Seamless Transition. BDO has emerged as the firm of choice for many organizations transitioning away from local service providers as well as "Big 4" firms. Among our core competencies is auditor transition management. We are experienced in taking steps to carefully and efficiently transition the State to the BDO Team.



Some of the public sector organizations that have found value changing from the "Big 4" to BDO recently include:

- Government of the District of Columbia
- National Railroad Passenger Corporation and Subsidiaries (Amtrak)
- Blue Cross Blue Shield Association
- Public Broadcasting Service
- The Greater Washington Educational Telecommunications Association (WETA)
- The Rogosin Institute
- District of Columbia Public Schools
- Paralyzed Veterans of America
- The John F. Kennedy Center for the Performing Arts
- Protestant Episcopal Cathedral Foundation (Washington National Cathedral)
- World Wildlife Fund
- National Wildlife Federation
- Marine Spill Response Corporation
- National Council of La Raza
- United States Tennis Association
- United States Golf Association

Commitment to Perform. We are sensitive to the mandates that the State must comply with regarding the issuance of its reports and the importance of maintaining its high standard of performance for financial reporting. The BDO Team understands the work to be performed and will deliver your reports by your due dates. Through proper coordination and planning, we will complete all work within your specified time frame.

With dedicated personnel experienced in serving the governmental and tax-exempt sectors, we will focus quickly on the key issues that affect the State and help you plan new activities, as well as review current activities to ensure the proper approach. All of our personnel will work together to provide you with a full service team to ensure that we address your needs.

Closing. The State will be a valuable client to the BDO Team and will receive the full attention of senior resources in our local offices. In this proposal, we have detailed our qualifications as the best choice for the State. We have a team of professionals who will work with the State to bring you value-added services. We are confident that the services we provide, our proactive service delivery approach, and our open communication style, all of which have helped us establish long-term relationships with hundreds of organizations similar to the State, are suitably matched to your needs.

It is our sincere interest to work with you and we are energized by the prospect of serving the State on such an important engagement. If you have any questions regarding our proposal, please feel free to call.

Sincerely,

William Eisig, CPA
Partner and National Practice Leader
Governmental and Nonprofit Services
301-634-4923
weisig@bdo.com

Neena Masih, CPA
Partner
Governmental and Nonprofit Services
301-634-4912
nmasih@bdo.com

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BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Attachment A: Vendor Response Sheet

Provide a response regarding the following: firm and staff qualifications and experience in completing similar projects; references; copies of any staff certifications or degrees applicable to this project; proposed staffing plan; descriptions of past projects completed entailing the location of the project, project manager name and contact information, type of project, and what the project goals and objectives where and how they were met.

RESPONSES TO SECTION 2.4

Section 2.4.1: List audits that have been completed that demonstrate the ability to manage an audit engagement of this magnitude.

Vendor Response: Please refer to our response in Tab I of this submission.

Section 2.4.2: List proposed staff and degrees and describe aspects of the engagement which may require the services of specialists or involve consultation outside the engagement.

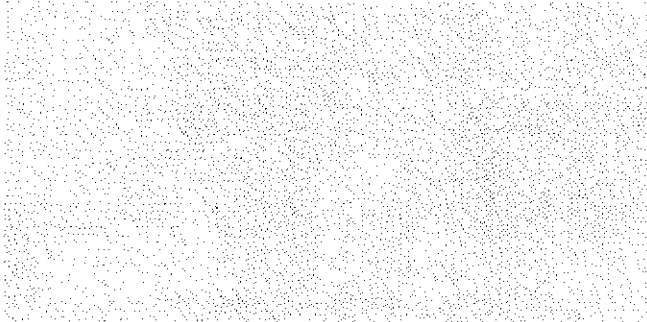
Vendor Response: Please refer to our response in Tab II of this submission.

Section 2.4.3: List prior government experience and continuing education of staff.

Vendor Response: Please refer to our response in Tab III of this submission.

Section 2.4.4: Describe specific audit work plan including subcontractors, set forth the firm's responsibilities under the applicable auditing standards and federal regulations and describe how the firm's approach to this engagement will demonstrate that all requirements are met, and describe any potential problems in performing all services described in this RFP, including the effects of GASB standards, the firm's approach to resolving these problems and any special assistance that will be requested of the Agency or the State agencies.

Vendor Response: Please refer to our response in Tab IV of this submission.



FIRM WITH STATEWIDE AUDITING EXPERIENCE

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BDO USA, LLP

National and International Presence

BDO USA, LLP (BDO) is a professional services firm providing assurance, tax, financial advisory, and consulting services to a wide range of government agencies, quasi-government agencies, nonprofits, publicly traded corporations, privately held companies, and other organizations in the public and private sectors.

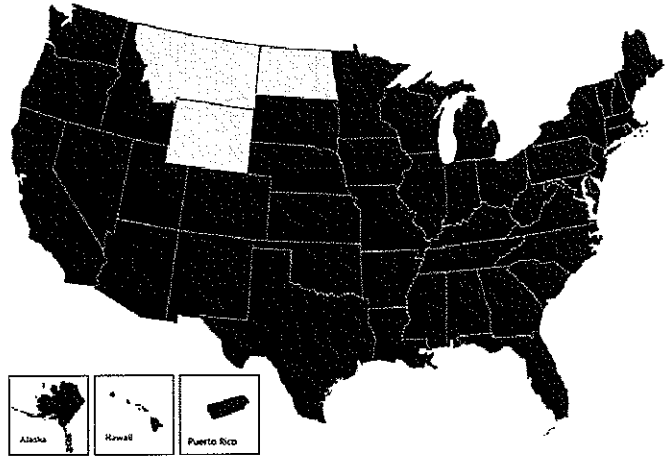
The firm serves clients through 40 offices and more than 400 independent BDO Alliance firm locations nationwide. Through its international network, BDO International Limited, it also serves multinational clients through a global network of 1,082 offices in 119 countries.

Over the past 100 years, BDO has earned a reputation for providing superior client service in performing financial statement and performance audits for a wide range of clients. This is due in large part to several distinct benefits we offer:

- We are a leading provider of financial statement audit services to several thousand government and industry clients annually.
- We combine the depth and breadth of skills of an industry-leading international organization with the personal touch of a smaller regional firm.
- Our ratio of partners to staff is one of the lowest in the profession.
- Our partners, directors, and senior managers are directly and personally involved in and concerned with the services provided to our clients. They do not rely on less experienced staff to address critical matters.

BDO USA, LLP Statistics
Financial highlights as of and for the year ended June 30, 2010

Top 10 Firm among largest national accounting firms	\$585 Million in revenues
40 Offices across the country	1,945 Dedicated partners and professional staff



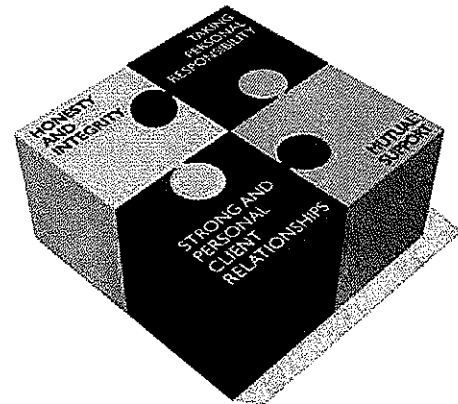
Red highlights include national coverage for BDO offices and BDO Seidman Alliance Firms

Where You Need Us, When You Need Us.

The BDO Century: Our Culture and Values - What We Are Proud Of

Our culture and core values reflect how we manage our work, our relationships, and ourselves.

The following core values embody the standards by which we conduct ourselves and the standards you can continue to expect in all our dealings with you as our client:





Honesty and integrity – This is about openness and prudent judgement, about being trustworthy and straightforward in all our working relationships.

Taking personal responsibility – We treat each other as equals and have a strong sense of responsibility to colleagues and the firm. We appreciate and recognise individual strengths.

Strong and personal client relationships – Our client relationships are more than just business partnerships: we aim to understand people as well as business, and build long-standing relationships based on mutual respect and trust.

Mutual support – We treat each other with consideration and respect and have a strong ethos of sharing and consultation.

	
<p>Centennial Anniversary</p>	<p>Volunteerism</p>
<p>The BDO century has seen many world, economic, service, legislative, technological, and organizational changes but, consistently throughout our proud past, our values have stood the test of time and our bold future will be characterized by unlimited possibilities orchestrated by our people and our culture that inspires them to do great things.</p>	<p>To celebrate our Centennial, BDO volunteers performed 100 Good Deeds. By volunteering our time, talent, and resources, we were able to positively impact our communities, while building a firmwide culture of giving back that strengthens our business and inspires our people.</p>

Integrated Services with a Local Presence

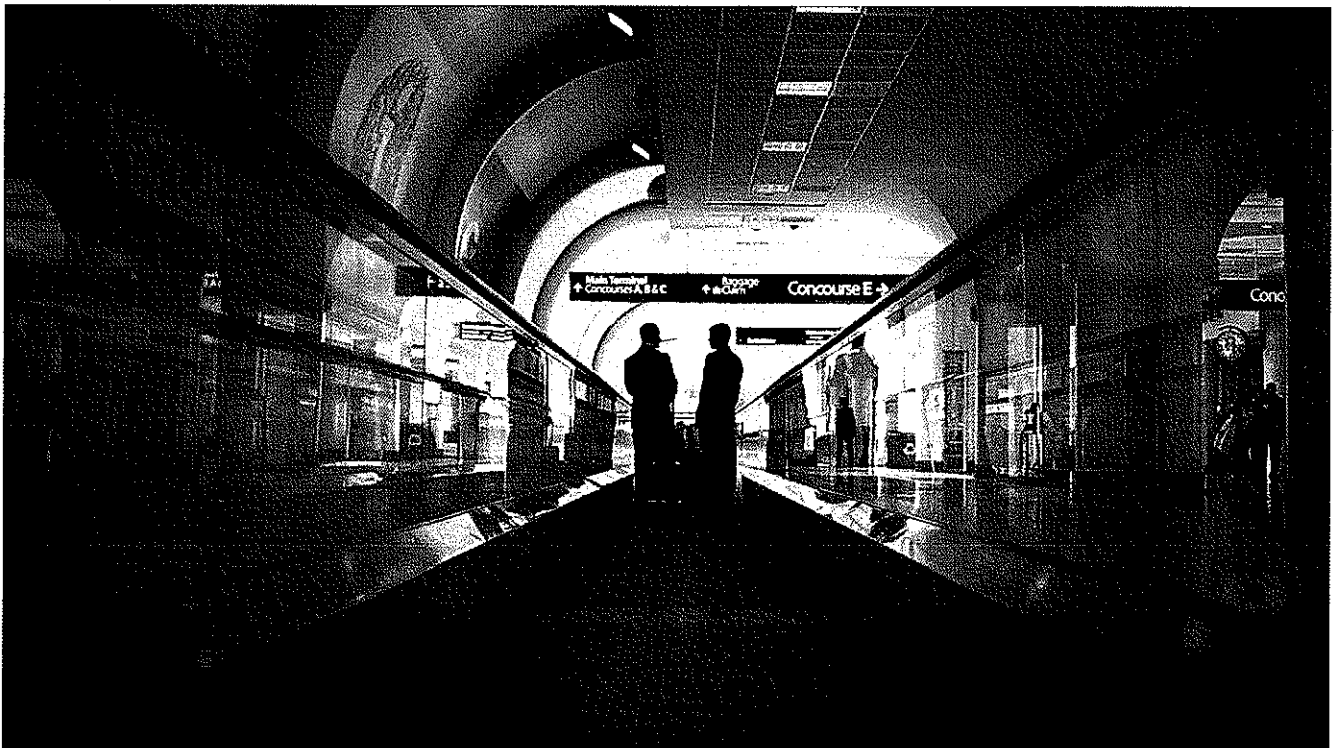
As a priority client, the State will be served by our National Governmental Services practice headquarters in Bethesda, Maryland. What this means for the State is that the engagement team will have direct and immediate access to the BDO National Governmental and Nonprofit Practice leader, **William Eisig**, who is also located in this office, to provide prompt resolution to any reporting or auditing issue that may arise. With eight daily direct nonstop 40 minute flights to Charleston, available from two major Washington, D.C. airports, your engagement executives can quickly be on site in Charleston, as necessary.

Our two West Virginia based BDO Alliance firms, located in Charleston and Huntington, will play significant roles as part of the BDO Team. As engagement partner, **Neena Masih** will be coordinating and assigning personnel, including personnel from the two West Virginia BDO Alliance firms, to take advantage of prior experience with West Virginia State agencies and with major programs to be audited during the Single Audit. We expect approximately 35 percent of the hours expended to be provided by our West Virginia based Alliance firms.

As such, we can deliver an integrated team using our own personnel, as supplemented by our alliance firm subcontractors. We utilize the full resources of our subcontractors on key elements of an engagement including significant input at the partner and manager level. Personnel from our subcontractor firms will be an integral part of our audit process and their invaluable experience will be utilized in all phases of our process. They will provide auditors at various levels for the State's engagement.

This approach enables us to offer a more efficient solution with better controls over quality and timing of performance and delivery of the work-product.

Our commitment to serve the State of West Virginia from our National Governmental Services practice office combined with significant resources from our local BDO Alliance firms will provide the State with a fresh evaluation and analysis of its financial reporting and compliance processes from our best people, supported by local knowledge in significant areas of its operations.



STATEWIDE AUDITING EXPERIENCE

Serving the Public Sector...We Know You

BDO's Government Services professionals have an in-depth knowledge and understanding of applicable state and local government rules and regulations, federal and industry accounting and auditing standards and requirements, financial management rules and requirements, information technology system auditing standards, and economic stimulus program and reporting requirements. Our methodologies and program management approach are designed to deliver repeatable and reliable processes that help clients achieve their goals, facilitate communications, assure accurate and timely reporting, and enable effective operations.

BDO is a valued business advisor to approximately 2,000 agencies in the public sector. These include governmental and tax-exempt programmatic, membership, social welfare, charitable, educational, religious, cultural, and research organizations with asset sizes ranging from \$500,000 to approximately \$10,000,000,000. Our professionals deliver hands-on experience and technical skills to address each of our clients' distinctive needs. BDO's National Governmental and Nonprofit Practice and the National Institute for Governmental and Nonprofit Excellence (the "Institute") are housed in our office in Bethesda, Maryland.

We have extensive experience in auditing activities and programs similar to the State. We have performed all of the required tasks and all aspects of the services outlined in the RFP for numerous government and tax-exempt entities. Our team of professionals offers the hands-on experience and technical skill you can rely upon to serve the distinctive needs of the State. We operate under a national set of systems and procedures. While we strongly encourage the individual character and close personal contact of our local offices, we also maintain a uniform standard approach to our technical disciplines. Our offices vary considerably in size but they do not vary whatsoever in their technical approach to their work. Thus, wherever clients are located, they receive the best service.

BDO is also an industry leader in providing Office of Management and Budget (OMB) Circular A-133 audits to organizations that have federal funding. Our experience also includes auditing compliance under numerous non-U.S. government awards, The World Bank, multilateral donor agreements, and federal appropriations. Based on our past successes and experience, we are prepared and are well-qualified to perform the State's financial statement audit and Single Audit, and prepare all of the reports required by the State in a coordinated and integrated manner that meets your needs for accurate reporting and prompt delivery.

Breadth of Experience

BDO offers a breadth of services tailored to meet your needs. Our core services include:

Assurance, Accounting, and
Financial Reporting

- Financial Audit
- Performance Audit
- Single Audit pursuant to OMB Circular A-133
- Audit Readiness Support and Remediation
- Accounting Procedures Design and Implementation
- Outsourced CFO Act Accounting Support
- Budget and Performance Integration
- Cost Accounting Advisory Services
- Financial Statement Compilation
- Loan and Securities Evaluation and Advisory Services

Inspector General Support Services

- Management and Evaluation of Use of Public Expenditures
- Audits and Reporting on Use of Public Expenditures
- Assessment of Internal Controls
- Forensic and Investigatory Projects
- Performance Audits and Reviews

Technology Governance and Portfolio Management

- Information Technology Security, Risk Evaluation, and Management
- General and Application Controls Internal Audit
- Information Technology and Business Process Alignment
- IT Controls Assessments/SAS-70
- IV and V Services

Compliance, Risk Advisory, and Crisis Management

- Regulatory and Statutory Compliance Reviews
- Program and Contract Compliance Reviews
- Risk Assessment and Remediation
- Internal Control Audit/Evaluation per OMB Circular A-123
- Internal Control Design and Improvement
- OMB Program Review and Submissions
- Information Technology Controls and Audit/Evaluation
- Business Process Improvement and Reengineering
- Technology Audit and Support

Fraud Detection/Prevention, Investigations, and Litigation Support

- Fraud and Misconduct Risk Assessment and Investigations
- Investigative Due Diligence
- Complex Damages Analysis
- Electronic Discovery (eDiscovery)
- Financial Instruments Analysis and Dispute Prosecution/Resolution
- Post-Acquisition Dispute Prosecution/Resolution
- Gap Analysis
- Benchmarking
- Forensic Data Analysis
- Compliance Testing, Audit, and Monitoring
- Intellectual Property Valuation and Dispute Prosecution/Resolution
- Evaluations of Stock Option Grants/Awards
- Securities Litigation Services
- Fraud Awareness and Prevention
- Anti-Corruption Compliance and Investigations (e.g. FCPA)
- Anti-Money Laundering
- Large-Scale Data Recovery and Analysis
- Computer Forensics
- Corporate Investigations

**Enterprise Risk Management
and Internal Audit**

- Enterprise Risk Management (ERM)
- Financial and Operational Audits
- Quality Assurance Reviews
- Risk Assessment
- Controls Optimization
- Audit Readiness Transformation
- Strategic Partnering and Staffing
- Procurement, Vendor, Royalty, and Construction Audits
- Corporate Governance Assessments

Business Process Enhancement

- Operational Performance Assessments and Improvements
- Business Processes Integration
- Project Management Office
- Financial Analysis and Modeling
- Special Accounting Projects
- Business Continuity Plans
- Controls Optimization

Experience with State and Local Governments

We perform hundreds of financial statement and OMB Circular A-133 audits each year and engage in efforts to design, direct, or recommend corrective action programs to assist governmental and other public sector agencies remediate deficient practices and establish effective accounting protocols, systems, and procedures. Many of these have been complex and comprehensive projects requiring coordination of multiple tasks for numerous entities within short timelines. We are, therefore, prepared and are well-qualified to perform the comprehensive set of required audits and prepare all of the reports required by the State in a coordinated and integrated manner that meets your needs for accurate reporting and prompt delivery.

Our personnel have worked with various governmental entities in both **Anne Arundel County, Maryland** and **Prince George's County, Maryland**. Our national practice office also recently performed the Comprehensive Annual Financial Report ("CAFR") audit and Single Audit for the **Government of the District of Columbia**. We have also previously served the **Prince George's County, Maryland Public Schools**.

Other members of our firm have worked with the **City of Grand Rapids, Kalamazoo County, Muskegon County, and Kent County, Michigan**. Our Delaware office has provided audit and/or consulting services to the **City of Wilmington, Diamond State Port Corporation, Wilmington Parking Authority, New Castle County, and Kent County, Delaware**. Our West Michigan offices also serve as auditors for over 20 governmental units, including cities and counties.

Collectively, we have encountered a variety of issues over the years and helped governments resolve them. When GASB Statement No. 34 became effective, we assisted several governments in early implementing the pronouncement. Our governmental clients get regular advice from us about emerging accounting and tax issues. Many of these clients annually submit their CAFR to the Government Finance Officers Association ("GFOA") for a *Certificate of Achievement for Excellence in Financial Reporting*.

Further, BDO professionals have been certified by leading organizations dedicated to education, research, and professional standards. This commitment to quality and continuous professional development enables us to deliver seamless services to your world. As part of our Total Client Satisfaction® program, our national Governmental Services Group consists of approximately 300 audit, tax, and consulting professionals. We hold quarterly conference calls and host an annual national conference in the Greater Washington, D.C. Metro area to discuss issues, learn from outside speakers, and share ideas and experiences in working with our many governmental clients.



**WE ARE ARMED WITH
SIGNIFICANT KNOWLEDGE AND
EXPERTISE:**

- CAFR Review / Disclosures
- Capital Assets
- Central Coordination
- Convention Center
- Debt / Financing
- Economic Development
- Fiduciary Fund
- General Fund
- Grants Management
- Health / Medicaid
- Housing Finance
- Information Systems
- Lottery
- Nursing Homes
- Parks and Recreation
- Payroll
- Pooled Cash / Investments
- Procurement
- Proprietary Fund
- Public Schools
- Public Works
- Retirement Plans / OPEB
- Risk and Insurance
- Sports Commission
- Taxes and Revenue
- Tobacco Settlement Authority
- Transportation
- Unemployment Compensation
- Universities
- Water/Sewer

Experience with Single Audits Pursuant to OMB Circular A-133

Our depth of resources will be further complemented with the extensive experience gained from performing hundreds of OMB Circular A-133 audits for governmental and tax-exempt entities. BDO provides audits to numerous organizations which must comply with the various OMB Circulars. Over the past several years, our national office has performed hundreds of audits in compliance with OMB Circular A-133. We are also intimately familiar with OMB Circulars A-21, A-87, A-110, A-122, and federal acquisition regulations.

We have in-depth knowledge and experience with cost accounting standards, cost allowability and allocability, budgeting and forward pricing, and time reporting and labor distribution systems. In addition, we have assisted clients in developing their indirect cost rates and structuring their indirect cost pools. These studies focus on establishing a structure to maximize the indirect cost recovery for the organization while ensuring that it complies with all government requirements.

BDO has also performed numerous in-depth reviews of clients' internal controls to assess whether controls required by government regulations are in place and identify areas where controls could be strengthened and procedures established to accomplish this goal.

Presented below is a partial listing of the OMB Circular A-133 audits of various size and magnitude which BDO has performed recently for other similar public jurisdictions.

GOVERNMENT-WIDE A-133 AUDITS

- ▶ Government of the District of Columbia
- ▶ City of Grand Rapids, Michigan
- ▶ Kalamazoo County, Michigan
- ▶ City of Wyoming, Michigan
- ▶ City of Wilmington, Delaware

ENTITY-WIDE A-133 AUDITS

- ▶ Anne Arundel Community College
- ▶ Prince George's County Public Schools
- ▶ Interurban Transit Partnership
(City of Grand Rapids)
- ▶ Kentwood Public Schools
- ▶ Forest Hills Public Schools
- ▶ Ionia Public Schools
- ▶ Holland Public Schools
- ▶ Jenison Public Schools

AGENCY LEVEL A-133 AUDITS

- ▶ D.C. Department of Transportation
- ▶ D.C. Department of Human Services
- ▶ D.C. Homeland Security / Emergency Management Agency
- ▶ D.C. Department of Housing and Community Development
- ▶ D.C. Department of Employment Services
- ▶ D.C. Metropolitan Police Department
- ▶ D.C. Child and Family Services Agency
- ▶ D.C. Office of the State Superintendent of Education
- ▶ D.C. Public Schools
- ▶ D.C. Office of the Attorney General
- ▶ D.C. Department of Health
- ▶ D.C. Department of Health Care Finance
- ▶ D.C. Department of Disability Services
- ▶ D.C. Office on Aging
- ▶ D.C. Department of the Environment
- ▶ D.C. Department of Disability Services
- ▶ University of the District of Columbia

In addition, clients of the BDO Team's senior level personnel who will lead your engagement have expertise working with federal funding from the following federal agencies:

- ▶ Agency for International Development
- ▶ Department of Agriculture
- ▶ Department of Commerce
- ▶ Department of Defense
- ▶ Department of Education
- ▶ Department of Energy
- ▶ Department of Health and Human Services
- ▶ Department of Homeland Security
- ▶ Department of Housing and Urban Development
- ▶ Department of the Interior
- ▶ Department of Justice
- ▶ Department of Labor
- ▶ Department of State
- ▶ Department of Transportation
- ▶ Department of Treasury
- ▶ Environmental Protection Agency
- ▶ General Services Administration
- ▶ National Aeronautics and Space Administration
- ▶ National Endowment for the Arts
- ▶ National Endowment for the Humanities
- ▶ National Science Foundation
- ▶ Nuclear Regulatory Commission
- ▶ Social Security Administration

Access to Capital Markets

BDO currently serves over 300 domestic publicly traded clients and over 100 international publicly traded entities. We have assisted many of these entities not only with their ongoing SEC filings, but also with their public offerings. We have also helped these and many other clients with private placements.

As such, we also bring to this engagement our in-depth knowledge of public and private bond offerings. BDO has industry specific experience and the professional reputation to ensure that the State meets all of the requirements commensurate with the process, as may be applicable.

From 2006 through today, BDO has participated in 100 public and private offerings. Proceeds from these offerings ranged from \$14 million to \$838 million. Thirty-one of these offerings were Initial Public Offerings of which the total proceeds were over \$5 billion. We gave each one the same meticulous attention. We are well accepted by, and have worked successfully on all types of offerings with, small regional underwriters, as well as most of the major underwriters in the world.



CURRENT "TOP 10" BDO SEC CLIENTS:

- Forest Laboratories, Inc.
- Henry Schein, Inc.
- Nuance Communications, Inc.
- GameStop Corp.
- Dril-Quip, Inc.
- Hecla Mining Company
- Monster Worldwide, Inc.
- Amerco (U-Haul)
- Abovenet, Inc.
- EZCORP, Inc.

Performance on Engagements of Similar Magnitude

Our personnel are experienced in performing audits of governmental and tax-exempt entities and are very familiar with the authoritative guidance. Our extensive experience and in-depth understanding of governmental and tax-exempt entities will enable us to efficiently design, perform, and complete the unique aspects of this engagement in a timely fashion, with little disruption to the State's operations.

Following are summarized examples that indicate our suitability to provide the required services to the State:

GOVERNMENT OF THE DISTRICT OF COLUMBIA

Annual audit services

Partners-in-charge:
William Eisig, CPA
Neena Masih, CPA

Best practice features – process management, strong central team coordination across multiple agencies and departments, and Congressional deadlines.

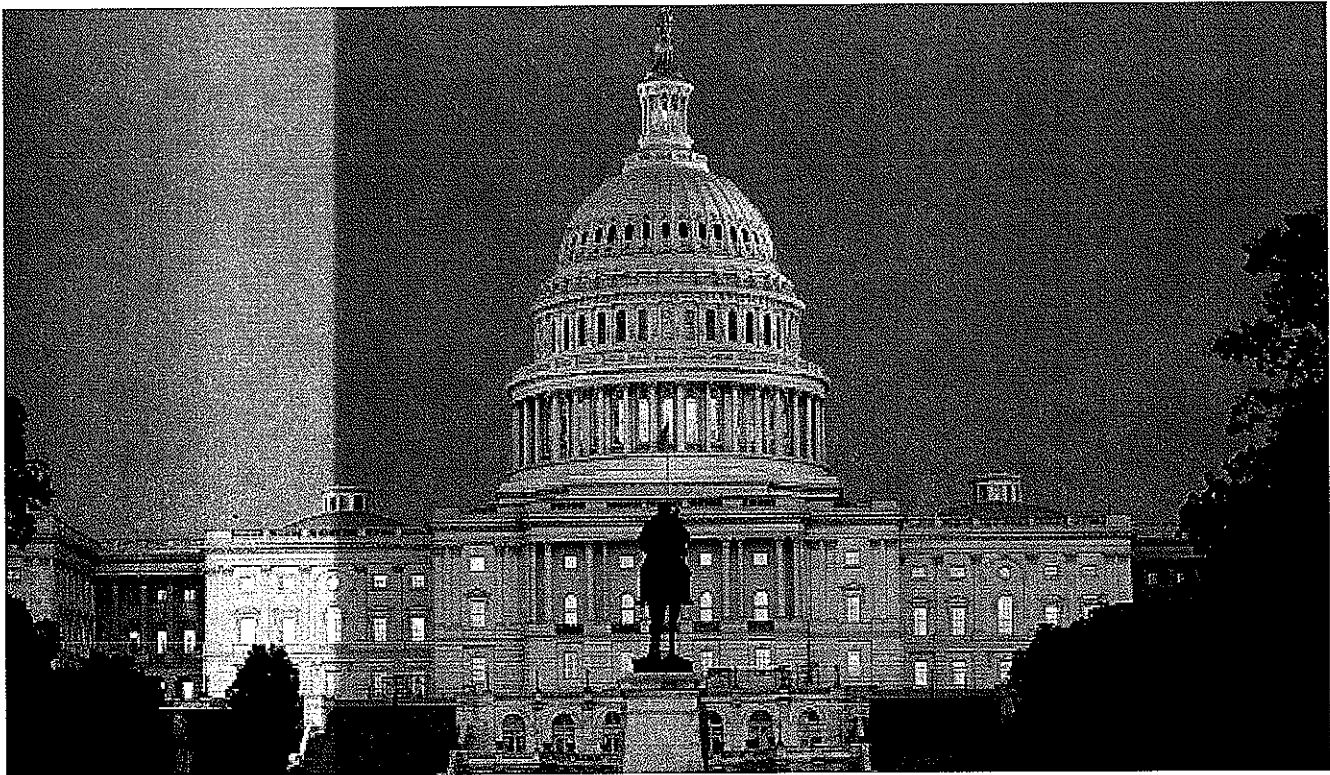
The Bethesda, Maryland office, including members of the team that will be assigned to perform our engagement for the State, was engaged to audit the Government of the District of Columbia (the "District") from 2005 to 2009. As part of this 30,000-hour engagement, we performed an audit of the District's CAFR and an audit in accordance with OMB Circular A-133. The financial reporting entity included the primary government, which consisted of approximately 100 agencies, boards, commissions, and other departments along with numerous component units. The CAFR was submitted to the Congress of the United States, the President of the United States, the Mayor of the District, and the Council of the District. The District's CAFR has a Congressionally mandated deadline which is only four months after its fiscal year-end.

The District expends nearly \$2.5 billion in federal funding that is subject to an audit in accordance with OMB Circular A-133. Further, as a recipient of ARRA funding, the District not only had to account for ARRA transactions in accordance with generally accepted accounting principles, it also had to comply with the specific expenditure and financial requirements mandated by ARRA as well as other applicable Federal regulations and reporting requirements.

- Our audit also encompassed oversight of the financial statements and fund balances for the following organizational units which issued separate reports: (1) D.C. Public Schools; (2) D.C. Sports Complex and Entertainment Commission; (3) D.C. Lottery and Charitable Games Control Board; (4) Department of Employment Services' Unemployment Compensation Trust Fund; (5) Washington Convention Center Authority; (6) University of the District of Columbia; (7) Home Purchase Assistance Program; (8) Disability Compensation Fund; (9) Section 529 College Savings Plan; (10) Tobacco Asset Securitization Corporation; and (11) the Nursing Home Enterprise Funds.
- BDO issued an Independent Auditor's Report on the 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*.
- BDO performed specific procedures related to the conversion of the District's personnel administration and payroll system covering approximately 34,000 employees to PeopleSoft in fiscal year 2008.

**GOVERNMENT OF THE
DISTRICT OF
COLUMBIA
(continued)**

- BDO also performed audits of the District's Annuitant's Health and Life Insurance Employer Contribution Trust Fund ("OPEB"). We also have experience auditing and reviewing the District of Columbia Retirement Board. This plan, with over \$4 billion in assets, included teachers, police officers, and firefighters. As such, we have expertise in evaluating business and audit risks for large volumes of investments, benefit payments, contributions, actuarial analyses and assumptions, required minimum contributions, funded status, eligibility, and GASB disclosures.
- BDO reviewed the internal control processes surrounding the significant activities of the following entities for the year ended September 30, 2008 which were folded into the District effective October 1, 2007:
 - National Capital Revitalization Corporation
 - The Redevelopment Land Agency Revitalization Corporation
 - The District of Columbia Economic Development Finance Corporation
 - Anacostia Waterfront Corporation
- We communicated and consulted throughout the engagement via our bi-weekly meetings with the CAFR Oversight Committee which included representatives from the Government Accountability Office, the District's Office of Inspector General, the Finance Office, the Mayor's Office, the City Administrator's Office, and various departmental executives.



**BLUE CROSS
BLUE SHIELD**

Washington, D.C. and Illinois based public sector organization with multi-location, federal regulation, and governance considerations

Partner-in-charge:
William Eisig, CPA

Best practice features – strong central coordination, process management to meet critical Federal Government deadlines, and project management.

Since 2005, BDO has been responsible for performing an independent annual audit of the financial operations of the Blue Cross and Blue Shield Federal Employee program (“FEP” or the “Program”) in accordance with generally accepted auditing standards, as set forth by the American Institute of Certified Public Accountants (“AICPA”), and generally accepted government auditing standards, as set forth by the U.S. General Accounting Office. The FEP has over 9 million registered federal employees as participants.

- In addition to the above financial statements, BDO audits the financial statements of the (1) Blue-Davis Vision Program, (2) the Blue Cross and Blue Shield Service Charge Account, (3) the CVS-Caremark Managed Retail Pharmacy Prescription Drug Benefit Program, (4) the Medco Managed Mail Pharmacy Prescription Drug Benefit Program, and (5) Agreed Upon Procedures for annual statements required by the Federal Government’s Office of Personnel Management (“OPM”).
- BDO issues an Independent Auditor’s Report on the 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*.
- BDO conducts a comprehensive assessment of the general controls over the IT systems, and reviews the internal control processes surrounding the significant activities of all of the above entities and Programs that are included in the FEP Program.
- BDO evaluates separate internal control and compliance findings in the areas of (1) the FEP Program controls; (2) the controls over the Blue Vision Program exercised by an outside agent, Davis Vision; (3) the controls at CVS-Caremark; (4) the controls at Medco; and (5) the controls at the central operations center.
- BDO performs specific procedures related to a large number of participating Plans (nationwide) of the Blue Cross and Blue Shield Program.

Revenues of the Program exceed \$20 billion. Over 20 million claims are managed by the Program each year. The Blue Cross and Blue Shield FEP Program is easily one of the largest, if not the largest, insurance programs nationwide.

The performance of this engagement requires approximately 30 team members (partners, directors, senior managers, managers, senior accountants, and staff accountants) and approximately 5,000 personnel hours from our Bethesda, Maryland and Chicago, Illinois offices. The audit is incredibly challenging and involves travelling to several different plan locations across the nation to complete the tasks. Timelines are extremely tight and no deadline can be missed as it would result in delays in the Federal Government’s audit.

**FEDERAL DEPOSIT
INSURANCE
CORPORATION
("FDIC")**

Performance audits for
the Office of Inspector
General

Partners-in-charge:
William Eisig, CPA
Tom D'Amato, CPA

Best practice features – process improvement and strong central team coordination across multiple field offices.

Starting in 2009, BDO has been engaged by the FDIC Office of Inspector General to undertake performance audits of the FDIC's programs managed by its Department of Receivership and Resolution ("DRR"). These programs include taking failed banks into receivership and facilitating a disposition of the institutions that includes selling the failed banks and thrifts to healthy institutions and entering into loss sharing agreements ("LSA") with healthy banks that purchase the failed financial institutions.

BDO conducts performance audits of various LSAs with several banks in accordance with Generally Accepted Government Auditing Standards ("GAGAS") and Audit Policies and Procedures established by the FDIC Office of Inspector General ("OIG") for performance audits. In addition, we consider related FDIC policies and procedures, industry standards, and best practices for asset administration under the LSAs.

The objective of the performance audits is to assess the acquiring banks' compliance with the terms of the LSA, with the FDIC, and in certain audits the FDIC's monitoring of the agreements.

BDO developed audit programs for the OIG to include audit procedures that accomplish the above objectives. The procedures include initial site visits to the supervising FDIC field office responsible for the administration and monitoring of each LSA, and initial site visits to each of the acquiring banks to understand procedures performed in order to comply with the LSA. Field work is conducted at the loan servicing and management location(s) of the acquiring bank. Field work includes procedures to test the accuracy of loss certificates submitted by the acquiring bank to the FDIC during the audit period, as well as testing of the underlying loss claim data to support the claimed loss and the least loss determination for the covered asset. Our tests include review of a sample of loans and other asset (investment securities) files to test the validity of the loss claim submitted. We also select a sample of acquiring bank expenses claimed as a loss for reimbursement and determine the appropriateness of the expense in accordance with the criteria in the LSA.

We communicate with the FDIC OIG personnel throughout the engagement and prepare bi-weekly status reports for each audit engagement as a basis for our discussions.

At the completion of our audit procedures, we submit a report to the FDIC OIG which includes an executive summary, background, and our findings. We also identify questioned and unsupported losses claimed by the acquiring bank, and related recommendations.

**NATIONAL RAILROAD
PASSENGER
CORPORATION AND
SUBSIDIARIES
("AMTRAK")**

Annual financial
statement audit, Single
Audit, and retirement
plan audits (recent
engagement)

Partners-in-charge:
William Eisig, CPA
Neena Masih, CPA

Best practice features – process management and strong central team coordination across client’s multiple field offices.

Amtrak was incorporated in 1971 pursuant to the Rail Passenger Service Act of 1970 and is authorized to operate a nationwide system of passenger rail transportation. Amtrak’s principal business is to provide rail passenger transportation service in the major intercity travel markets of the United States. Amtrak also operates commuter rail operations on behalf of several states and transit agencies, provides equipment and right-of-way maintenance services, and has leasing operations. The Federal Government through the United States Department of Transportation owns all issued and outstanding preferred stock.

- We will be working with Amtrak personnel on various complex accounting and auditing matters such as:
 - Federal payments, entitlements, appropriations, and grants
 - Single Audit pursuant to OMB Circular A-133
 - ARRA funding
 - Investments and derivatives
 - Capital assets
 - Income taxes
 - Preferred and common stock
 - Leasing and service arrangements
 - Environmental matters
 - Post-retirement benefits
- The BDO Assurance team will combine and consult with legal, actuarial, information technology and other teams on all IT, accounting, auditing, or financial reporting matters.
- BDO will conduct a comprehensive assessment of the general controls over the IT systems and review the internal control processes surrounding the significant activities.
- We will have to consider that Amtrak’s complex operations and different processes are decentralized between Washington, D.C. and Philadelphia, with other operations in Chicago, Bermuda, as well as multiple other repair and maintenance facilities, along with parts depots throughout the United States.

BDO ALLIANCE AND SUBCONTRACTORS

Overview

The BDO Alliance (the “Alliance”) is a nationwide association of independently owned local and regional accounting, consulting, and service firms with similar client service goals. By accessing the resources of BDO and each other, the Alliance presents an opportunity for these accounting and consulting, and business and technology firms to expand services to their clients – without jeopardizing their existing client relationships or their autonomy. The Alliance firms are also called upon as necessary to provide experience in their specific service or industry. This provides our clients with the technical resources and manpower of one of the largest accounting firms combined with specific knowledge of the local alliance firms as required.




The Alliance was developed to provide member firms with an alternative strategy for gaining competitive advantage in the face of a changing business landscape. For BDO, the Alliance represents an opportunity to enhance our relationships with reputable firms that share a mutual business understanding, while expanding our national and international network. Through the Alliance, we aim to bring these and numerous other benefits to member firms and clients.

For the State’s engagement, we are partnering with members of our Alliance, **Gibbons & Kawash, A.C.** (Gibbons & Kawash) and **Hayflich & Steinberg, PLLC** (Hayflich & Steinberg). Both firms have served numerous clients in the public sector and have developed a strong reputation for providing quality services in the West Virginia market. Key members of our team have direct and relevant experience with the State.

Gibbons & Kawash, A.C.

Gibbons & Kawash A.C. is a regional accounting corporation with a team of 30 professionals who provide accounting, assurance, business advisory, and tax services to a broad spectrum of clients throughout West Virginia and surrounding states. Gibbons & Kawash was founded on a commitment to provide clients with the highest quality services and professional guidance. That commitment remains paramount and is deeply rooted in every aspect of their practice. It is the reason Gibbons & Kawash has become one of the area’s leading accounting and consulting firms.

	Gibbons & Kawash exercises great care in selecting and training professionals because it is the talent and integrity of their people that ensures their clients receive the high quality service they deserve.
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The dynamic, complex environment in which the firm operates demands that their professionals stay abreast of changes in the accounting profession as they occur. Gibbons & Kawash partners and staff participate in a comprehensive professional development program designed to help them maintain proficiency in accounting, auditing, tax, and consulting, and to develop expertise in specialized fields and industries. The firm’s partners and staff work to advance the profession through active membership and committee involvement in the AICPA and the West Virginia Society of Certified Public Accountants. In addition, the firm is a member of the Center for Public Company Audit Firms of the AICPA Division for Firms.

Gibbons & Kawash has a broad base of experience with state and local government operations. **Attachment D** of the State of West Virginia’s RFP lists 30 entities that are audited on a stand-alone basis. Of these 30 entities, Gibbons & Kawash has audited 21 entities, including 17 of these entities for the year ended June 30, 2010. These entities include the West Virginia Department of Transportation, which prepared the only department-wide financial statements in the West Virginia State Government, with assets of \$7.5 billion, revenues of \$1.2 billion, and federal assistance of approximately \$475 million.



The West Virginia Lottery Commission, West Virginia Board of Treasury Investments, West Virginia Consolidated Public Retirement Board, and West Virginia Housing Development Fund are significant entities, all with total assets or revenues well in excess of \$1 billion.

Following is an additional listing of West Virginia State government entities serviced by Gibbons & Kawash:

- West Virginia Alcohol Beverage Control Administration
- West Virginia Drinking Water Treatment Revolving Loan Fund (Loan funds and Set-aside funds)
- West Virginia Economic Development Authority
- West Virginia Educational Broadcasting Authority
- West Virginia Infrastructure and Jobs Development Council
- West Virginia Jobs Investment Trust
- West Virginia Parkways Authority
- West Virginia State Rail Authority
- West Virginia Solid Waste Management Board
- West Virginia Tobacco Settlement Finance Authority
- West Virginia Regional Jail and Correctional Facility Authority
- School Building Authority of West Virginia
- West Virginia Water Pollution Control Revolving Fund
- West Virginia Racing Commission
- West Virginia Water Development Authority

Obtaining a *Certificate of Achievement for Excellence in Financial Reporting* from the GFOA is a goal for many governmental entities. Gibbons & Kawash is well qualified to assist governments in obtaining and maintaining these certificates and it has provided technical assistance to the following state agencies in connection with obtaining this GFOA Certificate.

- West Virginia Board of Treasury Investments (5)
- West Virginia Department of Transportation, Division of Highways (10)
- West Virginia Parkways, Economic Development and Tourism Authority (10)
- West Virginia Lottery (11)
- West Virginia Prepaid College Tuition Fund (1)
- West Virginia Housing Development Fund (6)



Gibbons & Kawash provided technical assistance to five of the above entities with their recent submissions for the certificate for the year ended June, 30, 2010.

Hayflich & Steinberg, PLLC

Hayflich & Steinberg, PLLC is a full-service regional accounting firm with offices located in Huntington, West Virginia. Founded in 1952, the firm's growth and reputation have been built on the competence and integrity of its members, and enhanced by its primary objective of providing a full range of audit, accounting, tax, and management advisory services for its clients. Its clients conduct business nationwide and internationally and range in size from small business to multi-billion dollar enterprises in West Virginia, Ohio, Kentucky, Maryland, Virginia, North Carolina, Tennessee, Pennsylvania, Arizona, Texas, Florida, and Washington, D.C.

The firm's employees are organized departmentally, in a manner conducive to making the highly specialized abilities of the firm's members available to all clientele.

HAYFLICH & STEINBERG
— Certified Public Accountants —

Considering the complexity of business today, a blend of several specialists is often required to handle an engagement properly. The professionals Hayflich & Steinberg commits to an engagement not only have the necessary training and experience, but also a results-oriented attitude.

Hayflich & Steinberg also regularly performs audits in accordance with *Government Auditing Standards*, and OMB Circular A-133. These clients include:

- West Virginia Department of Transportation
- West Virginia State Rail Authority
- West Virginia Department of Education
- West Virginia Division of Rehabilitation Services
- West Virginia Division of Emergency Management
- West Virginia Development Office
- City of Point Pleasant Housing Authority
- City of Parkersburg Housing Authority
- Valley Health Systems, Inc.
- Grant Medical Center, Inc.
- Wayne Health Services, Inc.
- Harts Health Clinic, Inc.
- Fort Gay Primary Health Care, Inc.
- Upper Kanawha Health Association, Inc.
- Ouch, Inc.
- Monroe County Health Services, Inc.
- Prestera Center for Mental Health Services, Inc.

Hayflich & Steinberg's other governmental and tax-exempt clients include:

- West Virginia Department of Transportation's Division of Highways
- Glenville State College
- Marshall University (under a contract with a national CPA firm)
- Marshall University Research Corporation (under a contract with a national CPA firm)
- West Virginia State University (under a contract with a national CPA firm)
- West Virginia State University Research & Development (under a contract with a national CPA firm)



Direct and Relevant Experience with the State

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION

Annual financial
statement audit and
Single Audit

Partner-in-charge:
John Galloway, CPA

Subcontractor Experience: Gibbons & Kawash

Gibbons & Kawash has audited the West Virginia Department of Transportation (the "Department") for ten of the past 18 years, including the fiscal years ended June 30, 2009 and 2010. The Department was the only department-wide stand alone audit within the State of West Virginia financial reporting entity. These audits were conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* established by the Comptroller General of the United States, and OMB Circular A-133.

- The Department is comprised of six governmental funds and two discretely presented component units with combined total assets of \$8.7 billion and combined total expenditures exceeding \$1 billion.
- Gibbons & Kawash issued an Independent Auditor's 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*.
- Gibbons & Kawash issued an Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133. The Department's federal program expenditures exceeded \$475 million with four major programs in fiscal year 2010.

WEST VIRGINIA HOUSING DEVELOPMENT FUND

Annual financial
statement audit and
Single Audit

Partner-in-charge:
John Galloway, CPA

Subcontractor Experience: Gibbons & Kawash

Gibbons & Kawash has audited the West Virginia Housing Development Fund (the "Fund") for the past five years. These audits were conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* established by the Comptroller General of the United States, and OMB Circular A-133.

- The Fund is a special purpose entity engaged in business type activities with State-wide responsibility for housing and operates a wide variety of programs to provide safe and affordable housing for the residents of West Virginia. The Fund has total assets of over \$1.2 billion, a loan portfolio in excess of \$911 million, and total revenue of \$120 million.
- Gibbons & Kawash issued an Independent Auditor's 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*.
- Gibbons & Kawash issued an Independent Auditor's Report on Compliance with Requirements That Could Have a Direct And Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133. The Fund's federal program expenditures were approximately \$63 million with two major programs in fiscal year 2010.



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

Annual financial statement audit

Partner-in-charge:
Robert Denyer, CPA

Subcontractor Experience: Gibbons & Kawash

Gibbons & Kawash has audited the West Virginia Board of Treasury Investments ("BTI") for the past five years. These audits were conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* established by the Comptroller General of the United States.

- BTI operates the Consolidated Fund, comprised of investment pools, which serves as an investment vehicle for the operating cash of West Virginia State agencies and authorities, as well as local governments throughout the State. BTI has over \$4.1 billion of investments under management in the Consolidated Fund.
- Two of the investment pools, which collectively include over \$3 billion of investments under management, have been rated by Standard and Poor's with a rating of AAAm.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION

Annual financial statement audit and Single Audit

Partner-in-charge:
Robert Fuller, CPA

Subcontractor Experience: Hayflich & Steinberg

Hayflich & Steinberg audited the West Virginia Department of Transportation (the "Department") for the fiscal years ended June 30, 2007 and 2008. The Department was the only department-wide stand alone audit within the State of West Virginia financial reporting entity. These audits were conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* established by the Comptroller General of the United States, and Office of Management and Budget Circular A-133.

- The Department was comprised of six governmental funds and two discretely presented component units with combined total assets of \$7.2 billion and combined total expenditures exceeding \$1 billion.
- Hayflich & Steinberg issued an Independent Auditor's 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*.
- Hayflich & Steinberg issued an Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance With OMB Circular A-133. The Department's federal program expenditures exceeded \$400 million with over ten major programs in fiscal year 2008.



**WEST VIRGINIA
HIGHER EDUCATION
POLICY COMMISSION**

Annual financial
statement audit and
agreed-upon
procedures

Partner-in-charge:
Robert Fuller, CPA

Subcontractor Experience: Hayflich & Steinberg

Hayflich & Steinberg has been involved in the West Virginia Higher Education Policy Commission audit for the past seven years, including the fiscal years ended June 30, 2009 and 2010. The West Virginia Higher Education Policy Commission is responsible for developing, establishing, and overseeing the implementation of a public policy agenda for the state's four-year colleges and universities. It is charged with oversight of higher education institutions to ensure they are accomplishing their missions and implementing the provisions set by state statute.

- For years ended June 30, 2004 to 2010, Hayflich & Steinberg performed audits of **Glenville State College**. These audits were conducted in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards* established by the Comptroller General of the United States.
- For years ended June 30, 2009 and 2010, Hayflich & Steinberg performed agreed upon procedures in which it tested **Glenville State College's** federal compliance with two major grant programs.
- For years ended June 30, 2004 to 2010, Hayflich & Steinberg performed the OMB Circular A-133 testing of major programs of the **Marshall University Research Corporation**.
- For years ended June 30, 2007 and 2008, Hayflich & Steinberg performed the audits of the **West Virginia State University Research and Development Corporation**. These audits were conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* established by the Comptroller General of the United States, and OMB Circular A-133.

**WEST VIRGINIA
BUREAU FOR
BEHAVIORAL HEALTH
AND HEALTH
FACILITIES**

Cost reports and other
services

Partner-in-charge:
Robert Fuller, CPA

Subcontractor Experience: Hayflich & Steinberg

Hayflich & Steinberg performed the compilation of the year-end Medicare and Medicaid cost reports for the three state owned hospitals (Mildred Mitchell Bateman, William R. Sharpe, Jr., and Welch Community Hospitals) for the fiscal years ended June 30, 2008 through 2010.

During this period, Hayflich & Steinberg also oversaw and assisted in the successful implementation of a new general ledger accounting system for all three hospitals. Additionally, Hayflich & Steinberg assisted management with the implementation of GASB 45 and all other major accounting pronouncements beginning in August of 2008.

The performance of this engagement required approximately six team members (directors, managers, senior auditors, and staff auditors) and over 3,000 personnel hours.



Subcontracting Plan

Name and Address of Subcontractors	
Gibbons & Kawash, A.C. Certified Public Accountants 300 Chase Tower 707 Virginia Street, East Charleston, West Virginia 25301	Hayflich and Steinberg, PLLC 8 Stonecrest Drive Huntington, West Virginia 25701
West Virginia Board of Accountancy License Number	
F0152A	F0299A
Scope of Work	
<p>As part of our commitment to the State, BDO has partnered with two local West Virginia firms on this contract. Gibbons & Kawash and Hayflich & Steinberg will provide auditors and information systems specialists at all levels for the State's engagement. These individuals will include partners, managers, seniors, and staff.</p> <p>Both of these local firms have worked with the State on several projects, including previous financial statement audits and their combined experience is invaluable to the State. Having Gibbons & Kawash and Hayflich & Steinberg perform a significant amount of the work will eliminate any transition issues for the State.</p>	
Clause Flowdown	
<p>BDO agrees that the clauses will be flowed down to Gibbons & Kawash and Hayflich & Steinberg and that the plans will be reviewed against the minimum requirements for such plans. Once the plans are negotiated, approved, and implemented, the plans will be monitored through the submission of periodic reports.</p>	
Reporting and Cooperation	
<p>BDO will maintain records that demonstrate procedures adopted to comply with subcontracting requirements and will make such records available for review upon the State's request. The types of records will include the following:</p> <ul style="list-style-type: none"> • Records to support subcontract award data, including the name, address, and business size of the subcontractors and the agreed duties and responsibilities. • Periodic status and monitoring reports of contracted services that were performed by area of responsibility. 	

REFERENCES

Our personnel are experienced in performing audits of governmental entities and are very familiar with the authoritative guidance. Listed below are several references which the State may feel free to contact.

BDO USA, LLP



Government
of the
District of
Columbia

WILLIAM DIVELLO
Executive Director, Office of
Integrity and Oversight

1100 4th Street, SW
Suite 750E
Washington, D.C. 20024
202-442-6445

Project: Single Audit

Gibbons & Kawash, A.C.



State of
West Virginia
Department of
Transportation

KEITH CHAPMAN
Business Manager

Room A-137, Building 5
Capitol Complex
1900 Kanawha Boulevard, East
Charleston WV 25305
304-558-2811

Project: Annual financial
statement audit and Single Audit



Government
of the
District of
Columbia

ANTHONY POMPA
Deputy Chief Financial Officer

1100 4th Street, SW
Suite E800
Washington, D.C. 20024
202-442-8222

Project: CAFR Audit

West Virginia
Board of
Treasury
Investments

KARA BREWER
Chief Financial Officer

Room E-122
Capitol Building
1900 Kanawha Boulevard, East
Charleston WV 25305
304-340-1564

Project: Annual financial
statement audit and retirement
plan audits

Hayflich & Steinberg, PLLC



BlueCross
BlueShield

Blue Cross
Blue Shield

ROBERT MCMILLAN
Executive Director, Program
Integrity

1310 G Street NW
Washington, D.C. 20005
202-942-1052

Project: Program audits

State of
West Virginia
Legislative
Auditor's
Office

AARON ALLRED
Legislative Manager

Building 1, Room E-132
1900 Kanawha Blvd., East
Charleston, WV 25305-0610
304-347-4800

Project: Annual financial
statement audit of the Division
of Highways

SECTION HIGHLIGHTS

STRONG HISTORY OF SERVICE

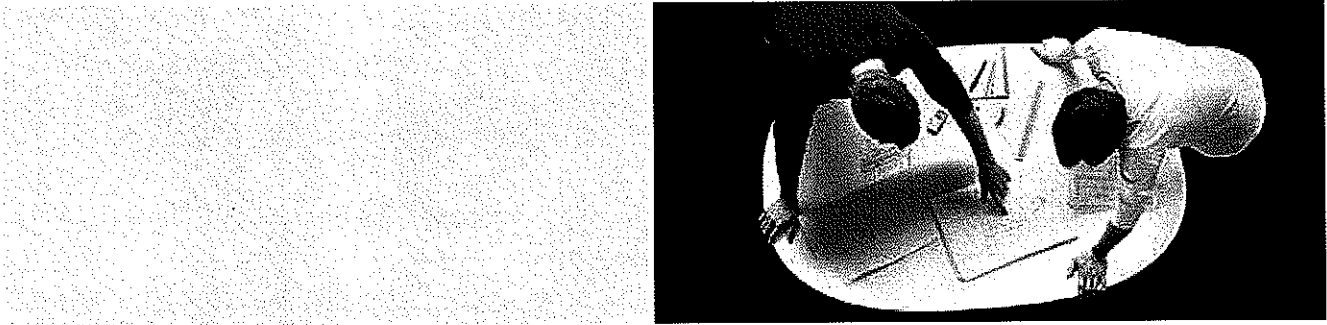
BDO USA, LLP is a national CPA firm with 40 offices nationwide and 400 independent alliance firms. Our core values, which include *Honesty and Integrity*, *Taking Personal Responsibility*, *Strong and Personal Client Relationships*, and *Mutual Support*, have guided our business for 100 years.

PUBLIC SECTOR FOCUS

Our Mid-Atlantic Regional Office houses the firm's National Governmental and Nonprofit Practice, which is led by William Eisig. A majority of our staff regularly serve clients in the public sector (including state governments such as the State of West Virginia), which is an industry focus for BDO.

SUBCONTRACTOR RELATIONSHIP AND EXPERIENCE SERVING THE STATE

Our subcontractors, Gibbons & Kawash and Hayflich & Steinberg, have previously served various State of West Virginia agencies. Both firms are respected service providers in the State of West Virginia with a combined 80+ years of experience serving local businesses and public sector entities.



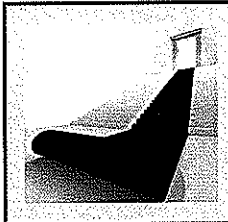
QUALIFIED AUDIT STAFF, SPECIALISTS, OR OUTSIDE CONSULTANTS

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DEPTH OF RESOURCES AVAILABLE

Commitment to Client Service

Success begins and ends with the engagement team and its management. Providing our clients with the highest level of professional service and ensuring their satisfaction with our performance are among our primary objectives. Our ability to select the right team of professionals to serve our clients has been a critical element of our past success.



The BDO Team prides itself on a reputation for a hands-on, service-oriented business philosophy and demonstrated commitment to quality, reliability, and responsiveness to client needs. The BDO Team's philosophy is to provide the State with a business partner who is available year-round to assist you and our audit approach emphasizes a thorough process.

The State will experience, first-hand, our client service philosophy. We combine the vast abilities of a large, international organization with a personal touch and significant partner involvement. One of the most important services we provide our clients is monitoring their needs on a continual and ongoing basis. This begins at the staff level and progresses all the way to the partners in-charge of your engagement. In selecting your service team, we reviewed carefully our understanding of the State's needs, as well as your plans, and identified the people whose credentials are ideal for your engagement. We pay close attention to establishing an engagement team that has the necessary experience and expertise to provide superior service, a team that works well with the State's management and each other, and has the enthusiasm and commitment to get the job done.

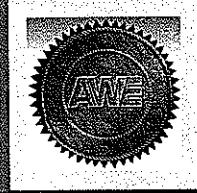
Commitment to Continuity and Quality of Staff over the Term of the Agreement

We believe there are significant benefits to BDO and to our clients in maintaining diversity and quality of staffing, and we do whatever we can to achieve that objective. Our historic turnover has been considerably lower than industry standards. Because of the benefits to both BDO and to our clients, we do not accept the theory that high turnover in our profession is inevitable. We believe that our rates of turnover will continue to be lower than industry standards due to:

- Our focus on a better work-life balance for our professionals;
- Our lower staff to partner ratio, which facilitates greater personal interaction between staff and partners;
- Our high growth rate, which translates to greater career opportunities for our professionals;
- Our entrepreneurial culture, which allows us to be creative in tailoring career opportunities and compensation to individual needs; and
- Our distributed decision-making, which translates to empowering our professionals locally.

While some staff turnover is inherent in the public accounting profession, our close partner involvement minimizes the impact to our clients. The hallmark of BDO's client service remains the same – to provide active, personal, and high level partner involvement. Our partners and managers represent approximately 30 percent of the total time spent on your engagement. This means that our partners and managers are more involved in serving you. We find that the partner review of our staff's work at our clients' offices minimizes the time spent in the review process, increases the supervision of our staff, results in fewer hours, increases the partners' understanding of the issues and, most important, provides opportunity for increased partner-client interaction.

The Greater Washington, D.C. office received the award for "Workplace Excellence Seal of Approval" in 2006, 2007, 2008, 2009, 2010, and 2011 as recognition of our innovative employee-centered programs, which are aligned with enhancing recruitment and retention of our highly qualified personnel.



As a matter of policy, our BDO offices do not require systematic staff rotation, eliminating the concern about repeated learning curves. It is our goal, however, to foster career growth, encouraging staff members to take on increasing levels of professional responsibility within the scope of each engagement. As promotions occur, we try to maintain staff assignments within the engagement team in order to assure the client of continuity and consistency.

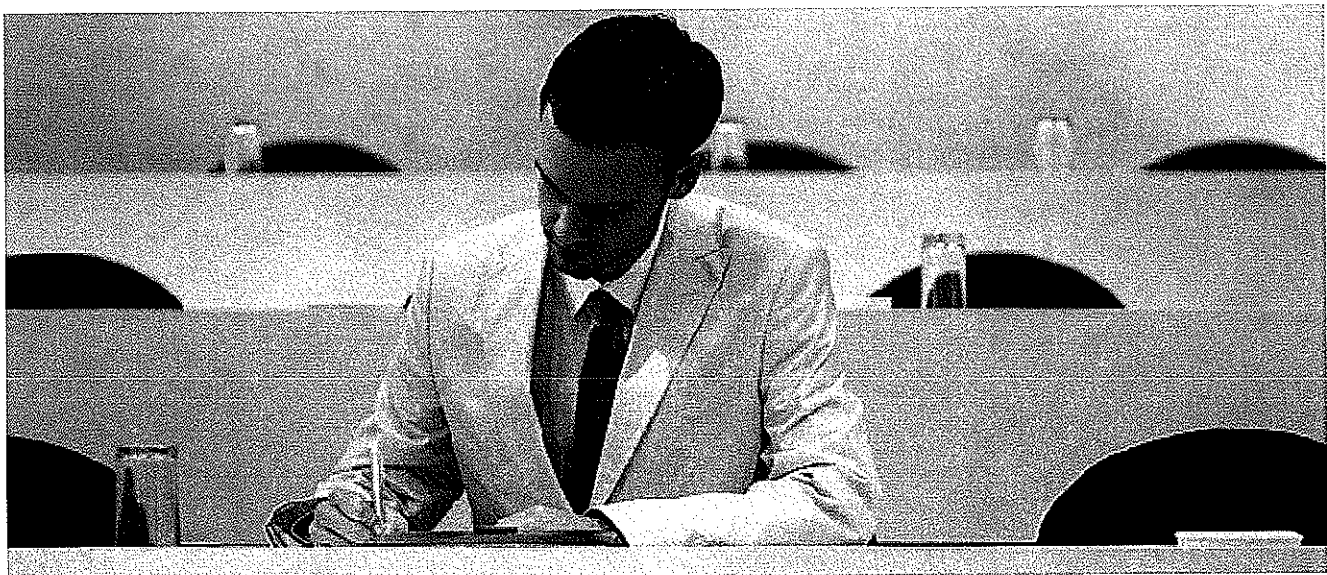
Emphasis on Education

Our commitment to education spans both the learner's and teacher's perspectives. We believe in providing training to employees and partners who work in specialized disciplines. People are our biggest resource. We believe well-trained personnel better represent our Firm and differentiate us in their industry specialization.

The current individuals assigned to the State will continue to receive specialized training on relevant issues. Many other personnel throughout the office and the Firm also receive related training and will be called on first in situations where they are needed.

Not only do we emphasize and encourage staff training at all levels, our senior personnel are often called upon to present workshops and seminars. While the AICPA's professional standards require 40 hours of continuing professional education ("CPE") annually, many of our staff members had in excess of 60 hours last year, predominantly concerning issues facing the tax-exempt and governmental community.

Credits are obtained through a variety of venues, including in-house seminars, outside classes, and home-study courses. Attendance at the annual conferences sponsored by the American Society of Association Executives ("ASAE"), Greater Washington Society of Certified Public Accountants, Maryland Association of Certified Public Accountants, the West Virginia Society of Certified Public Accountants, and the American Institute Certified Public Accountants is strongly encouraged. *We also extend an invitation to our clients to attend our in-house CPE seminars.*



Staffing Approach and Management Style

BDO has performed audit, advisory, compliance, and investigative services for government and other organizations since its founding 100 years ago. Through those years of experience we have developed audit practices and procedures and a project management approach that delivers a highly effective and efficient solution.

We have also developed a management plan and approach for performing the work required by the State that will deliver the highest quality services at the best value. Our staffing approach is premised on our assigning seasoned experts and trained professionals with the skills, education, and experience needed to implement effectively a comprehensive, integrated set of proven processes tailored to achieve the State's goals and requirements for the performance of the audits.

To perform and manage the engagement, we have developed an organizational structure that provides the following benefits:

- 1** Draws on the BDO Team's significant depth and breadth of experience providing services for government agencies that are relevant to the proposed engagement.
- 2** Provides key personnel with the experience, knowledge, and leadership abilities necessary to manage and perform multiple tasks at multiple agencies, provide technical expertise/support, and deliver the required work product of the highest quality within the strict time parameters established by the State.
- 3** Includes a large number of highly skilled professionals with significant relevant industry experience and who are available on short notice.

Decision making at BDO filters down to the local office and, most important, into the hands of our client service professionals. We recognized long ago that our clients need prompt and decisive answers to their questions and providing that kind of service requires strong people at the engagement management level. Your client service team is comprised of our technical professionals in government accounting, who have dealt with complex issues unique to government agencies and who make it their business to respond to requests for assistance. Senior management will be actively involved in project planning, identifying key issues, developing strategy, and day-to-day project execution.

The ability to make local decisions is balanced with our strong quality control program that helps ensure all significant decisions are reviewed and approved by the appropriate technical personnel.



Engagement staff will consist of professionals with prior successful experience on similar projects that will be dedicated solely to the engagement during the project's critical phases. Our engagement work plan will be developed to ensure that each deadline is met. Reviews will be performed on-site during fieldwork so that any questions or issues can be addressed and resolved on a timely basis.

Engagement Management Roles

As is true for all of our engagements, our performance of the State's audits will be led by experienced partners who will be heavily involved in the engagement, and staffed by professionals with the appropriate skill levels and industry knowledge to perform the requirements in an exemplary manner. Prior engagements rendering financial statement and OMB Circular A-133 audit services to governmental entities have given us substantial experience in engagement planning and execution.

Responsibilities of the Engagement Partners

The engagement partners will maintain an intimate knowledge of the engagement – its objectives, requirements, and processes – so that the management review and deliverables can be completed in a timely manner. They will perform the partner reviews and will be working actively with you and the engagement team to ensure the success of the engagement. They will also be available to assist the engagement team in resolving technical issues.

Responsibilities of the Quality Control Reviewer

The Quality Control Reviewer will ensure compliance of the audit with various applicable standards developed by the AICPA and *Government Auditing Standards* issued by OMB and the Government Accountability Office, and provide additional support throughout the engagement. If management review is determined deficient, the Quality Control Reviewer will consult with the engagement partners to determine how to correct the noted deficiency. The managers responsible for the fieldwork will correct the deficiency.

Responsibilities of the Managers

The managers will assist the engagement partners by directly supervising the audit teams. These individuals will be primarily responsible for the compliance with applicable regulations and applicable auditing standards. The managers will perform on-site reviews, as well as office reviews. In addition, the managers will ensure that the audit is completed promptly in accordance with the scheduled completion dates.

Responsibilities of the Seniors and Staff

Audit seniors and staff will have experience in performing audits of governmental and tax-exempt entities and internal control and compliance reviews. Audit seniors will also have the technical skills to perform any of the audit steps independently, as well as conduct entrance and exit conferences. Both groups will be on-site daily to coordinate daily requests and oversee the teams, as applicable.



Key Personnel

As indicated earlier, we pay close attention to establishing an engagement team that has the necessary experience and expertise to provide superior service, a team that works well with the State’s management and each other, and has the enthusiasm and commitment to get the job done. We have assembled such a team for the State’s engagement and our proposed staffing is designed to exceed the State’s expectations.

The team of professionals we have assembled has significant related experience with the State of West Virginia, as well as other state agencies, educational agencies, retirement plan systems, and OMB Circular A-133. Therefore, we understand what you do and the systems and controls that support your operations.

We plan on establishing a “central” team which will be the overall operational and focal team and will be involved in the State-wide audit coordination, scheduling, assignments, communication, review, and reporting phases. The central team will review any past problems, conduct a risk assessment, and then assign various teams to oversee key elements of the engagement. We also plan on utilizing a separate information systems team to review the systems in place. In all our teams, the key factor will be that a partner and manager will be leading the way.

We have included below and on the following page our allocation of personnel with respect to the State’s engagement. Additionally, in **Tab 3** and as per Section 2.4.3 of the RFP, we have provided relevant supplementary governmental project specific experience for these individuals, who represent our lead personnel.

BDO	Labor Category	Degree(s)	CPA	CAFR Audit Experience	OMB Circular A-133 Experience	Relevant Industry Expertise
William Eisig	Partner	B.S., Accounting	✓	✓	✓	✓
Neena Masih	Partner	B.S., Accounting	✓	✓	✓	✓
Johnson Wong	Partner, Information Systems	B.S., Management – Financial Systems		✓	✓	✓
Patricia Duperron	Quality Control Director	B.B.A., Accounting	✓	✓	✓	✓
Andy Afuang	Senior Manager	B.S., Accountancy	✓	✓	✓	✓
Matt Cromwell	Senior Manager	B.S., Accounting	✓	✓	✓	✓
John Griffin	Senior Manager	B.S., Accounting	✓	✓	✓	✓
Tony Wang	Senior Manager, Information Systems	M.S., System Engineering; B.S., Electrical Engineering		✓	✓	✓
Victor Calimlim	Senior Associate	B.S., Accountancy	✓	✓	✓	✓
Jovelyn Jovillana	Senior Associate	B.S., Accountancy		✓	✓	✓
Stacy Seppy	Senior Associate	B.S., Accountancy	✓	✓	✓	✓
Mike Tarlaian	Senior Associate	B.S., Accounting		✓	✓	✓
Lorelie Vergara	Senior Associate	B.S., Accountancy		✓	✓	✓
Tom White	Senior Associate	B.S., Accounting		✓	✓	✓
Various	Staff	Various		✓	✓	✓

Gibbons & Kawash	Labor Category	Degree(s)	CPA	CAFR Audit Experience	OMB Circular A-133 Experience	Relevant Industry Expertise
Robert Denyer	Partner	B.S., Business Administration	✓	✓	✓	✓
John Galloway	Partner	B.S., Business Administration	✓	✓	✓	✓
Robert Henson	Manager	B.S., Business Administration	✓	✓	✓	✓
Elizabeth Semder	Senior	B.S., Business Administration		✓	✓	✓

Hayflich & Steinberg	Labor Category	Degree(s)	CPA	CAFR Audit Experience	OMB Circular A-133 Experience	Relevant Industry Expertise
Robert Fuller	Partner	B.B.A., Accounting/ Finance	✓	✓	✓	✓
Michael Hager	Manager	B.B.A., Management	✓	✓	✓	✓
Cindy Bowen	Supervisor	M.B.A.; B.B.A., Marketing	✓		✓	✓
Stacy DeRossett	Senior	B.B.A., Accounting		✓	✓	✓



RESOURCES AVAILABLE TO THE BDO TEAM

National Thought Leadership: BDO's National Institute for Governmental and Nonprofit Excellence

BDO is proud to be the only national accounting firm with a strategic commitment to the public sector. That commitment has led to the development of the Institute, which specializes in meeting the needs of the nation's public sector.

The Institute also serves as a resource, studying and disseminating information pertaining to public sector accounting and business management. It also supports and collaborates with BDO offices around the country to develop innovative and practical accounting and operational solutions for the domestic tax-exempt practice. The Institute provides monthly in-person (Washington, D.C. area) or Internet based informational sessions for its clients and other interested parties in the latest aspects of issues impacting the public sector. The Institute also sponsors educational seminars locally or via webcasts on issues such as new Governmental Accounting Standards Board (GASB) implementation and compliance, new Financial Accounting Standards Board (FASB) implementation and compliance, tax planning, alternate revenue streams, and management topics.

Many BDO professionals are recognized as key thought leaders within the public sector. Our professionals believe in the power of industry participation and in the importance of staying on top of new trends, issues, and regulations. Doing so requires membership in trade associations, presenting at industry conferences and seminars, and authoring articles in and serving as a resource for trade publications. **William Eisig**, one of your engagement partners and BDO's National Practice Leader for the Governmental and Nonprofit Practice, is the National Director for the Institute.

Commitment to Professional Development

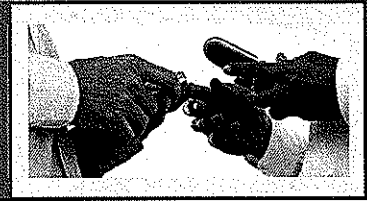
In cultivating an environment that emphasizes a collaborative style of management and service delivery, there are many ways that BDO encourages employees to develop their full potential and to apply their knowledge and skills for the benefit of our clients.

A key component of the employee development process stems from our strong client service approach that is characterized by senior level partner involvement in client relationships. This exposes other team members to a flexible, involved, participatory engagement style that distinguishes BDO from other accounting and consulting firms that may rely on more of an assembly line approach to client service. The importance of this "on-the-job" aspect of professional development cannot be overstated. Coupled with this unique engagement style is a more formal program of professional development that:

- Begins with a rigorous performance evaluation process;
- Links to the creation of learning plans, supported by a rich curriculum of technical, management development, and client relationship training courses; and
- Is reinforced by a number of incentive-based compensation plans designed to reward top technical performance.

As far as training is concerned, BDO is committed to the mandate within the accounting profession to build and maintain the highest possible level of professional competence. As suggested, it serves that objective with defined technical and professional curricula, the development of annual learning plans, the sponsoring of a large number of training offerings at the local, regional, and national levels, and continuous evaluation and improvement efforts.

Over the last few years, as technology has advanced, BDO, in recognition of the value of time and the importance of instructional effectiveness, has championed a "blended" approach to training delivery, combining the best that the e-learning and live learning venues have to offer.



Supplemental Resources Available to Assigned Personnel

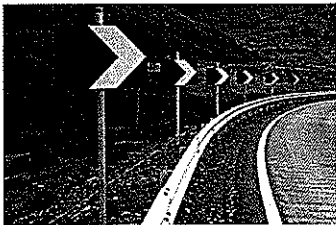
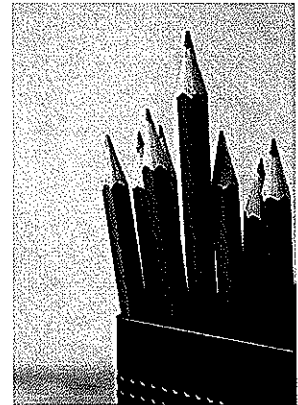
BDO commits significant resources to keep our Assurance professionals up-to-date on current and evolving accounting, reporting, and auditing developments. Our training includes monthly web-based programs covering current accounting and auditing topics. Managers and partners attend national conferences conducted by BDO's top technical professionals annually. Level-specific training sessions are conducted nationally and locally and address the needs of our professionals at various points in their careers. In addition, BDO provides access to a wide range of resources to its professionals and clients worldwide, including those listed below.

► TECHNICAL RESEARCH TOOLS

BDO uses Accounting Research Manager™ (ARM) as a primary source of insightful interpretations on GAAP, GAAS, and Securities and Exchange Commission (SEC) rules. ARM is updated daily and is considered to be one of the timeliest and most comprehensive online databases of expertly written analytical interpretation of accounting and auditing matters. Access to ARM and a number of other research tools provide each professional the technical research capability to enable immediate response to client-specific technical issues.

► EITF MATTERS

BDO's membership on the Emerging Issues Task Force (EITF) provides immediate interpretation of the consensus reached and open items from the EITF meetings. This guidance is readily available to our professionals and clients.



► WHAT'S NEW

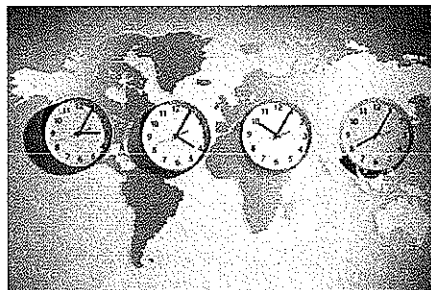
A quick listing of new accounting and technical developments maintained and easily accessible on the firm's intranet website.

► GASB, OMB, FASB, AND SEC FLASH REPORTS

Information about selected developments and emerging issues are immediately e-mailed to BDO professionals for timely communication to clients.

► ASSURANCE COMMENTS

Developed by BDO's National Assurance Committee, this publication provides guidance on comprehensive and complex accounting and auditing matters and is immediately available on the BDO intranet website.



► FINANCIAL REPORTING NEWSLETTER

Our *Financial Reporting* newsletters address significant financial reporting developments that occur throughout the year relating to both public and private organizations.

Assistance from Specialists

BDO has established consultation procedures that are effective and efficient. Our specialists are heavily integrated into the audit approach and are frequently consulted by our governmental clients. If an issue cannot be resolved within the immediate engagement team of partner, quality control reviewer, and manager, the engagement director discusses it first with the consulting partner if it is the type of engagement for which a consulting partner is assigned (e.g., highly complex organization or issues and specialized industry). If further consultation is needed or if the engagement does not require the assignment of a consulting partner, the matter is discussed with the practice office Assurance Technical Director. Further need for consultation would require the involvement of a Regional Technical Director and then the National Director of Accounting, National Director of Audit Policy, or National Director of Assurance. Examples of aspects of the engagement which may require the service of specialists or involve consultation outside the engagement team are as follows:

- Evaluation of information systems internal control and security.
- Actuarial assistance in evaluating the adequacy of the Medicaid and environmental liabilities.

BDO has assembled a team of professional Information Systems (“IS”) auditors, situated in metropolitan locations across the country. These experienced technical auditors provide specialized information systems audit services to all our clients. Our IS audit professionals have in-depth skills in a wide variety of computer systems and broad experience in many industries. To support the audit of the State’s financial statements, members of the IS Assurance group will assist financial auditors by providing an assessment of general control risks in the State’s information systems environment. These risk assessments will enable financial auditors to understand the impact of specifically identified risks on their audit and the potential to place reliance on controls in the State’s environments. The shift to a control reliance strategy can reduce the overall audit effort and improve the level of audit assurance.

Our IS Assurance group can also support the financial auditors by providing risk assessments and tests of computerized application controls in the State’s automated accounting systems. Tests of automated application controls include the use of Computer Assisted Audit Techniques (“CAATs”) such as test deck utilization, real-time data inquiry and analysis, or source code inspection. Like the general control risk assessments, these control related activities will enable financial auditors to perform tests of controls in automated (i.e., paperless) environments and potentially reduce less efficient audit procedures and spread audit procedures more effectively between interim and year-end work. Further, Information Systems Control Related Special Services Members of our group can also perform information systems control related special service engagements for our clients. Included in these special services are the following:

- Information systems control reviews
- Application control reviews
- Information protection / security reviews
- Network reviews and network vulnerability reviews
- SAS 70 reviews
- Disaster recovery and business continuity planning review and performance services
- Web assurance services
- Enterprise application review services
- Internal audit services

Your engagement team has the experience in performing assessments and evaluations of the general and application systems controls to ensure the integrity and reliability of data, network security, electronic commerce, and disaster recovery plans. Team members are versed in numerous financial accounting systems, have experience auditing computerized systems, and are knowledgeable of CAATs. We are confident that our knowledge and experience will drive efficiencies through the audit process.

William Eisig, BDO’s National Practice Leader for the Governmental and Nonprofit Practice, will assist the audit team in testing and evaluating the adequacy of the year-end Medicaid liability. **Patricia Duperron**, as your Quality Control Director, will provide the audit team with direct insight on governmental financial reporting matters. All of our specialists will work closely with and at the direction of the engagement team. While the engagement team has the primary responsibility for decisions, it cannot override a technical decision made by a specialist with whom it consults.

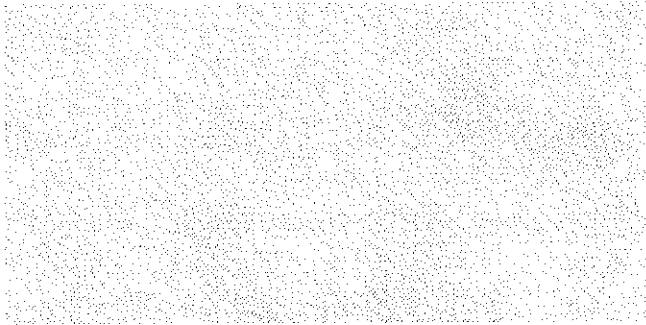
SECTION HIGHLIGHTS

EXCEPTIONAL SERVICE DELIVERY

Our hands-on, service-oriented approach to client services means the State will have access to the BDO Team year-round. We pride ourselves on monitoring our clients' needs on an ongoing and continual basis to minimize surprises and issues.

RESOURCES AVAILABLE TO THE STATE / EMPHASIS ON EDUCATION AND TRAINING

BDO is proud to be the only national accounting firm with a strategic commitment to the public sector. Our Mid-Atlantic Regional Office is the headquarters of our National Institute for Governmental and Nonprofit Excellence. The Institute provides timely and vital information to our public sector clients and staff through newsletters/updates and seminars. In addition to the Institute, BDO provides up-to-date training on current and evolving issues relevant to our business and clients' industries.



QUALIFIED SENIOR AUDIT STAFF

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THE BDO TEAM

Overview

We recognize the complexity that surrounds the State’s management operations and have developed our plan for conducting the services accordingly. All our audits are led by experienced partners who are heavily involved in the engagement and staffed by professionals with the appropriate skill level and industry knowledge matched to our client’s operations. Our lead personnel will be supplemented with seasoned senior and staff auditors. These individuals will have a minimum of two-six years of audit experience, and will have experience in performing audits of governmental and tax-exempt entities, and performing internal control and compliance reviews. They will also have the technical skills to perform any of the audit steps independently, as well as conduct entrance and exit conferences.

Supervision of Subcontractors

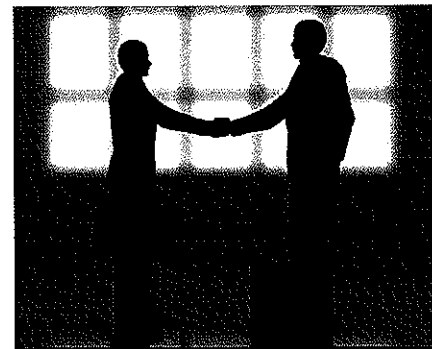
The subcontractors we have selected to support our performance of this engagement have unique strengths and abilities and will be integrated into our audit teams to perform the tasks described in the RFP.

This allows us to gain the benefit of our subcontractors’ skills and experiences while performing close oversight and supervision of the work they perform.

This is also critical to our ability to maintain our high standards of performance and allows us to ensure strict compliance with all work requirements for the engagement, as well as applicable accounting and performance standards applicable to performance of the RFP requirements.

To guarantee timely identification of performance issues and developing trends, the subcontractors will be required to provide a weekly account of hours spent and tasks accomplished.

We will ensure that subcontractor deliverables are subjected to their own quality control reviews while the work is in process, and BDO will conduct its own quality control review of subcontractor work and project deliverables using our own rigorous quality control processes, as BDO will be the signing audit firm.

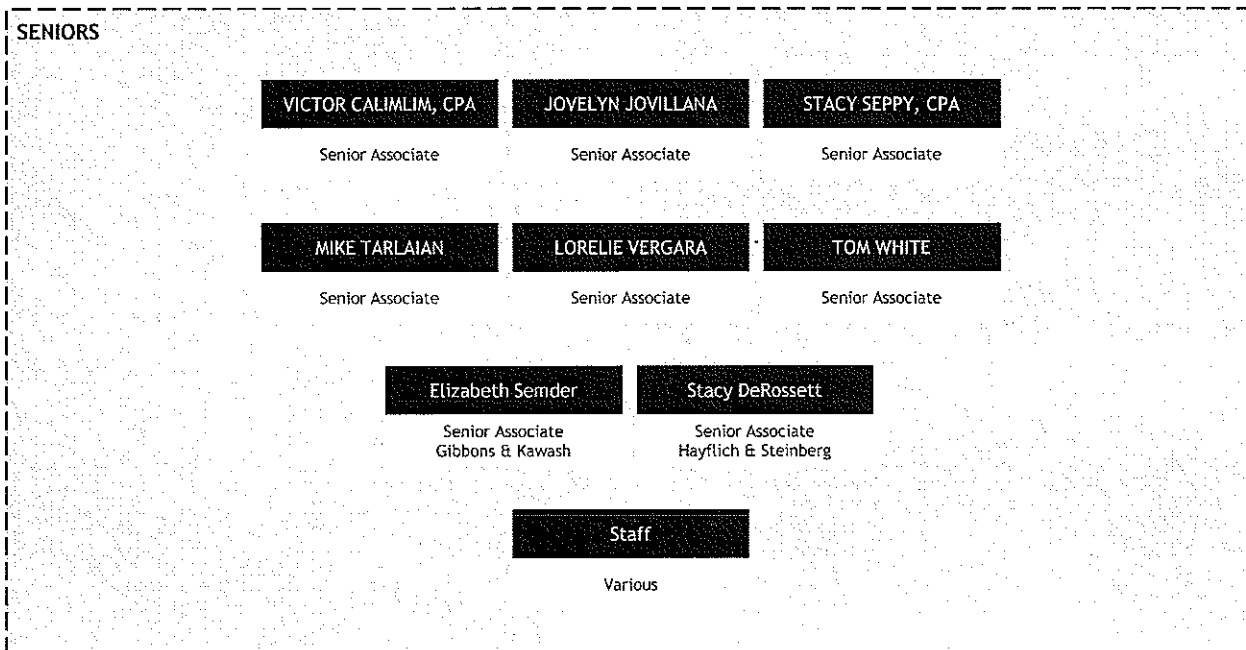
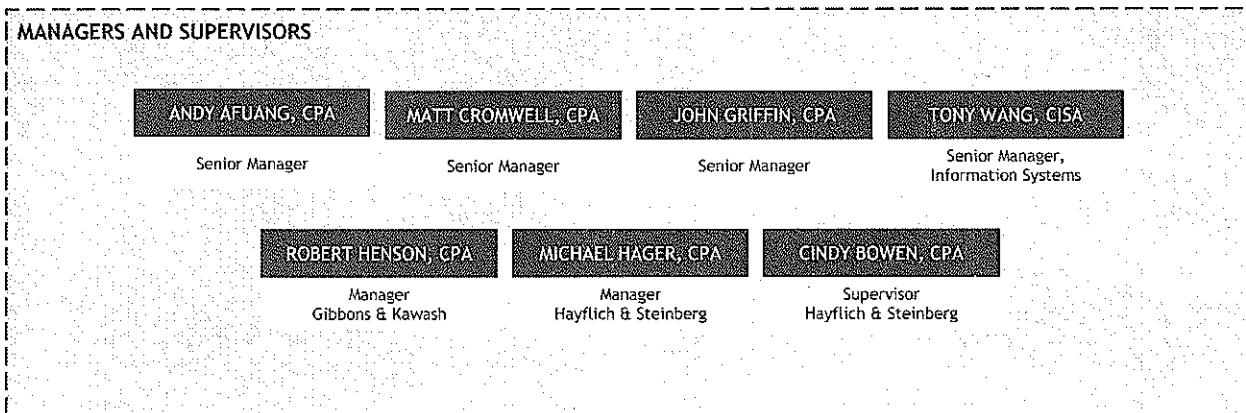
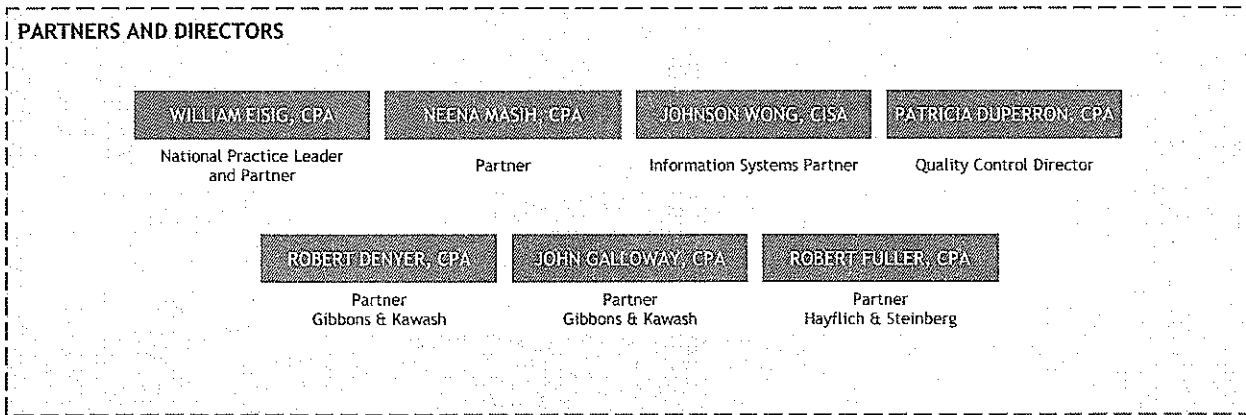


WE INTEND TO USE OUR SUBCONTRACTORS AS A MEANS OF:

- Complementing our staff with additional specialized expertise.
- Providing additional capacity.
- Controlling costs.
- Helping carry out our commitment to support and build the capabilities, experience, and capacity of small, minority-owned, small-disadvantaged, women-owned, service-disabled, and veteran-owned businesses.



Organizational Chart



BDO Team Leaders Working Together to Serve the State.



Staff Qualifications and Expertise

William Eisig, CPA
BDO USA, LLP

Firm Position	Partner and National Practice Leader Governmental and Nonprofit Services
Years with the Firm	16
Education	B.S., Accounting, University of Maryland

Experience Overview

Mr. Eisig runs the third largest office within BDO, overseeing approximately 120 professionals. He is responsible for all aspects of the office's operations, including complete responsibility over the auditing and accounting departments, office strategy, marketing, administration, recruiting and human resources, financial operations, and business development. His responsibilities also include all phases of financial and compliance audits, analyzing internal controls and policies, development of audit plans and programs, supervision of personnel, technical research, reviewing financial statements, and providing recommendations for improving operations. Mr. Eisig has significant expertise handling governmental component units and organizations with multiple for-profit and nonprofit subsidiaries.

Mr. Eisig has done a significant amount of teaching and training for a variety of groups and is the co-author of the ASAE publication, *Association Audits from A to Z*. He has presided over 150 presentations in the past five years to Audit Committees and Boards of Directors.

Relevant Experience

Among others, Mr. Eisig has served a wide variety of public sector organizations, including state and local governments (Government of the District of Columbia), school systems (Prince George's County Public Schools and District of Columbia Public Schools), associations, foundations, membership organizations, professional societies, and universities and colleges (Anne Arundel Community College). He has performed compliance auditing for organizations receiving significant federal funding from many different agencies in accordance with OMB Circular A-133 and has audited a wide variety of employee benefit plans. He has consulted with clients on internal control reviews, GASB and FASB compliance, business process reengineering, fraud investigations, budgeting, forecasts and projections, audits by federal and private grantors, indirect cost studies, mergers and due diligence, fulfillment house operations, cash flow management, and alternate revenue streams.

Mr. Eisig is well versed in the accounting and auditing concepts covering the following areas: economic development and regulation, public safety and justice, public education systems, human support services, public works, and public transportation. He also has an in-depth knowledge of governmental fund financial statements, proprietary funds, fiduciary funds, and presentation/inclusion of component units.

Government of the District of Columbia. As the lead partner in-charge of BDO's activities for the District, Mr. Eisig was responsible for the scheduling and performance of all audit services performed by BDO for this 30,000-hour audit. In addition to supervising the audit teams and directing the overall engagement performance, he also oversaw the preparation of financial statements and recommendations regarding the District's internal controls. He was the primary point of contact for the engagement and led various meetings and discussions with key District officials from the Inspector General's Office, the Mayor's Office, and the CFO's Office. These meetings also included representatives from the U.S. Government Accountability Office.



**William Eisig, CPA
BDO USA, LLP**

Mr. Eisig has extensive knowledge of Medicaid provider programs and claims and was involved in supervising and reviewing the District's Medicaid program. He also has an in-depth understanding of third party liability calculations, nursing home reimbursements, Medicaid recordkeeping and documentation, audits of Medicaid cost reports, claims disallowances, and other related issues. He was also integrally involved in overseeing the audit process over the District's procurement system. This involved extensive reviews of statutes, directives, and orders governing procurement actions. He was further responsible for the oversight and establishment of quality control over the audit processes covering the District's various component units/funds. As such, Mr. Eisig maintains an active knowledge of these varied business operations. Among others, examples of component/funds include the following:

- Water and Sewer Operations
- Sports, Entertainment, and Convention Center Operations
- Housing Finance, Development, and Debt Operations
- University of the District of Columbia
- Lottery and Games
- Pension Trust Funds, including the District of Columbia's pension plans for its police and firefighters and its teachers

Mr. Eisig has also recently serviced an operational review of the District's Office of Finance and Treasury. The focus of this review was to identify opportunities for process redesign, assess the internal control structure, and develop recommendations which would result in efficient and timely reconciliations of bank and investment accounts.

Anne Arundel Community College. Mr. Eisig led BDO's audit of Anne Arundel Community College. For this engagement, as well as other audits of schools of higher learning, he has developed considerable experience and in-depth knowledge of tuition revenue, enrollment audits, amounts due from students, student loans, scholarship discounts and allowances, and auxiliary enterprise revenues (i.e. bookstore, dining services, and athletics).

Professional Licenses, Memberships, and CPE

Professional Licenses	Continuing Professional Education (2009-2010)
Licensed CPA, Maryland and the District of Columbia	138 total hours (62.5 Yellow Book)

Professional Memberships
 American Institute of Certified Public Accountants
 AICPA's Governmental Audit Quality Center, BDO's representative
 Involved with two AICPA committees which formulated and issued changes in professional standards for Single Audits
 Maryland Association of Certified Public Accountants
 Government Finance Officers Association
 American Society of Association Executives
 Greater Washington Society of Certified Public Accountants, Member of the Executive Committee
 Montgomery County Chamber of Commerce, Past President
 University of Maryland Robert Smith School of Business
 Advisory Board Council on Foundations, Audit Committee Member



Neena Masih, CPA
BDO USA, LLP

Firm Position	Partner, Governmental and Nonprofit Services
Years with the Firm	16
Education	B.S., Accounting, University of Maryland

Experience Overview

Ms. Masih is a Partner with BDO’s Assurance Division and has extensive experience with governmental and tax-exempt organizations, performing a number of audits, accounting, and consulting services. She started as an intern and was hired directly after her internship was completed.

Among others, Ms. Masih has serviced the Comprehensive Annual Financial Report Audit (CAFR) and the Single Audit of the Government of the District of Columbia. She has also provided service to the Prince George’s County Public Schools and to the District of Columbia Public Schools. Some of the other private sector and tax-exempt organizations that she has served include: *Washingtonian Magazine, United Negro College Fund, Inc., American Nurses Association, United States Naval Institute, Kappa Sigma Fraternity, National Council of Teachers of Mathematics, National Science Teachers Association, the Dallas Area Chapter of the American Red Cross, and the National Railroad Passenger Corporation (Amtrak).*

Relevant Experience

- Ms. Masih’s relevant experience includes:
- Auditing a wide variety of tax-exempt organizations including school systems, state and local governments, associations, foundations, membership organizations, and professional societies.
 - Significant expertise handling organizations with multiple for-profit and nonprofit subsidiaries and governmental component units.
 - Experience with both Federal and non-Federal grants and a wide variety of employee benefit plans.
 - Compliance auditing for organizations receiving significant federal funding from many different agencies in accordance with OMB Circular A-133.
 - Performing and reviewing program specific federal audits, other compliance audits, and agreed-upon procedures engagements.
 - Presenting audit reports and management letters to Boards of Directors and Audit Committees.
 - Consulting with clients on internal control reviews, policies and procedures manuals, GASB and FASB compliance, indirect cost analyses, trend and ratio analyses, and audits by federal and private grantors.
 - As engagement partner, she also oversees the preparation of financial statements and recommendations regarding her clients’ internal controls and meets with clients’ management personnel.
 - Ms. Masih has also provided service on several internal quality control inspection teams of other BDO offices.

Government of the District of Columbia. Ms. Masih was integrally involved in the District’s CAFR Audit. She functioned as a partner in the Central team, which involved responsibilities in all phases of the audit process, including overall project management, management and supervision of key personnel, meeting with the District’s management personnel, review of reports and/or submissions, and establishment and implementation of quality controls.



Neena Masih, CPA
BDO USA, LLP

In addition, she led certain key areas of the District's primary government, primarily cash and investments, fixed assets, budgetary controls, taxes and revenue, compliance with laws and regulations, coordination of the information technology effort, and formulation of deficiencies for communication to the oversight bodies.

The District's Single Audit, which Ms. Masih oversaw, consisted of reviews of activities performed by agencies participating in more than 30 major federal programs, including those sponsored by the Departments of Transportation, Education, Health and Human Services, Labor, Homeland Security, Agriculture, and the Environmental Protection Agency.

As part of her work with the District, Ms. Masih maintains a vast knowledge of economic development initiatives, revitalizations, renovations, procurement mechanisms, contracting methods, construction and development, trust funds, debt management, and District Highway Administration requirements.

District of Columbia's Other Post-Employment Benefits (OPEB) Plan. Over her career, Ms. Masih has audited a wide variety of employee benefit plans, including defined contribution and defined benefit plans. Most recently, she served as the engagement partner of the District's OPEB plan, which is a single employer defined benefit plan and is jointly administered by two District agencies. She is familiar with the related GASB 40, GASB 43, and GASB 45 disclosures for financial statement reporting. The engagement included testing of plan assets, employer contributions, benefit payments, administrative expenses, and participant eligibility.

District of Columbia Unemployment Compensation Fund. As past engagement partner for this entity, Ms. Masih is familiar with enterprise fund accounting and auditing and presentations under GASB 34 and GASB 20.

Prince George's County Public Schools. Ms. Masih is well versed in auditing school systems, including self-insured programs, financial transactions pertaining to food authorities, county and state appropriations, capital improvements, and contracting.

Professional Licenses, Memberships, and CPE

Professional Licenses
Licensed CPA, Maryland

Continuing Professional Education (2009-2010)
127.5 total hours (50.5 Yellow Book)

Professional Memberships

American Institute of Certified Public Accountants

Involved with two AICPA committees which formulated and issued changes in professional standards for Single Audits

Maryland Association of Certified Public Accountants

Government Finance Officers Association

The Foundation Schools, Board Member



Johnson Wong, CISA
BDO USA, LLP

Firm Position	Partner, Information Systems
Years with the Firm	10
Education	B.S., Management - Financial Systems, Rensselaer Polytechnic Institute,

Experience Overview

Mr. Wong is a partner with BDO and is responsible for managing the Information Systems Assurance practice for the Northeast and Mid-Atlantic Regions. Mr. Wong has more than 12 years of experience in information systems and evaluating internal controls. His areas of specialty include internal control reviews and analysis, information systems auditing, Sarbanes-Oxley compliance reviews, SAS 70 audits, operational and compliance audits, security reviews, corporate and IT governance, process improvement through re-engineering and technology changes, and information systems consulting.

Mr. Wong provides services to clients in various industries, with a strong focus on government, nonprofit, financial services, manufacturing and distribution, retail, pharmaceuticals, banking, and technology. Mr. Wong is responsible for the quality and timely delivery of IS assurance services to some of the Firm's largest audit clients, serving the New York, Bethesda, Boston, Woodbridge, Melville, Richmond, and Charlotte offices.

In addition to client responsibilities, Mr. Wong has spent a significant amount of time working on national projects for the Firm, including the development of standardized audit programs for the Firm's 404 compliance methodology, various technologies and environments, and the development and delivery of training material for both audit professionals and information systems auditors.

Prior to joining BDO, Mr. Wong held positions at Ernst & Young and KPMG, where he served clients in the technology, insurance, and financial services industries.

Relevant Experience

For the past several years, Mr. Wong has focused heavily on the evaluation of internal controls for financial institutions and public sector organizations. The evaluation of internal controls focuses on the significant transaction streams as well as the underlying IT environment.

Government Agency Audits. For the past five years, Mr. Wong was responsible for the evaluation of internal controls in support of the annual Comprehensive Annual Financial Report for the **Government of the District of Columbia**. This endeavor analyzed the internal controls around each major class of transaction for proper internal controls across the various agencies. In addition, the internal controls around the IT environment, consisting of over 30 significant financial applications and underlying system software, were evaluated with a heavy focus on program change management and logical access to data. Findings in these areas were evaluated for compliance against government standards, as well as its impact to the financial statement audit. Mr. Wong also oversaw our procedures for the District over the post implementation and segregation of duties reviews for its PeopleSoft implementation.

Compliance and Performance Audits of Financial Institutions. Mr. Wong has conducted and supervised performance audits of government regulatory agencies, including the Federal Deposit Insurance Corporation, pursuant to the requirements as defined by Generally Accepted Government Auditing Standards. Specifically, these have included testing performance/compliance with specific program requirements. Mr. Wong was responsible for evaluating the data integrity of reporting and IT internal controls while performing audits of the FDIC's Franchise Marketing program.



Johnson Wong, CISA
BDO USA, LLP

Domestic and International Banking. Mr. Wong has performed and managed the evaluation of IT controls for a handful of domestic and international (Fast East) banks. These reviews were focused strictly on the IT environment in areas such as program change management and logical access to data controls. Various methodologies and approaches were taken based on the relationship with parent banks (if applicable), outsourced third party systems and applications, and interfaces with third party vendors.

Compliance Performance Audits. For the past several years, Mr. Wong has been responsible for the compliance and operational audits for one of the largest healthcare providers in the U.S. This evaluation focused on the achievement of various financial metrics, compliance with controls and contracts, and achievement of various performance metrics based on defined agreements. Areas of non-compliance were evaluated for its impact on financial payouts and incentives. In addition, process improvements and/or best practices were communicated to improve the processing environment.

Professional Licenses, Memberships, and CPE

Professional Licenses

CISA (awarded 2002)

CISM (awarded 2005)

CICA (awarded 2009)

PMP Pending

Continuing Professional Education (2009-2010)

83 total hours (59.5 Yellow Book)

Professional Memberships

Information Systems Audit and Control Association

The Institute for Internal Controls



Patricia Duperron, CPA
 BDO USA, LLP

Firm Position	Quality Control Director, Governmental and Nonprofit Services
Years with the Firm	15
Education	B.B.A., Accounting, University of Michigan

Experience Overview

Ms. Duperron is a Director with the Grand Rapids office of BDO. She has 21 years of experience in public accounting and has worked extensively with townships, cities, counties, schools, and other governmental entities, as well as various businesses and nonprofit organizations.

She also has vast experience with transit authorities, public utilities, airports, convention/arena authorities, biosolids authorities, governmental pension plans, and various tax increment financing authorities.

Relevant Experience

Ms. Duperron's relevant experience includes:

- Auditing of a wide variety of tax-exempt organizations including school systems (*Coopersville Public Schools, Holland Public Schools, Ionia Public Schools, Jenison Public Schools, Kentwood Public Schools, and Forest Hills Public Schools*), state and local governments (Kalamazoo County, Kent County, City of Grand Rapids, City of Wyoming), associations, foundations, membership organizations, professional societies, and various others (*Gerald R. Ford International Airport, Algoma Township, Grand Rapids / Kent County Convention Arena Authority, Interurban Transit Partnership (the Rapid), Kent County CMH Authority, Michigan Transit Pool, and Senior Meals Program*).
- Significant experience reviewing annual reports submitted to the Association of School Business Officials for the *Certificate of Excellence in Financial Reporting* Program.
- Assisting several cities and counties with submitting their reports to the Government Finance Officers Association for their *Certificate of Excellence in Financial Reporting* Program.
- Reviewing various governmental reports for several of BDO's offices and alliance firms across the country to ensure consistency and compliance with reporting requirements.

Federal Programs and Single Audit Compliance. Ms. Duperron also has expertise in federal programs and Single Audit compliance and is the leader of the **Governmental Services Group** in West Michigan. She instructs annually at local and national firm seminars. At two national seminars each year, she provides an update regarding new developments from GASB, OMB, and other pronouncements that affect governmental accounting, auditing, and reporting.

She also conducts a half-day session for her local office each year to provide the GASB/OMB update, as well as a school auditing update.

Government of the District of Columbia. Ms. Duperron served as the Quality Control and Concurring Director for five consecutive years.



Patricia Duperron, CPA
BDO USA, LLP

Professional Licenses, Memberships, and CPE

Professional Licenses
Licensed CPA, Michigan

Continuing Professional Education (2009-2010)
99.5 total hours (45 Yellow Book)

Professional Memberships

American Institute of Certified Public Accountants

Michigan Association of Certified Public Accountants

Government Finance Officers Association

Certificate of Achievement, Completion of the AICPA's 64 hour Governmental Accounting and Auditing Program

Michigan School Business Officials

Michigan Department of Education's A-133 Referent Group

Grand Rapids Sunrise Rotary

Camp Blodgett, Past President of the Board of Directors



Robert R. Denyer, CPA
Gibbons & Kawash, A.C.

Firm Position

Partner

Years with the Firm

24

Education

B.S., Business Administration, West Virginia University

Experience Overview

Mr. Denyer is a firm director serving primarily with the Gibbons & Kawash Assurance Department. He has more than 30 years of experience in providing audit, tax, and consulting services to public sector entities, state agencies, nonprofit organizations, and local governments. His in-depth industry knowledge includes such areas as federal grant compliance, indirect cost reimbursement, employee benefit plan issues, and internal control and operational matters. Mr. Denyer has served as director in charge of audit services for 13 State of West Virginia agencies and component units.

Significant component units served by Mr. Denyer in his role as engagement director include the Comprehensive Annual Financial Report (CAFR) Audits of the West Virginia Department of Transportation, Division of Highways, as well as the West Virginia Board of Treasury Investments, and the West Virginia Lottery. He has also served as engagement director for the Single Audits of the West Virginia Department of Transportation, the Water Pollution Control Revolving Fund (federal clean water program), and the Drinking Water Treatment Revolving Fund (federal drinking water program).

Relevant Experience

Mr. Denyer's relevant experience includes:

- Auditing state and local governments and a wide variety of tax-exempt organizations, including foundations, membership organizations, and health care entities.
- Experience with both Federal and non-Federal grants and a wide variety of employee benefit plans.
- Compliance auditing for organizations receiving significant federal funding from many different agencies in accordance with OMB Circular A-133.
- Performing and reviewing program specific federal audits, other compliance audits, and agreed-upon procedures engagements.
- Consulting with clients on internal control reviews, policies and procedures manuals, GASB and FASB compliance, indirect cost analyses, trend and ratio analyses, and audits by federal and private grantors.

Professional Licenses, Memberships, and CPE

Professional Licenses
Licensed CPA, West Virginia

Continuing Professional Education (2009-2010)
118 total hours (67.5 Yellow Book)

Professional Memberships
American Institute of Certified Public Accountants
West Virginia Society of Certified Public Accountants
Government Finance Officers Association



John D. Galloway, CPA
 Gibbons & Kawash, A.C.

Firm Position	Partner
Years with the Firm	17
Education	B.S., Business Administration, University of Charleston

Experience Overview

Mr. Galloway is a firm director serving primarily with the Gibbons & Kawash Assurance Department. Mr. Galloway has 16 years of professional experience and has extensive experience with governmental and tax-exempt organizations and has served as director in charge of audit services for ten State of West Virginia agencies and component units.

Significant component units served by Mr. Galloway in his role as engagement director include the Comprehensive Annual Financial Report (CAFR) Audits of the West Virginia Department of Transportation, Division of Highways, as well as the West Virginia Housing Development Fund, the West Virginia Parkways Authority, and the financial and compliance audit of the West Virginia Consolidated Public Retirement Board. He has also served as engagement director for the Single Audits of the West Virginia Department of Transportation and the West Virginia Housing Development Fund (HUD programs).

Relevant Experience

Mr. Galloway's relevant experience includes:

- Reviewing accounting systems, reviewing and evaluating internal controls, and consulting with clients regarding management and systems problems.
- Supervising and managing audits of large governmental entities, nonprofit organizations, and privately-owned commercial companies.
- Experience with both Federal and non-Federal grants and a wide variety of employee benefit plans.
- Compliance auditing for organizations receiving significant federal funding from many different agencies in accordance with OMB Circular A-133.
- Consulting with clients on internal control reviews, policies and procedures manuals, GASB and FASB compliance, indirect cost analyses, trend and ratio analyses, and audits by federal and private grantors.

Professional Licenses, Memberships, and CPE

Professional Licenses
 Licensed CPA, West Virginia

Continuing Professional Education (2009-2010)
 109 total hours (53 Yellow Book)

Professional Memberships
 American Institute of Certified Public Accountants
 West Virginia Society of Certified Public Accountants
 Government Finance Officers Association



Robert C. Fuller, CPA
 Hayflich & Steinberg, PLLC

Firm Position	Partner
Years with the Firm	15
Education	B.B.A., Accounting & Finance, Marshall University

Experience Overview

Mr. Fuller has been a Partner with Hayflich and Steinberg's Assurance Division since 1996. Mr. Fuller has extensive experience in the performance, management, and review of audited financial statements for governmental, nonprofit, private foundations, hospitals, university, wholesale, manufacturing, and retail clients. He has experience in audits requiring compliance with OMB Circular A-133 and audits of employee benefit plans. His experience also includes the performance of traditional accounting engagements, such as reviews and compilations, as well as the preparation and review of federal, state, and local income tax returns for business entities and individuals.

Among others, Mr. Fuller has serviced the Comprehensive Annual Financial Report (CAFR) Audit and the Single Audit of the West Virginia Division of Highways and the West Virginia Department of Transportation. He has also provided audit, tax, and other consulting services to the West Virginia State Rail Authority, West Virginia Higher Education Policy Commission (via engagements with Glenville State College, West Virginia State College, and Marshall University), West Virginia Department of Education, West Virginia Development Office, and the West Virginia State Auditor's Office. Some of the other private sector and tax-exempt organizations that he has served include: *American Foundation for the Blind, Inc., Marshall University Research Corporation, West Virginia State University Research and Development Corporation, Ironton City Schools Foundation, and Ronald McDonald House Charities of the Tri-State, Inc.*

Relevant Experience

- Mr. Fuller's relevant experience includes:
- Auditing a wide variety of tax-exempt organizations including state and local governments, higher education school systems, and foundations.
 - Experience with both Federal and non-Federal grants and a wide variety of employee benefit plans.
 - Compliance auditing for organizations receiving significant federal funding from many different agencies in accordance with OMB Circular A-133.
 - Presenting audit reports and management letters to Boards of Directors and Audit Committees.
 - Consulting with clients on internal control reviews, policies and procedures manuals, GASB and FASB compliance, indirect cost analyses, and trend and ratio analyses.
 - As engagement partner, he also oversees the preparation of financial statements and recommendations regarding his clients' internal controls and meets with clients' management personnel.

West Virginia Department of Transportation ("WVDOT") and the West Virginia Division of Highways ("WVDOH"). Mr. Fuller was integrally involved in the WVDOT and WVDOH audits. He functioned as the overall engagement partner in charge of both audits. The WVDOT Single Audit, which Mr. Fuller oversaw, consisted of reviews of activities performed by agencies participating in more than 10 major federal programs with total awards exceeding \$400 million, including those sponsored by the Departments of Transportation and Homeland Security.



Robert C. Fuller, CPA
Hayflich & Steinberg, PLLC

West Virginia Higher Education Policy Commission. Mr. Fuller is well versed in auditing institutions of higher education, including their related nonprofit research and development corporations. Mr. Fuller has primary engagement responsibilities for the assurance and tax services Hayflich and Steinberg provides to Glenville State College, Marshall University Research Corporation, and the West Virginia State University Research and Development Corporation.

Professional Licenses, Memberships, and CPE

Professional Licenses	Continuing Professional Education (2009-2010)
Licensed CPA, West Virginia	108.5 total hours (45 Yellow Book)
Professional Memberships	
American Institute of Certified Public Accountants	
AICPA Governmental Audit Quality Center, Hayflich & Steinberg's representative	
West Virginia Society of Certified Public Accountants	
Huntington Chapter of Certified Public Accountants	
Healthcare Financial Management Association	



Andy Afuang, CPA
 BDO USA, LLP

Firm Position	Senior Manager, Governmental and Nonprofit Services
Years with the Firm	7
Education	B.S., Accountancy, Philippine School of Business Administration

Experience Overview

Mr. Afuang is a Senior Manager with BDO’s Assurance Division with extensive experience in several industries, including government, tax-exempt, real estate, hospitality, manufacturing, pharmaceuticals, telecommunications, and construction.

In 2003, he relocated to the United States from the Philippines. Prior to joining BDO, he worked at PricewaterhouseCoopers in Singapore for two years. He also worked at a national firm in the Philippines for five years.

Among others, his current representative clients include the *Pacific Institute for Research and Evaluation*, *Reston Association*, and the *Government of the District of Columbia*.

Relevant Experience

Mr. Afuang’s relevant experience includes:

- Planning, performing, and supervising a wide variety of financial statement and pension plan audits.
- Analyzing internal controls and policies.
- Working with organizations with multiple tax-exempt and for-profit entities.
- Expertise in compliance auditing of organizations receiving federal financial funding in accordance with OMB Circular A-133.

Government of the District of Columbia. Mr. Afuang has served as the team leader managing the reporting process for the District’s Comprehensive Annual Financial Report (“CAFR”). As such, he maintains a working knowledge of the numerous presentation and disclosure standards. He has experience in auditing various debt instruments as they are issued by government agencies to finance, refinance, and reimburse for development projects (i.e., general obligation bonds, tax increment financing notes, tobacco bonds, revenue bonds, and qualified zone academy bonds).

Mr. Afuang also has experience reviewing and auditing various client initiatives that oversee economic development, revitalization, and renovation. He was involved in auditing various lease agreements and analyzing their presentation in financial reports. As such, he brings knowledge of equipment financing programs, lease purchase arrangements, capital leases, and operating leases.

With respect to Single Audits, he maintains a working knowledge of the many different Department of Health and Human Services and Department of Education grants and programs. Mr. Afuang audited the complex Medicaid program for the District for four consecutive years, ending in 2009.

Mr. Afuang also functioned as part of the Central team on the District engagement. As such, he worked closely with the engagement partners in monitoring the status of the engagement and assisted in ensuring that the reporting mechanisms were conducted in a timely manner.



Andy Afuang, CPA
BDO USA, LLP

Professional Licenses, Memberships, and CPE

Professional Licenses

Licensed CPA, District of Columbia

Licensed CPA, Virginia

Continuing Professional Education (2009-2010)

176.5 total hours (109.5 Yellow Book)

Professional Memberships

American Institute of Certified Public Accountants



**R. Matthew Cromwell, CPA
BDO USA, LLP**

Firm Position	Senior Manager, Governmental and Nonprofit Services
Years with the Firm	3
Education	B.S., Accounting, George Mason University

Experience Overview

Mr. Cromwell is a Senior Manager with BDO's Assurance Division and has extensive experience working with public sector organizations performing audits (both financial and compliance), accounting, and consulting services. He joined BDO after serving 15 years at Ernst & Young, LLP.

His representative clients have included: **Government of the District of Columbia, The John F. Kennedy Center for the Performing Arts, Paralyzed Veterans of America, The Points of Light Foundation, Elizabeth Glaser Pediatric AIDS Foundation, American College of Cardiology, American College of Obstetricians and Gynecologists, Chamber of Commerce of the United States of America, Gifts in Kind International, Newspaper Association of America, Worldwide Automotive, and National Automobile Dealers Association.**

Relevant Experience

Mr. Cromwell's relevant experience includes:

- Planning, performing, and supervising a wide array of financial statement audits.
- Significant expertise in compliance auditing of organizations receiving federal financial funding in accordance with OMB Circular A-133.
- Testing of both Federal and non-federal grant agreements.
- Dealing with federal government appropriations and related accounting.
- Analyzing internal controls and policies and writing accounting policies and procedure manuals.
- Interfacing regularly with audit committees, providing both governance insight and commentary on adequacy of the client's accounting function.
- Acting as a project manager coordinating multiple teams and specialists.
- Working with multi-location organizations with domestic and global offices.

Mr. Cromwell has presented on a variety of issues relating to tax-exempt organizations through the Greater Washington Society of CPAs, Maryland Society of CPAs, and other such organizations. Mr. Cromwell has also developed internal training related specifically to OMB Circular A-133 requirements.

Government of the District of Columbia. Mr. Cromwell has significant experience working with Department of Health and Human Services grants and programs and other federal awards. Mr. Cromwell has worked on several major programs, including Medical Assistance, State Children's Insurance, and the various HIV-related programs. As such, he maintains a working knowledge of eligibility requirements, level of effort and earmarking analyses, program income requirements, and reporting mechanisms. Mr. Cromwell was one of the lead senior managers on the OMB Circular A-133 audit for the year ended September 30, 2009 and served in various other capacities in the prior year.



R. Matthew Cromwell, CPA
BDO USA, LLP

Professional Licenses, Memberships, and CPE

Professional Licenses
Licensed CPA, Virginia

Continuing Professional Education (2009-2010)
219 total hours (97 hours of Yellow Book)

Professional Memberships

American Institute of Certified Public Accountants

Virginia Society of Certified Public Accountants

Greater Washington Society of Certified Public Accountants

(also serves on the Nonprofit Curriculum subcommittee)

George Mason University Accounting Advisory Council (Vice Chairman for 2009/2010)



**John Griffin, CPA
 BDO USA, LLP**

Firm Position	Senior Manager, Governmental and Nonprofit Services
Years with the Firm	6
Education	B.S., Accounting, University of Maryland

Experience Overview

Mr. Griffin is a Senior Manager with BDO’s Assurance Division who has performed all aspects of engagements, including audit fieldwork, drafting financial statements, and supervision of staff. He has over ten years of experience and was an audit senior with a local firm in Bethesda, Maryland for four years prior to joining BDO USA, LLP.

Some of the clients that he has worked with include: **Government of the District of Columbia, Anne Arundel Community College, United States Naval Institute, National 4-H Council, Living Cities, and the Washington Educational Telecommunications Association (“WETA”).**

Relevant Experience

Mr. Griffin’s relevant experience includes:

- Various phases of financial statement audits including planning, performing, and reviewing audit field work.
- Preparation of financial statements, including referred disclosures to ensure they are in accordance with Generally Accepted Accounting Principles and other regulatory requirements.
- Reviewing systems for compliance with various governmental granting agencies including OMB Circular A-133 audit compliance.
- Presenting audit reports and business advisory letters to audit committees.

Government of the District of Columbia. Mr. Griffin has experience with OMB Circular A-133 audits and has assisted in managing the disability compensation plan audit of the District. As such, he brings audit knowledge of compensation for lost wages, medical expenses, rehabilitation expenses, work-related injuries, and the review and analysis of actuarially determined liabilities for financial statement inclusion.

Mr. Griffin was also involved with both the CAFR and Single Audits of the University of the District of Columbia. He maintains a working knowledge of student financial aid and the respective OMB Circular A-133 compliance requirements. He is further knowledgeable of GASB 35 and financial reporting and has experience auditing related foundations and presentation of such entities in accordance with GASB 39. Mr. Griffin has led his audit teams in working through tuition revenue, enrollment audits, and amounts due from students, student loans, scholarship discounts and allowances, and auxiliary enterprise revenues (i.e., bookstore, dining services, and athletics).

Professional Licenses, Memberships, and CPE

Professional Licenses
 Licensed CPA, Maryland

Continuing Professional Education (2009-2010)
 192 total hours (102 Yellow Book)

Professional Memberships
 American Institute of Certified Public Accountants



**Yong (Tony) Wang, CISA, PMP
 BDO USA, LLP**

Firm Position	Senior Manager, Information Systems
Years with the Firm	1
Education	B.S., Electrical Engineering, University of Maryland M.S., System Engineering, University of Maryland

Experience Overview

Mr. Wang is a Senior Manager with BDO and is responsible for managing the Information Systems Assurance resources and engagements for the Mid-Atlantic Region. Prior to joining BDO, he held positions at Ernst & Young and Lockheed Martin. He has more than 11 years of experience in information systems, software development, and evaluating internal controls. His areas of specialty include information technology security, financial integrated auditing, software development, systems integration, engineering process auditing, information assurance, IT general control (“ITGC”) assessment, application controls assessment, and project management and implementation review.

Mr. Wang has provided services to clients in various industries, with a strong focus on government, healthcare, manufacturing, and technology. As a Senior Manager, he has been responsible for the quality and timely delivery of IT, security, and project implementation assessment related services to some of the largest clients. Specifically, he led the FISCAM audit and FISMA assessment for the **Department of Health and Human Services** and the **Department of Veteran Affairs**. He also led the project implementation reviews that included PMO oversight, risk management assessment, project plan & schedule assessment, functional and technical requirement analysis, test plan assessment, and communication plan assessment for the **U.S. Coast Guard**, General Dynamics, and Rohm Haas.

In addition to client responsibilities, Mr. Wang has spent a significant amount of time working on business development, campus recruiting, counseling, and developing and conducting training for Information Technology auditors.

Relevant Experience

Government Agency Projects: For the past four years, Mr. Wang has been responsible for the evaluation of internal controls in support of the annual CFO audit for the Department of Health and Human Services and the annual the FISMA audit for the Department of Veteran Affairs. Federal Information Systems Control Manual (“FISCAM”) guidance and NIST 800 guidance were used to perform both the FISCAM audit and the FISMA audit. He managed a team of 15 people including subcontractors. In addition, he also led a Program Management Office (“PMO”) support initiative for the U.S. Coast Guard FSTAR program.

Project Management Assessment: Mr. Wang managed several project implementation assessments. Specifically, he reviewed and analyzed project management processes, developed a detailed Integrated Project Plan, and performed IT risk assessment for the Rohm Haas Company. In addition, he led a special project implementation review for General Dynamics at Detroit. He reviewed and analyzed project management processes including the risk management plan, project plan/schedule, test plan and communication plan, technical and functional requirement analysis, data conversion procedures, interface design, and UAT testing.

Compliance Audits: Mr. Wang has conducted and supervised the Universal Service Administrative Company (“USAC”) compliance audit at multiple locations for public school fund and distribution programs, pursuant to the requirements as defined by Generally Accepted Government Auditing Standards (“GAGAS”). Specifically, these have included testing compliance with specific program requirements. He was responsible for evaluating the Fund distribution for purchasing school assets and discount school lunch programs.



Yong (Tony) Wang, CISA, PMP
BDO USA, LLP

Professional Licenses and Memberships

Professional Licenses

Licensed MD, CISA, and CIA (awarded 2004)

Licensed CISSP (awarded 2006)

Licensed PMP (awarded 2007)

Professional Memberships

Information Systems Audit and Control Association

The Institute for Internal Controls

The International Information Systems Security Certification Consortium, Inc.



**Robert Henson, CPA
 Gibbons & Kawash, A.C.**

Firm Position	Manager
Years with the Firm	6
Education	B.S., Business Administration, Marshall University

Experience Overview

Mr. Henson is an audit manager with the Gibbons & Kawash Assurance Department. He has six years of experience providing audit, tax, and consulting services to numerous public sector entities. Mr. Henson has supervised and managed audits of several large state governmental entities, local governments, and nonprofit organizations.

Among others, Mr. Henson has serviced the following organizations: West Virginia Affordable Housing Trust Fund, West Virginia Drinking Water Treatment Revolving Loan Fund, West Virginia Housing Development Fund, West Virginia Infrastructure and Jobs Development Council, West Virginia Jobs Investment Trust, and West Virginia Water Development Authority.

Relevant Experience

- Mr. Henson's relevant experience includes:
- Supervising teams on-site throughout the course of audit engagements, particular in the audit planning process.
 - Ensuring that the day-to-day audit activities conform to the audit plan.
 - Coordinating and scheduling the activities of the audit team.
 - Advising the engagement partner of the status of the engagement, including any accounting and auditing problems.
 - Performing OMB Circular A-133 audits, including major federal programs in excess of \$50 million.

Professional Licenses, Memberships, and CPE

Professional Licenses Licensed CPA, West Virginia	Continuing Professional Education (2009-2010) 129 total hours (111.5 Yellow Book)
Professional Memberships American Institute of Certified Public Accountants West Virginia Society of Certified Public Accountants Charleston Chapter of the West Virginia Society of Certified Public Accountants	



**J. Michael Hager, CPA, CFE
Hayflich & Steinberg, PLLC**

Firm Position	Manager
Years with the Firm	7
Education	B.B.A., Management, Marshall University

Experience Overview

Mr. Hager is a Manager with Hayflich & Steinberg’s Assurance Division and has experience with governmental and tax-exempt organizations, performing a number of audits, accounting, compliance, and forensic services. Mr. Hager joined the firm in 2004 and serves clients in governmental, wholesale, manufacturing, retail, healthcare, and other business organizations.

Among others, Mr. Hager has serviced the Comprehensive Annual Financial Report (“CAFR”) Audit and the Single Audit of the West Virginia Higher Education Policy Commission (via engagements with Glenville State College). Some of the other private sector and tax-exempt organizations he has served include Valley Health Systems, Inc., Pretera Center for Mental Health Services, Inc., and Bluefield Regional Medical Center, as well as their various support entities and foundations.

Relevant Experience

Mr. Hager’s relevant experience includes:

- Auditing a wide variety of tax-exempt organizations, including higher education school systems and foundations.
- Experience with both Federal and non-Federal grants.
- Compliance auditing for organizations receiving significant federal funding (including ARRA funds) from many different agencies in accordance with OMB Circular A-133.
- Performing and reviewing program specific federal audits, other compliance audits, agreed-upon procedures, and forensic engagements.
- As engagement manager, he also oversees the preparation of financial statements and recommendations regarding his clients’ internal controls and meets with clients’ management personnel.

Mr. Hager is also an expert on using Computer Assisted Audit Techniques (“CAATs”) to improve audit efficiency and effectiveness and has made multiple presentations on the topic.

West Virginia Higher Education Policy Commission. Mr. Hager has been involved in auditing institutions of higher education for the last seven years, including their related nonprofit research and development, and housing corporations. Mr. Hager has engagement responsibilities for the assurance services Hayflich & Steinberg provides to Glenville State College.

Professional Licenses, Memberships, and CPE

Professional Licenses
Licensed CPA, West Virginia
Certified Fraud Examiner (CFE)

Continuing Professional Education (2009-2010)
100 total hours (31 Yellow Book)

Professional Memberships
American Institute of Certified Public Accountants
West Virginia Society of Certified Public Accountants
Huntington Chapter of West Virginia Society of Certified Public Accountants
Association of Certified Fraud Examiners
Huntington Chamber of Commerce (Young Professionals Committee)



**Cindy Bowen, CPA, CVA, FHFMA, CGFM
 Hayflich & Steinberg, PLLC**

Firm Position	Supervisor
Years with the Firm	5
Education	B.B.A., Marketing, Marshall University M.B.A., Marshall University

Experience Overview

Ms. Bowen is a Supervisor with Hayflich and Steinberg’s Assurance Division. She has extensive experience in the performance, management, and review of audited financial statements for governmental, nonprofit, healthcare, and for-profit clients. She also has extensive experience in audits of employee benefit plans and audits requiring compliance with OMB Circular A-133. Ms. Bowen’s experience also includes the performance of traditional accounting engagements, such as reviews and compilations, as well as the preparation and review of federal, state, and local income tax returns for business entities and individuals.

Among others, Ms. Bowen supervised all of the firm’s HUD engagements and supervises its 3,000 plus hour engagement with **West Virginia Bureau for Behavioral Health and Health Facilities**. Some of the other private sector and tax-exempt organizations that she has served include *Valley Health Systems, Inc.*, *Prestera Center for Mental Health Services, Inc.*, and *Bluefield Regional Medical Center*, as well as their various supporting entities and foundations.

Relevant Experience

Ms. Bowen’s relevant experience includes:

- Auditing a wide variety of tax-exempt organizations, including Housing and Urban Development organizations and foundations.
- Experience with both Federal and non-Federal grants.
- Compliance auditing for organizations receiving significant federal funding (including ARRA funds) from many different agencies in accordance with OMB Circular A-133.
- As engagement supervisor, she also oversees the preparation of financial statements and recommendations regarding her clients’ internal controls and meets with clients’ management personnel.

Professional Licenses, Memberships, and CPE

Professional Licenses Licensed CPA, West Virginia	Continuing Professional Education (2009-2010) 80.5 total hours (48.0 Yellow Book)
Professional Memberships American Institute of Certified Public Accountants West Virginia Society of Certified Public Accountants Huntington Chapter of Certified Public Accountants	



**Victor Calimlim, CPA
BDO USA, LLP**

Firm Position	Senior Associate, Governmental and Nonprofit Services
Years with the Firm	5
Education	B.S., Accountancy, Saint Louis University, Philippines

Experience Overview

Mr. Calimlim is an Audit Senior with BDO’s Assurance Division and has extensive experience in several industries, including government, nonprofit, private organizations, and foundations.

Most recently, Mr. Calimlim has served the following organizations: **Government of the District of Columbia, American College of Radiology, American Forest Products, SoundExchange, Inc., Federal Management Systems Inc., and Anne Arundel Community College Foundation.**

Relevant Experience

Mr. Calimlim’s relevant experience includes:

- Planning, performing, and supervising financial statement audits.
- Significant experience leading engagement teams in auditing a variety of entities that administer federal funds to various organizations.
- Reviewing systems for compliance with various governmental granting agencies and performing audits in accordance with OMB Circular A-133.
- Analyzing internal controls and policies, reviewing accounting policies and procedures manuals, and suggesting value added improvements.
- Preparing financial statements, including required disclosures to ensure that they are in accordance with generally accepted accounting principles and other regulatory requirements.

Government of the District of Columbia. Mr. Calimlim has recently serviced the CAFR engagement, handling the areas of Debt Management, Leases, and Financial Reporting. In carrying out his responsibilities, Mr. Calimlim worked with agency personnel from the Office of Finance and Treasury, Office of Finance and Resource Management, and the Office of Financial Operations and Systems.

Mr. Calimlim has also serviced the District’s Single Audits and has significant experience working with Department of Health and Human Services grants, including the various HIV-related programs. Mr. Calimlim maintains a working knowledge of eligibility requirements, level of effort and earmarking analyses, and reporting mechanisms.

Professional Licenses, Memberships, and CPE

Professional Licenses
Licensed CPA, California

Continuing Professional Education (2009-2010)
115 total hours (70 Yellow Book)

Professional Memberships
American Institute of Certified Public Accountants



**Jovelyn Jovillana
 BDO USA, LLP**

Firm Position	Senior Associate, Governmental and Nonprofit Services
Years with the Firm	5
Education	B.S., Accountancy, University of Santo Tomas, Philippines

Experience Overview

Ms. Jovillana is an Audit Senior with BDO's Assurance Division and has extensive experience in several industries, including government contractors, government agencies, nonprofits, public schools, publishing, gaming developers, and retirement plans.

Relevant Experience

- Ms. Jovillana's relevant experience includes:
- Planning, performing, and supervising financial statement and employee benefit plan audits.
 - Significant experience leading engagement teams in auditing a variety of entities that administer federal funds to various organizations.
 - Reviewing systems for compliance with various governmental granting agencies and performing audits in accordance with OMB Circular A-133.
 - Analyzing internal controls and policies, reviewing accounting policies and procedures manuals, and suggesting value added improvements.
 - Preparing financial statements, including required disclosures to ensure that they are in accordance with generally accepted accounting principles and other regulatory requirements.

Most recently, Ms. Jovillana has served the following organizations: **Government of the District of Columbia, Telos Corporation, The Elizabeth Glaser Pediatric AIDS Foundation, and Zenimax Media Inc.**

Government of the District of Columbia. Ms. Jovillana has participated in the Single Audit process for three years servicing the District of Columbia Public Schools and the Office of the State Superintendent of Education. Ms. Jovillana maintains an extensive knowledge of the various Department of Education grants and programs along with a working knowledge of the respective OMB Circular A-133 compliance requirements and testing techniques.

CPE

Continuing Professional Education (2009-2010)
 117.5 total hours (71 Yellow Book)



**Stacy Seppy, CPA
BDO USA, LLP**

Firm Position	Senior Associate, Governmental and Nonprofit Services
Years with the Firm	3
Education	B.S., Accountancy, James Madison University

Experience Overview

Ms. Seppy is an Audit Senior with BDO’s Assurance Division and has over six years of extensive experience in several industries, including government, nonprofit, government contractors, and retirement plans.

Most recently, Ms. Seppy has served the following organizations: **Government of the District of Columbia, United Way Worldwide (formerly United Way of America), World Wildlife Fund, Experience Works, American University Defined Contribution Plan, and the National Council of La Raza Retirement & Employee Savings Plan.**

Relevant Experience

Ms. Seppy’s relevant experience includes:

- Planning, performing, and supervising financial statement and employee benefit plan audits.
- Significant experience leading engagement teams in auditing a variety of entities that administer federal funds to various organizations.
- Reviewing systems for compliance with various governmental granting agencies and performing audits in accordance with OMB Circular A-133.
- Analyzing internal controls and policies, reviewing accounting policies and procedures manuals, and suggesting value added improvements.
- Preparing financial statements, including required disclosures to ensure that they are in accordance with generally accepted accounting principles and other regulatory requirements.

Government of the District of Columbia. As part of the CAFR engagement, Ms. Seppy was the lead senior accountant servicing the Treasury functions which included cash and investments and the related banking operations, cashiering operations, and unclaimed properties.

Ms. Seppy has also serviced the District’s Single Audits and has significant experience working with Department of Health and Human Services grants, including Medical Assistance, State Children’s Insurance, and various HIV-related programs. Ms. Seppy maintains a working knowledge of eligibility requirements, level of effort and earmarking analyses, and reporting mechanisms, along with the required testing techniques.

Professional Licenses, Memberships, and CPE

Professional Licenses
Licensed CPA, Virginia

Continuing Professional Education (2009-2010)
163 total hours (95 Yellow Book)

Professional Memberships
American Institute of Certified Public Accountants
Maryland Association of Certified Public Accountants
Virginia Society of Certified Public Accountants



Mike Tarlaian
BDO USA, LLP

Firm Position	Senior Associate, Governmental and Nonprofit Services
Years with the Firm	5
Education	B.S., Accounting, University of Baltimore

Experience Overview

Mr. Tarlaian is an Audit Senior with BDO's Assurance Division with over 26 years of audit and accounting experience in providing services for inspectors general, financial institutions, government agencies, and nonprofit organizations. Since joining BDO in 2006, he has been engaged in a variety of assurance engagements focusing on assessment of internal controls, analysis of financial accounts, testing compliance with federal regulations, including those governing the distribution and management of federal funds, and a variety of other audit assignments. Prior to joining BDO, Mr. Tarlaian served as a Senior Auditor with Ernst & Young, LLP from June 2000 through June 2006 and for the Inspector General of the U.S. Department of Defense from 1993 to 2000.

Among others, Mr. Tarlaian has served the following organizations: *District of Columbia Public Schools, District of Columbia Department of Health, State of Maryland, and the American College of Obstetricians and Gynecologists.*

Relevant Experience

Mr. Tarlaian's relevant public accounting experience includes:

- Leading engagement teams in auditing a variety of entities that administer federal funds to various organizations and testing compliance with regulations for the administration and use of such funds.
- Planning, performing, and supervising financial statement audits for organizations in the government and private sectors.
- Analyzing internal controls and policies, reviewing accounting policies and procedures manuals, and suggesting value added improvements.
- Preparing financial statements, including required disclosures to ensure that they are in accordance with Generally Accepted Government Auditing Standards, Generally Accepted Accounting Principles, and other regulatory requirements.

Government of the District of Columbia Department of Health. Mr. Tarlaian has significant experience in auditing various health and human services federal compliance programs. This includes the complex Medical Assistance and State Children's Insurance programs along with the various HIV-related programs. He has audited these programs for five consecutive years and maintains a working knowledge of eligibility, allowable costs, procurement, cash management, and special tests and provisions governing the respective programs.

State of Maryland. Performance of the financial statement and OMB Circular A-133 audits for the University of Maryland, University of Maryland Baltimore, Towson University, and University of Maryland University College. The performance of the OMB Circular A-133 audits included preparation of internal control narratives and testing those controls for compliance with the stated requirements. Also, as part of the audit procedures, Mr. Tarlaian evaluated the timeliness and sufficiency of the financial management systems and procedures in place to ensure the accuracy of financial statements. Mr. Tarlaian was also involved with performance of the audits for accounts receivable, accounts payables, grant receivables, and deferred revenue at the University of Maryland along with preparation of the state-wide CAFR and performance of audit work at the Revenue Administration Division ("RAD"), including property taxes and sales tax.

Mike Tarlaian
BDO USA, LLP

CPE

Continuing Professional Education (2009-2010)
146 total hours (88.5 Yellow Book)

Lorelie J. Vergara
BDO USA, LLP

Firm Position	Senior Associate, Governmental and Nonprofit Services
Years with the Firm	4
Education	B.S., Accountancy, Polytechnic University of the Philippines

Experience Overview

Ms. Vergara is an Audit Senior with BDO's Assurance Division and has over eight years of extensive experience in several industries, including government, nonprofit, private associations, private schools and universities, publishing, and retirement plans.

Most recently, Ms. Vergara has served the following organizations: **Government of the District of Columbia, Reston Association, National Tooling and Machining Association, Wesley Theological Seminary, and University of Virginia Law School Foundation.**

Relevant Experience

Ms. Vergara's relevant experience includes:

- Planning, performing, and supervising financial statement and employee benefit plan audits.
- Significant experience leading engagement teams in auditing a variety of entities that administer federal funds to various organizations.
- Reviewing systems for compliance with various governmental granting agencies and performing audits in accordance with OMB Circular A-133.
- Analyzing internal controls and policies, reviewing accounting policies and procedures manuals, and suggesting value added improvements.
- Preparing financial statements, including required disclosures to ensure that they are in accordance with generally accepted accounting principles and other regulatory requirements.

Government of the District of Columbia. As part of the CAFR engagement, Ms. Vergara was the lead senior accountant servicing the Office of Tax and Revenue, which results in a working knowledge of the following revenue streams: property taxes; sales and use taxes; income and franchise taxes; and gross receipts taxes. Ms. Vergara is also knowledgeable of and has experience in working with Business Improvement Districts and various economic tax incentives. She has also carried out the audit process over the grants management effort, the financial reporting phase, and the University of the District of Columbia.

Ms. Vergara has also serviced the District's Single Audits and has significant experience working with Department of Health and Human Services grants, including the various HIV-related programs. As such, she maintains a working knowledge of eligibility requirements, level of effort and earmarking analyses, and reporting mechanisms, along with the required testing techniques.

Professional Memberships and CPE

Professional Memberships

Filipino American Institute of Accountants of Metro D.C., Inc.
Philippine Institute of Certified Public Accountants

Continuing Professional Education (2009-2010)

158.5 total hours (110.5 Yellow Book)



Tom White
BDO USA, LLP

Firm Position	Senior Associate, Governmental and Nonprofit Services
Years with the Firm	2
Education	B.S., Accounting, Elon University

Experience Overview

Mr. White is an Audit Senior with BDO's Assurance Division and has four years of extensive experience in performing audit services in several industries, including governmental entities and nonprofits. Most recently, Mr. White has served the following organizations: **Government of the District of Columbia; Global Impact; Bureau of National Affairs, Inc.; Blue Cross Blue Shield Association; Combined Federal Campaign of the National Capital Area; Combined Federal Campaign-Overseas; Federal Deposit Insurance Corporation; Hanley Wood, LLC; RCN Corporation; and American Forest Products.**

Relevant Experience

Mr. White's relevant experience includes:

- Planning, performing, and supervising a variety of financial statement audits.
- Significant experience leading engagement teams in auditing a variety of entities that administer federal funds to various organizations.
- Reviewing systems for compliance with various governmental granting agencies and performing audits in accordance with OMB Circular A-133.
- Analyzing internal controls and policies, reviewing accounting policies and procedures manuals, and suggesting value added improvements.
- Preparing financial statements, including required disclosures to ensure that they are in accordance with generally accepted accounting principles and other regulatory requirements.

Government of the District of Columbia. Most recently, Mr. White has serviced the District's Department of Transportation during its Single Audit process. Mr. White is familiar with procurement mechanisms, contracting methods, construction and development, capital programming and funding, trust funds, and District Highway Administration requirements. He is also familiar with the Davis-Bacon Act and various OMB Circular A-133 compliance requirements.

Additionally, as part of the CAFR engagement, Mr. White was the team leader managing his audit staff for the Treasury functions, which included cash and investments and the related banking operations, cashing operations, and unclaimed properties.

Professional Memberships and CPE

Professional Memberships
 Maryland Association of Certified Public Accountants

Continuing Professional Education (2009-2010)
 146.5 total hours (91 Yellow Book)



**Elizabeth Semder
Gibbons & Kawash, A.C.**

Firm Position	Senior
Years with the Firm	5
Education	B.S., Business Administration, University of Kentucky

Experience Overview

Ms. Semder has five years of experience providing audit, tax, and consulting services to numerous organizations, including **State of West Virginia** agencies and component units, employee benefit plans, colleges and universities, foundations, and various health and welfare organizations. Her experience also includes numerous OMB Circular A-133 engagements.

Among others, Ms. Semder has serviced the following organizations: **West Virginia Alcohol Beverage Control Administration, West Virginia Consolidated Public Retirement Board, and West Virginia Lottery Commission.**

Relevant Experience

Ms. Semder's relevant experience includes:

- Planning, performing, and supervising a variety of financial statement audits.
- Reviewing systems for compliance with various governmental granting agencies and performing audits in accordance with OMB Circular A-133.
- Preparing financial statements, including required disclosures to ensure that they are in accordance with generally accepted accounting principles and other regulatory requirements.

Professional Memberships and CPE

Professional Memberships

American Institute of Certified Public Accountants
West Virginia Society of Certified Public Accountants
Charleston Chapter of the West Virginia Society of Certified Public Accountants

Continuing Professional Education (2009-2010)

126 total hours (105.5 Yellow Book)



**Stacy L. DeRossett
 Hayflich & Steinberg, PLLC**

Firm Position	Senior
Years with the Firm	2
Education	B.B.A., Accounting, Morehead State University

Experience Overview

Ms. DeRossett has over ten years of experience in public accounting. Her experience includes the performance of traditional accounting and auditing engagements for governmental and nonprofit organizations, and audits requiring compliance with OMB Circular A-133. She also has extensive experience in the planning and execution of county and local independent school board audits.

Ms. DeRossett's continuing professional education focuses on governmental, nonprofit, and the financial institution industry. Her coursework includes courses designed to meet the continuing education requirements of *Government Auditing Standards*.

Relevant Experience

- Ms. DeRossett's relevant experience includes:
- Planning, performing, and supervising a variety of financial statement audits.
 - Reviewing systems for compliance with various governmental granting agencies and performing audits in accordance with OMB Circular A-133.
 - Preparing financial statements, including required disclosures to ensure that they are in accordance with generally accepted accounting principles and other regulatory requirements.

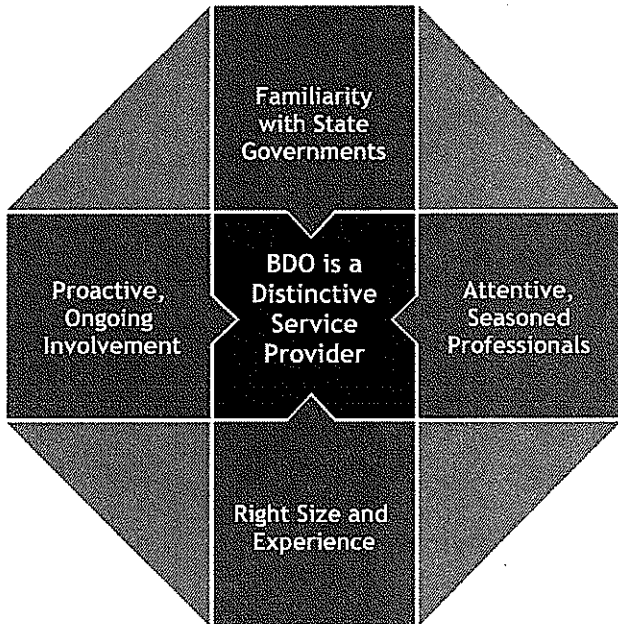
Professional Memberships and CPE

Professional Memberships
 Kentucky Society of Certified Public Accountants

Continuing Professional Education (2009-2010)
 84.5 total hours (28 Yellow Book)

THE BDO TEAM – A DISTINCTIVE CHOICE

In addition to our breadth and depth of resources, it's our people, the knowledge they bring to engagements, their commitment to exceeding expectations, and the candid relationships they develop with clients that has made BDO the distinct choice for clients of all types and sizes.



Our commitment is to serve the State through a long-term responsible relationship matching your needs.

Familiarity with Similar Engagements

- BDO has previously serviced similar CAFR and Single Audit engagements as the State.
- Our subcontractors have previously serviced the State.
- We are poised to address your immediate and long-term service needs.
- Proven experience with resolving complex issues that may arise.

Right Size and Experience

- Experienced business and technical professionals.
- Significant industry experience.
- Delivery of quality services.
- Streamlined, accessible organizational structure.
- Fewer conflicts and hierarchies inherent in larger firms.

Attentive, Seasoned Professionals

- Excellent staff-to-partner ratio.
- Continuous access to experienced service teams.
- Commitment to staff continuity.
- National technical and industry practitioners who offer broad-based experience, in-depth knowledge, and business savvy that can be critical to your success.

Proactive, Ongoing Involvement

- High level of partner involvement.
- Swift responsiveness and issue resolution.
- Hands on, service-oriented business philosophy.
- Flexible approach and methodology to manage the engagement efficiently.
- Open, candid, constructive communications.
- “No surprises” approach.
- Proactive creative solutions.
- Ideas for business improvement.

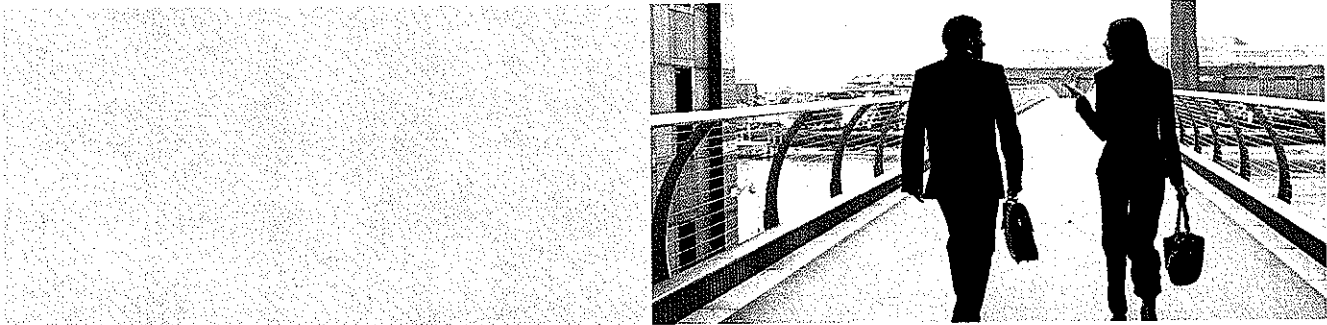
SECTION HIGHLIGHTS

THE BDO TEAM'S DEPTH OF EXPERIENCE

All of the partners and a majority of the managers and seniors on our proposed BDO Team have previously provided the required services to entities similar to the State of West Virginia. The BDO Team partners we propose to serve you are intrinsically experienced in handling these types of audits on an agency level, entity-wide level, and government-wide level. As such, we will provide the State with field-tested best practices using a "Best-in-Class" approach when performing your audits.

VALUE-ADDED SERVICES

The BDO Team has an exemplary track record of providing value to our engagements. Our clients trust us to put their needs at the forefront and look to us as business advisors rather than vendors providing a service to them.



COMPLETED CAFR AUDIT AND SINGLE AUDIT

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UNDERSTANDING OF SERVICES TO BE PERFORMED

Overview

BDO, Gibbons & Kawash, and Hayflich & Steinberg (collectively referred to as the “BDO Team”) are prepared to perform this engagement and understand the services required to be provided as described in the RFP. We also understand the timeframes and the required deadlines for delivery of the required reports and written products and are prepared to meet each deadline, communicating and coordinating our activities with State personnel throughout our performance of the contract.

Further, the BDO Team is comfortable working in an environment involving significant oversight by third parties and possesses the ability to audit multiple government agencies at the same time.

We understand that, at this time, the State requires an independent Certified Public Accounting firm to conduct a Single Audit of the State and a financial audit of the basic financial statements of the State’s CAFR for the fiscal year ending June 30, 2011, in accordance with generally accepted auditing standards, the Single Audit Act of 1996, the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the most current OMB pronouncements for “stimulus grants” awarded under the American Recovery and Reinvestment Act (“ARRA”), Governmental Accounting Standards Board pronouncements, other applicable laws, and federal and governmental regulations.

To adequately perform these services, the auditor must be sufficiently knowledgeable of various requirements and capable of auditing complex, large dollar, programs and processes and be able to handle any areas which operate separately under decentralized administration.



WE WILL WORK WITH THE STATE IN ISSUING THE FOLLOWING REPORTS:

- Whether the Basic Financial Statements in the State’s CAFR present fairly the State’s financial position and results of financial operations in conformity with generally accepted accounting principles.
- Whether the SEFA is fairly presented in relation to the basic financial statements.
- Internal control related to the financial statements and major programs.
- Compliance with laws, regulations and the provisions of contracts or grant agreements, noncompliance with which could have a material effect upon the State’s financial statements.
- Compliance with laws, regulations, and the provisions of contracts or grant agreements which could have a direct and material effect on each major program.
- Findings and questioned costs.
- A summary of the auditor’s results.
- Any irregularities, fraud, or illegal acts of which we become aware.
- Any additional requirements under OMB Circular A-133 or future federal OMB circulars that may become effective during this audit contract.

Schedule for Performance and Deliverables

Based on Attachment E of the RFP, which delineates the timetable for completion of work for the State engagement, we present the following projected schedule for completion of the State’s financial statement and Single Audits. Upon issuance of the contract award, we will meet with the State to setup a milestone chart. These timetables will be reviewed and actual dates discussed to ensure a mutually agreeable timeframe.

TASK	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Task 1: Entrance Conferences	➔								
Task 2: Interim Work	➔								
Task 3: Detailed Audit Plan	➔								
Task 4: Field Work (Federal Awards and CAFR)			▬	▬	▬	▬	▬		
Task 5: Test of Federal Awards			▬	▬	▬	▬			
Task 6: Closing Conferences with Agencies					▬	▬			
Task 7: Draft CAFR Audit Report						▬			
Task 8: Draft Single Audit Findings and Other Management Comments							▬		
Task 9: Final CAFR Audit Report							▬		
Task 10: Final Single Audit Findings							▬	▬	
Task 11: Final Single Audit Reports								▬	▬

We possess the capability to support this contract and with proper coordination and planning, we will complete all work within your specified time frame.

KNOWLEDGE OF AND APPROACH TO CAFR AUDITS

Overview

The State has an organizational structure encompassing a vast array of functions and some of these are provided by several component units comprising the financial entity whose financial statements are included in the CAFR. Our approach will also take into consideration that the State's operations may be decentralized and several of the components units or funds may have separate accounting systems and reporting requirements. Further, our approach to your audit will take into account the following strategies:

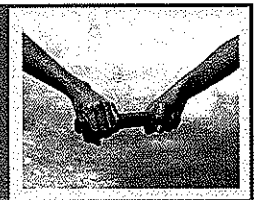
- Seamless transition.
- Communication throughout the year to understand your issues and risks.
- Advance planning of the audit and compliance processes to ensure there are no surprises.
- Performance of interim fieldwork.
- Detailed examination of your internal controls.
- Performance of year-end fieldwork and address key issues identified.
- Extensive quality control procedures.
- Full understanding of governmental and other relevant issues.

This approach fosters an active understanding of the State's strategic direction, particular business risks, control strengths and weaknesses, and other significant matters pertaining to the audit cycle, which is critical to audit quality.

Seamless Transition

We appreciate that, for many of our clients, the transition to a new advisor is not a regular occurrence and can give rise to concerns and present you with significant challenges. Our team members are experienced with the transition of new clients and can readily resolve any problems that may occur during this change. We are committed to client satisfaction and to a smooth and seamless transition from your current advisor to the BDO Team. We have extensive experience working with outgoing providers and clients to define transition plans and timelines and can begin your engagement immediately after finalizing our client acceptance procedures and after State's approval to proceed.

We assure you that we will devote the highest priority to the careful and thoughtful planning required to ensure a smooth transition to the BDO Team with the least possible disruption to your personnel and your operations.



Upon engagement, we request that management write a letter to the previous auditor, requesting that BDO be allowed access to the prior year's audit workpapers. This assists in substantiating opening balances as required under generally accepted auditing standards. At a minimum, we need to examine the balance sheet accounts and the related supporting workpapers, the final trial balance, and the adjusting journal entries for the last year audited. Our experience indicates most firms cooperate as a matter of professional courtesy.

Some allow us to visit their office and examine all files (including permanent and planning files) while others prefer to mail only the required workpapers that will substantiate the opening balances. The more thorough review is advantageous as it decreases the State's staff time in the gathering of required documents.

Proposed Segmentation and Work Plan

We will perform the services in segments. Specifically, the preliminary segments are as follows:

- *Central Planning and Administration*

The purpose of establishing a single, blended team is to lay out a proper foundation for the direction of the audits, minimize costs, and increase effectiveness. This team, which will operate from a central location, will schedule and assign auditors for each segment of the audit, coordinate and be responsible for the entire audit effort, and perform the general procedures pertaining to the audit (i.e., legal letters, review minutes, attend meetings, and provide status of engagement). This team will also design and discuss the sampling approach and performing test work over certain State-wide functions.

- *Information Systems*

The IS Assurance audit team will be responsible for assessing and evaluating the State's financial management and reporting systems, including the various modules that have been implemented, the payroll systems, and the other accounting and data processing systems. Their procedures will include documenting and testing the systems' general and application controls to determine the integrity and reliability of the financial data. Our suite of general and application controls will be evaluated at various levels, including the operating systems, application systems, database systems, and network levels.

- *Internal Controls*

We document our understanding of internal controls through observation, inquiry, inspection, and performance of specific procedures. We will ask your staff to fill out questionnaires and prepare narratives prior to our arrival for interim procedures. We will evaluate controls and, among others, perform transaction tests of payroll, procurement, cash disbursements, and cash receipts. Based on our assessment of the control environment, we will determine if there are audit assertions where we can assess control risk at less than maximum in order to perform audit tasks more effectively.

- *Engagement Audits and Management*

Separate auditors, under common supervision, will be responsible for carrying out audit procedures as delineated by the State's engagement categories as referenced in the RFP. These groups will audit these areas using various tests of controls and substantive tests.

- *Reporting and Close Out*

During this phase, we will conclude on all areas of the audit, summarize the results, and communicate them accordingly. We will perform the technical and content review of the draft audit reports and we will prepare, distribute, and obtain management representation letters.

In addition, any significant opportunities to improve internal controls and accounting procedures, budgeting and financial projection processes, and financial reporting styles, which will increase the reliability of accounting records and financial statements, will be discussed. We consider the management letter to be an integral part of the audit process. A notable effort is spent formulating ideas that will help the State operate more efficiently and effectively.

We will hold exit conferences with the State to discuss relevant matters. The completion of the audit determines the fairness of presentation of the financial statements, including footnote disclosures, and the reasons for any deviations from current trends and historic and industry norms. The workpapers and financial statements will undergo a final quality control review during this phase after which the financial statements will be issued.

Coordination with Your Personnel

We believe in utilizing the work of internal staff to the fullest extent possible in order to minimize your costs. We will obtain an understanding of internal functions by gathering information about activities and considering the relevance of these activities to the audit process. In addition, we will assess the competency, objectivity, and effectiveness of the work performed by internal staff, and consider the effect on internal controls, risk assessment, and the types of substantive procedures we must perform.

If, as a result of these procedures, we determine that we can use the work of the internal staff, we will coordinate our procedures with internal staff by scheduling audit work, holding periodic meetings, reviewing audit reports, and discussing accounting and auditing issues. We will utilize internal staff in preparing all necessary audit schedules. We will provide a list of the specific items needed well in advance, based on the planning we complete with you. In this manner, your staff will have sufficient time to complete the audit schedules.

Central Planning and Administration

The tasks in this phase will enable us to gain an understanding of the financial systems and to tailor the audit to the State's needs. The planning phase includes performing the following functions:

Meet with Key Members of the State's Management

It is our policy to hold an initial planning meeting with key members of management. The agenda will include, but will not be limited to, discussion of the topics below. This planning meeting will help to establish priorities and provide proper initial direction up front.

- Initial audit concerns.
- Report requirements and deadlines.
- Initial audit approach and dates.
- Assistance by State personnel.
- Nature and types of documents and/or accounting records maintained.

Communicate with Predecessor Auditors

Upon assignment of the audit to BDO and its subcontractors, we will obtain permission from the State to communicate with the predecessor auditors of any audited reporting entity. This is necessary to comply with the requirements of substantiating opening balances as required under generally accepted auditing standards in addition to reviewing prior year's workpapers in key audit areas.

Document our Understanding of the Operating Environment and Internal Controls

The first step we perform in approaching the audit of any reporting entity assigned to us is to develop a full understanding of the objectives and operations of the entity. This understanding will be obtained through discussions with management and reading of pertinent background information. The information and/or documents that we will request will include, but will not be limited to, the following:

- Organizational structure of the reporting entities.
- Operating budgets including budget restrictions.
- A description of financial and other information systems.
- Provisions of laws and regulations.
- Locations of operations.

This information will enable us to identify significant cycles and accounting applications, evaluate the control environment, and identify significant provisions of laws and regulations affecting the reporting entity.

Document our Understanding of the Financial and Operational Systems

We will obtain an understanding of the accounting systems and information systems used for processing significant financial statement items, and the related internal accounting controls sufficient to determine our audit approach.

A preliminary understanding as to how transactions are recorded and processed will be accomplished when the audit strategy is finalized. The degree of understanding and extent of further documentation required to enable subsequent audit procedures to be carried out depends on the audit strategy adopted.

Perform Preliminary Analytical Review

We will perform preliminary analytical review to gain insight into operating results by comparing the financial statement amounts between the current and preceding periods and also the current year amounts to approved budgeted line-items. We will be looking for unusual variances.

Consider Engagement Risk

We will consider account balances or classes of transactions that could result in an error to the financial statements without being detected. Devoting attention to such accounts or classes of transactions, we ensure they receive proper audit coverage. This lessens the possibility that the financial statements might be misleading.

Make Preliminary Judgment about Materiality

We will make a preliminary judgment about materiality by assessing a dollar amount which, in our judgment, would render the reporting entity's financial statements misleading should errors in the financial statements exceed this amount. This will guide us during the audit process when proposing adjustments or selecting items for testing.

Assess Control Risk

We will assess control risk for account balances or classes of transactions at either below maximum or at maximum based upon our understanding of the accounting system and the control environment. Assessment of risks involves determining procedures in effect to prevent or detect misstatements in the financial statements.

Identify Significant Audit Areas and Develop Tailored Audit Programs

Based on the understanding we acquire during our documentation of the above procedures, we will determine areas that might significantly affect the timing and completion of the audit. We will review such areas in depth to obtain an early understanding and resolution of any problems that might impede our progress. Upon identifying the significant audit areas and compliance requirements, we will develop tailored audit programs. The audit programs will reflect the identified areas of concern and will guide our work in such a manner as to help ensure that each area is afforded the proper degree of audit consideration. At the conclusion of the planning phase, we will prepare the following documents relevant to the information obtained or gathered during the process:

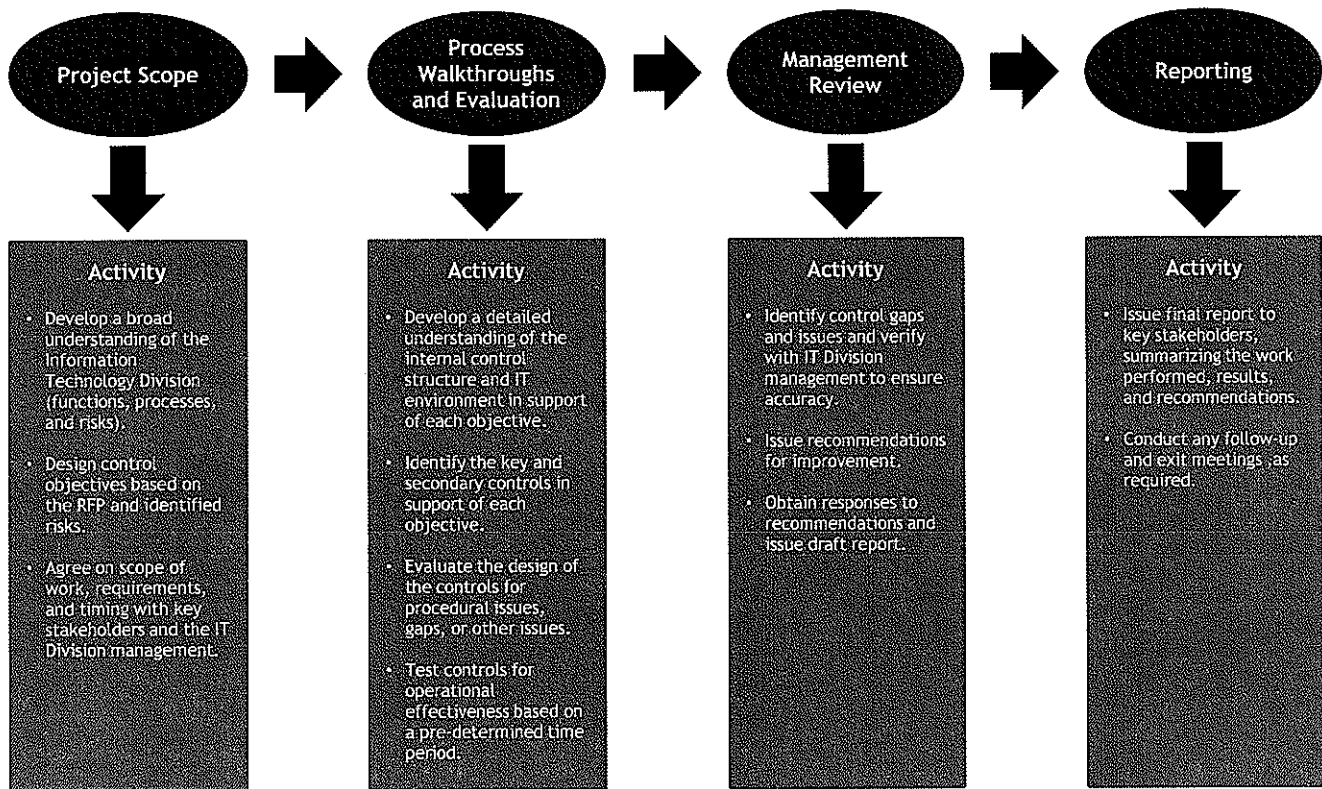
- Client Profile.
- General Risk Analysis.
- Account Risk Analysis.
- Cycle Matrix.
- System narratives and/or flowcharts.
- Tailored audit programs.

Information Systems and Internal Controls

Internal control assessments for significant business processes and the IT environment is a specialty of the IS Assurance practice. Our internal control audit methodology is based on the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), taken from the perspective of business and operational risks.

Internal control evaluations over business processes focus on the “what can go wrong scenarios” and will evaluate manual and automated control activities, while evaluating each transaction stream from all points of potential misstatement.

Furthermore, we can identify procedural issues and provide insight for process optimization. Our methodology will also include the base line of system generated reports for completeness and accuracy. Our overall approach to your audit will take into account the phases outlined below.





We will also perform a comprehensive assessment of the State's financial management systems to ascertain effectiveness and reliability. We will interview officers and managers for a better understanding, existing capabilities, issues the State has identified and both immediate and long-term electronic data processing objectives. From our assessment, we will formulate recommendations and shape innovative ideas and solutions that will help you attain your operational goals.

Our major concentration will focus on the application of the following:

<p>Logical Access Controls and System Files</p>	<ol style="list-style-type: none"> 1. Ascertain whether management has identified confidential and sensitive data for which access should be restricted. 2. Test controls of procedures in place to restrict access to sensitive data. 3. Test controls of procedures in place to reduce risk of unauthorized transactions. 4. Evaluate whether controls are adequate to detect unauthorized changes to programs. 5. Evaluate whether controls are adequate to restrict users to defined programs and data files. 6. Evaluate whether controls are adequate over programmers' access to production programs, live data files, and job controlled language. 7. Evaluate controls over the use of utility programs.
<p>Computer Operations</p>	<ol style="list-style-type: none"> 1. Evaluate and test operations/management reviews. 2. Evaluate and test job control instruction and job rotation. 3. Evaluate and test job execution from appropriate terminals.
<p>Problem and Change Management</p>	<ol style="list-style-type: none"> 1. Evaluate management's involvement in the design and approval of change. 2. Evaluate to what extent changes are tested. 3. Review adequacy of procedures for transferring changed programs from development to production.
<p>Physical Security and Environmental Controls</p>	<ol style="list-style-type: none"> 1. Evaluate and determine if controls exist to ensure that organizational resources are not misused or wasted. 2. Evaluate and determine if controls are in place to mitigate fraud occurrences. 3. Evaluate and determine if controls are in place to avoid expensive and disruptive incidents.
<p>Back-Up, Disaster Recovery, and Contingency Planning</p>	<ol style="list-style-type: none"> 1. Evaluate or determine if controls have been established for periodic back-up of files. 2. Test controls for adequacy. 3. Evaluate whether back-up procedures include multiple generations. 4. Review controls over back-up files to ascertain their security location, etc. 5. Determine whether the State has a disaster recovery plan and its adequacy.

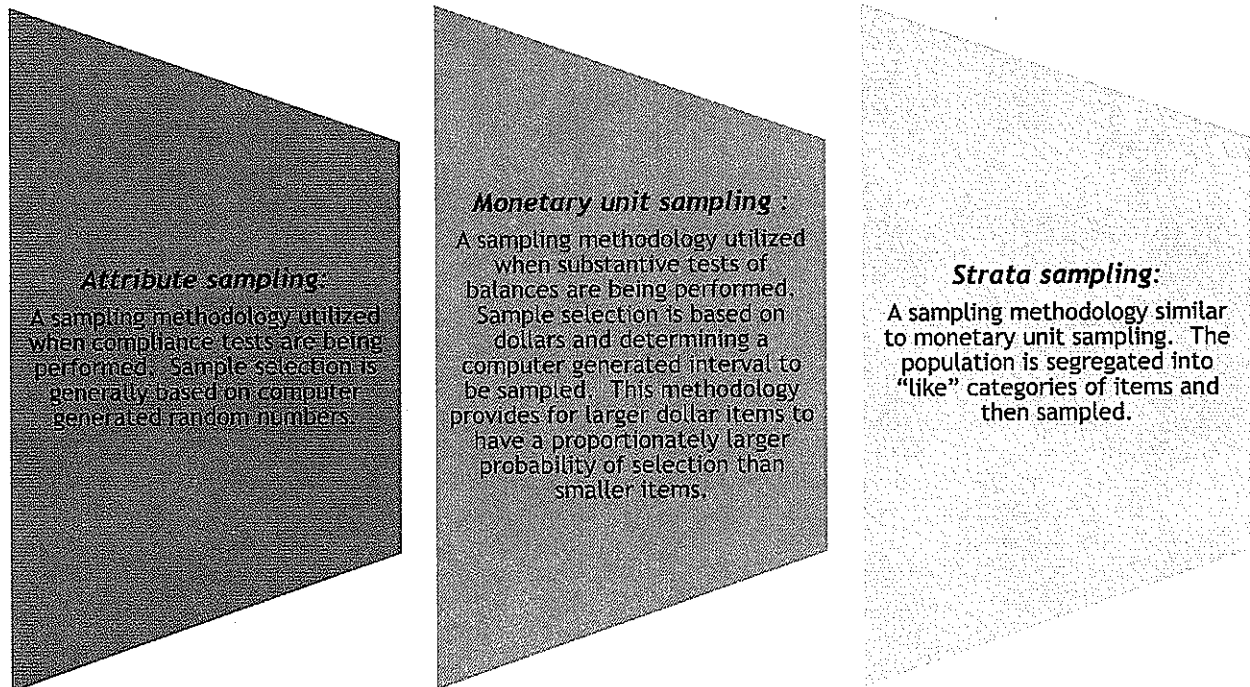
Engagement Audits and Management

Design Sampling Approach

In the testing phase, we design our sampling methodology using selective testing. Audits conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and attestation standards include the concept of selective testing of data to be examined, thus involving judgment on the part of the auditor as to the number of transactions to be examined and the areas to be tested. The concept of audit sampling refers to the application of audit procedures to less than 100% of the items within an entity's account balances or classes of transactions, for the purpose of reaching a conclusion about entire individual balances or classes of transactions.

The use of representative sampling will be an integral part of our audit approach. We use audit sampling when the objective is to project the results of the procedures to the entire population of items within an account balance or class of transactions. Our sampling approach provides for sample sizes large enough that any chance of departure from representations is small.

The following are examples of common statistical sampling techniques we utilize for audits and other engagements:



The determination of sample sizes will depend on several factors, including the reliance that can be placed on existing controls, the population size and make-up, routine or non-routine type of transactions, the number of significant items comprising the population, and the results of substantive analytical procedures. To the extent possible, we will use attribute sampling for tests of controls and compliance. This type of sampling will be effective for tests of payroll expenditures, non-payroll expenditures, and procurement. BDO uses its own sampling tables, which are useful for estimating sample sizes when the size of the population is large (i.e., the population is comprised of 500 or more items, balances, or transactions) and the calculated sample size does not begin to approach a significant proportion of the population (i.e., greater than ten). In addition, a simple formula is provided to assist our auditors in estimating the sample size in near-zero or zero expected misstatement situations. This approach is valid only for attribute samples or probability proportional to size (PPS) samples.



BDO also uses the *IDEA* software for sample selections. *IDEA* contains a number of sample size determination programs and is our preferred software for both non-statistical and statistical sample selection. The *IDEA* program also properly evaluates attributable sample results, as well as stratified random (using classical variables analysis) samples.



Perform Tests of Controls

In the planning phase, we identify significant accounting cycles and accounting applications and document control procedures. We determine appropriate sample sizes using our sampling methodology and select sample items for testing to determine whether controls are functioning in accordance with the reporting entity’s policies throughout the audit period. Additionally, we will follow up on the status of the implementation of prior year’s recommendations contained in the management letter(s) issued by the predecessor auditor.

Perform Tests of Compliance

As applicable, we identify significant provisions of laws affecting the reporting entity and perform compliance tests to ensure that the reporting entity is operating in accordance with applicable laws and regulations. Some compliance tests are transaction based from which we select sample transactions for testing. We use inquiry and observation procedures to verify non-transaction based compliance features.

The State’s non-compliance with laws and regulations could materially affect the financial statements. We will discuss with management and legal counsel how they identify, comply, and monitor compliance in this area. We will also determine the laws and regulations that affect the State’s operations by researching and reviewing ordinances, state statutes, federal contracts and grants and related laws, governing body minutes, correspondence with regulatory authorities, federal legislation, annual appropriations bill, and debt instruments. We will develop a document that lists all of the applicable laws and regulations, determine those that require testing, and perform the procedures. As mentioned previously, we will review the prior reports and management letter(s) noting any non-compliance and determine their current status.

Perform Substantive Tests

The substantive tests will include “substantive detail tests” and “substantive analytical procedures.” For substantive detail tests, we will review details of account balances by inspecting underlying documentation and determining whether the balances are properly stated. Substantive analytical procedures will be used in every phase of the audit. Initially, we will use the procedures to perform comparison of data in documents and reports, fluctuation analyses to identify significant changes in information reported in prior periods, and to determine the variances and potential issues that could affect the nature, timing, and extent of our audit.

During the substantive phase of the audit, we will perform budgetary to actual analyses of revenues and expenditures, changes in investment vehicles and yields, analyze payroll cost and full time equivalent personnel by agency/department and entity-wide, and perform various trend analyses of accounts to determine unusual or abnormal relationships and results that may require investigation and resolution. When selecting and designing substantive tests, attention will be directed to specific audit objectives such as included in the following table:

Financial Statement Assertion	Effect on the State’s Audit
<i>Completeness</i>	All account balances and transactions that should be included in the financial information are included.
<i>Accuracy</i>	Recorded transactions and accounts balances are mathematically accurate, are based on correct amounts, have been classified in the proper accounts, and have been accurately summarized and recorded in the general ledger.



Financial Statement Assertion	Effect on the State's Audit
<i>Existence</i>	Recorded assets and liabilities exist as of the balance sheet date; recorded transactions have occurred and are not fictitious.
<i>Cut-off</i>	Transactions are recorded in the proper accounting period.
<i>Valuation</i>	Generally accepted accounting measurements and recognition principles are properly selected and applied.
<i>Rights and Obligations</i>	Recorded assets are rights of the State and recorded liabilities are obligations of the State.
<i>Presentation and Disclosure</i>	Financial information components are properly classified and described; appropriate disclosures are made.

We will also employ analytical procedures in the review of the financial information presented in the CAFR and as a quality control review tool. We will determine whether the explanations and corroborating evidence provide sufficient evidence for the desired level of substantive assurance. If we are unable to obtain a sufficient level of substantive assurance from the analytical procedures, we will perform additional procedures, such as tests of details and consider whether the difference represents a misstatement.

Specific Audit Approach

Our specific audit approach for certain significant areas is highlighted below:

Budget and Appropriations

- Obtain and review copies of the published notices. Review board minutes from the date of the hearing(s). Determine if the required public hearings on the budget and proposed tax increases were properly advertised and subsequently held.
- Compare adjusted appropriations and expenditures in each fund and determine whether disbursements were made in excess of appropriations.
- Inquire of the State officials concerning the use of interim budget-to-actual comparisons.
- Inspect explanation of budget variances and evidence of corrective action taken.
- Test modifications and other changes made to the budget from authorized sources.
- Determine whether the Treasurer has appropriate internal controls to ensure cash is available in the bank for all checks issued.
- Determine whether appropriate internal controls are in place to ensure the Treasurer has sufficient funds available for bank warrants and drafts.

**Fixed/Capital Assets
and Expenditures**

- Observe physical safeguarding controls.
- Inquire about apparently idle assets noted during observation.
- Inquire about results of reviews of depreciation, useful lives, salvage values, and allowance accounts.
- Select a sample of additions and review for account distribution, agreement of recorded amount with supporting documents, and proper period.
- Evaluate whether remaining useful lives are reasonable and net carrying value is recoverable.
- Determine whether capital assets held for sale or investment purposes have been properly classified.

Debt

- Determine whether the State issued debt during the year and whether it complied with all relevant provisions.
- Read the minutes of the governing body for authorization to issue debt or enter into debt agreements and trace proceeds and obligations to recording in the accounting records and bank deposits.
- Review documentation of monitoring of compliance with debt restrictions, compliance with sinking fund requirements, and classification of leases as capital or operating.
- Consider the reasonableness of interest expenditures by comparing the amount to the computation of average rate multiplied by the average debt outstanding.

Payroll and Related Liabilities

- Reasonable assurance that payroll (wages, salaries, and benefits) disbursements are made only for all work authorized and performed.
- Payroll is computed using rates and other factors in accordance with contracts and relevant laws and regulations.
- Payroll and related liabilities are recorded correctly as to amount and period and distributed properly by account, fund, and budget category.
- We will consider the reasonableness of accrued payroll at the end of the period by performing a predictive test such as comparing it to the subsequent payroll run and investigate unexpected variations.

Procurement

- We will consider the risk of material misstatements resulting from direct and material noncompliance when conducting the audit.

Receivables and Revenue

- Compare the balance in receivables with the balance for prior years and investigate unusual variations.
- Compute the ratio of the receivables balance to related revenue for the current and prior years and investigate any unexpected results.
- Review a reconciliation of the aged receivables balance to the general ledger account balance, and document an explanation for any unusual reconciling items. Consider whether it is necessary to review documentation supporting the reconciling items and explanations.
- Scan the trial balance for unusual items, such as large credit balances, unusual names, receivables from known related parties and propose reclassifications, if necessary.
- Confirm selected receivables.
- Test the adequacy of the allowance for uncollectible accounts by inquiring about the State's process for estimating the allowance, performing analytical procedures, and investigating any unusual results.
- Compare revenues for the last month of the year to the rest of the year and to the first month after year-end.
- Compare credit memos for the last few months of the year to the first few months after year-end to test cut-off.
- Obtain understanding of the State's major revenue resources, revenue recognition policies, and significant or unusual transactions occurring at or near year-end. Review laws, regulations, and agreements for compliance requirements and evaluate compliance.
- Inspect reconciliations of interfund balances, examine authorization, compare to budgeted transfers, and investigate unexpected results.

Accounts Payable and Expenditures

- Agree or reconcile accounts payable listing to the general ledger.
- Scan for large and unusual transactions and identify matters that should be disclosed.
- Inquire about unrecorded liabilities, trace receiving information into accounting records, and determine whether liabilities are recorded in the proper period.
- Scan the listing of accruals and other liabilities, evaluate the reasonableness of accruals and other liabilities, evaluate the reasonableness of the balances, and consider any missing accruals.

Cash and Investments

- Obtain a listing of all banks and savings and loans used by the State during the year.
- Obtain a listing of all petty cash funds maintained by the State. We will examine the board resolution establishing the fund(s).
- Mail written confirmations to all banks and savings and loans identified in the previous steps. Determine whether the accounts are properly identified as holding public funds.
- Test bank reconciliations and investigate significant and unusual items.
- Obtain a listing of all investments held by the State during the year and determine whether investments constitute legal investments.
- We will document the State's internal controls for authorizing, executing, and monitoring investment activity. We will document the State's internal controls over drawing down bond proceeds. We will determine how the State prevents unauthorized transfers.
- Select a sample of investment transactions during the period and examine for indications of compliance with controls and investment policy.
- Read minutes of meetings authorizing investment transactions and compare to recorded activity.
- Inspect interim reports on investment yield and consider investigations made, if any, of significant fluctuations.
- Compare recorded investment income to income calculated by applying average rate to average investments and consider reasonableness.
- We will review the most recent arbitrage report to determine if the State is properly managing arbitrage and if there is any necessity for financial statement reporting and/or disclosure.
- As may be applicable, for Individually Managed Portfolios, we will consider the State's methodology and procedures to determine whether they are appropriate for managing spending requirements and arbitrage.

KNOWLEDGE OF AND APPROACH TO OMB CIRCULAR A-133 AUDITS

Overview

The Single Audit is an audit of an entity's financial statements and the reporting on the schedule of expenditures of federal awards in relation to those financial statements and a compliance audit of the federal awards expended during the fiscal year. The Single Audit process is a key factor in the achievement of the following accountability objectives:

- i. The receipts and uses of all funds are transparent to the public, and the public benefits of these funds are reported clearly, accurately, and in a timely manner.
- ii. Funds are used for authorized purposes and instances of fraud, waste, error, and abuse are mitigated.

Under OMB Circular A-133, the auditor has additional testing and reporting responsibilities for compliance, as well as internal control over compliance, beyond a financial statement audit performed in accordance with *Government Auditing Standards* and Generally Accepted Auditing Standards.

OMB Circular A-133 specifically states that the auditor should determine whether the auditee has complied with laws, regulations, and the provisions of contracts or grant agreements that may have a direct and material effect on each major program.

The principal tool for this purpose is the *Compliance Supplement*. This document serves to identify existing important compliance requirements that the Federal Government expects to be considered as part of a Single Audit. This tool allows Federal agencies to effectively communicate items that they believe are important to the successful management of the respective programs and the related legislative intent.

Further, the American Recovery and Reinvestment Act of 2009 (also known as the "Stimulus Act") was signed into law on February 17, 2009, to stimulate the national economy by investing in programs and activities that will provide long-term economic strength and stability.

The enactment of ARRA has resulted in an infusion of funding for a vast array of programs, services, and infrastructure improvements throughout the country.

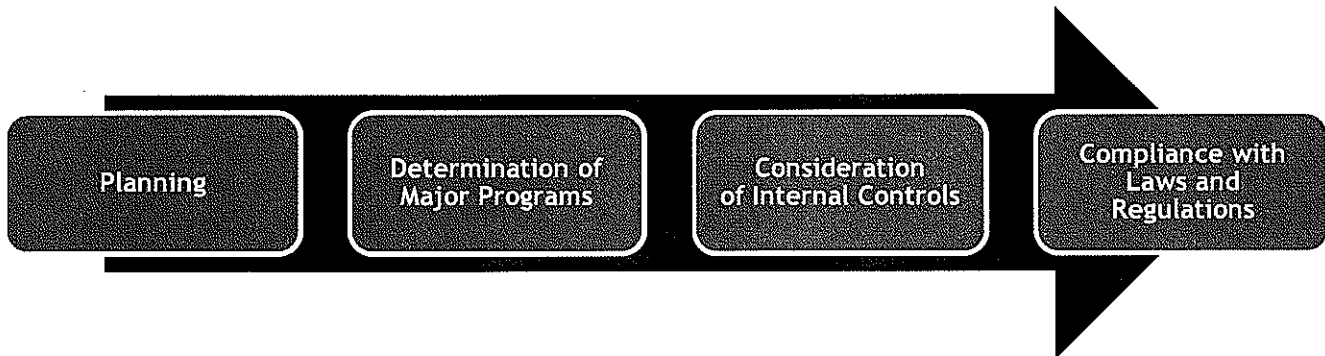


As a recipient of ARRA funding, the State must not only account for ARRA transactions in accordance with generally accepted accounting principles, it must also comply with the specific expenditure and financial requirements mandated by ARRA, as well as other applicable Federal regulations and reporting requirements.

In addition to the actual OMB Circular A-133 and the related *Compliance Supplement*, we will utilize, but not be limited to, the following types of available guidance throughout our audit process:

- OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*.
- U.S. Department of the Treasury regulations at 31 CFR part 205, which implements the Cash Management Improvement Act of 1990 ("CMIA").
- A-102 Common Rule.
- AICPA Audit Guide, *Government Auditing Standards and Circular A-133 Audits*, and the related Audit Risk Alerts.
- Statement on Auditing Standards No. 117, *Compliance Audits*.
- Sampling guidance for Single Audits.
- Issues, requirements, and guidance related to ARRA funding.
- Other OMB Circular A-133 Advisories.

Our technical and management approach for the performance of the State's Single Audit will be performed in the following phases and as described more fully below and on the following pages. Each phase will also incorporate the steps necessary to address ARRA requirements.



Planning

As auditors, we want to be accurate. As business advisors, we want to be practical. To help the State make the best decisions, we firmly believe in communication throughout the year. We also believe that proper planning greatly reduces the possibility of surprises during fieldwork. The purpose of the planning phase is to establish a proper foundation for the direction of the audit and to minimize costs and increase effectiveness. The tasks in this phase will coincide with our overall planning tasks as described on [pages 80-81](#) and will enable us to update our understanding of the financial systems of the State and to tailor the audit to the State's needs.

We will further enhance our planning assessments with respect to the Single Audit by performing the following procedures:

- Obtain schedule/report of federal programs by Catalog of Federal Domestic Assistance ("CFDA") Number.
- Document understanding of programs.
- Identify compliance requirements.
- Determine program sample sizes.
- Review the State's centralized controls over payroll expenditures, non-payroll expenditures, and procurement activities.
- Review the State's indirect cost allocation plan.
- Compare the schedule of expenditures of federal awards between the current and preceding periods and also the current year amounts to approved budgeted line-items and grants and contracts
- Consider areas of risk that could result in an error to the schedule of expenditures of federal awards without being detected.

► ARRA Considerations in Planning

We will initially focus our efforts in the following broad areas and follow the current guidance provided:

- a. CFDA Number – Federal agencies are required to specifically identify ARRA awards, regardless of whether the funding is provided under a new or existing CFDA number.
- b. Clusters of Programs – Many of the ARRA awards will have new CFDA numbers even though they are additions to and share *common* compliance requirements with the existing program. We will work with the State's management in identifying the proper clusters.

Determination of Major Programs

The provisions of OMB Circular A-133 require that the auditor use the risk-based audit approach to determine which federal programs administered by an entity are major programs. This is determined by using the following recommended approach:

1 Determine Type A and Type B Programs. We will review the State's financial reports for expenditures of federal funds and summarize and review the grouping of expenditures according to their CFDA designation. Using the criteria established for Type A programs – expenditures that are the greater of 3% of total federal expenditures or \$300,000 – we will determine the larger Type A programs. All other federal programs are Type B programs.

2 Determine High-Risk Type A Programs. The second step specified by OMB Circular A-133 requires the auditor to perform a risk assessment of each Type A program to identify those that are low-risk. Type A programs assessed as low-risk may be excluded from the major program category in the Single Audit. Those Type A programs that are assessed as having a high risk of material noncompliance with federal requirements must be audited as major programs.

Type A programs will be considered low-risk if they were audited in at least one of the two most recent audit periods and had no material internal control findings or material compliance findings, in the most recent Single Audit report.¹

3 Determine High-Risk Type B Programs. If any Type A program is assessed as low-risk, the auditor must perform this third step. OMB Circular A-133 only requires the performance of risk assessments on Type B programs that exceed the larger of \$100,000 or 0.3% of federal awards expended when total federal expenditures are less than or equal to \$100 million. Additionally, it provides two options for identifying high-risk Type B programs. The auditor may choose either one in their assessment.

Under *Option 1*, assessments must be performed on all Type B programs that meet the expenditure criteria. However, only one-half of the number of high-risk Type B programs must be audited as major programs unless this number exceeds the number of low-risk Type A programs.

Under *Option 2*, the auditor is only required to audit as major one high-risk Type B program for each low-risk Type A program identified.

Since there are a number of factors that the auditor must consider for this third step, we will develop a separate matrix for Type B program risk assessment that will incorporate all of the suggested determinants including the following:

- Changes in systems and/or personnel affecting the programs.
- Extent of pass through oversight, including monitoring or reviews and findings.
- Inherent risk and complexity of the program - new program or changes in the program.
- Ratio of program award amount to the agency's total federal award.
- Results of recent monitoring or review by an oversight agency.

4 Determination of Major Programs to be Audited. After completing steps one through three, OMB Circular A-133 requires the auditor to audit all of the Type A programs that are not low-risk, high-risk programs identified using either of the two options identified in step three, and additional programs if required to meet the 50 percent (or 25 percent for low-risk auditee) of total federal awards expended rule, as applicable.

¹ Also see ARRA considerations, which follow.

► ARRA Considerations in Determination of Major Programs

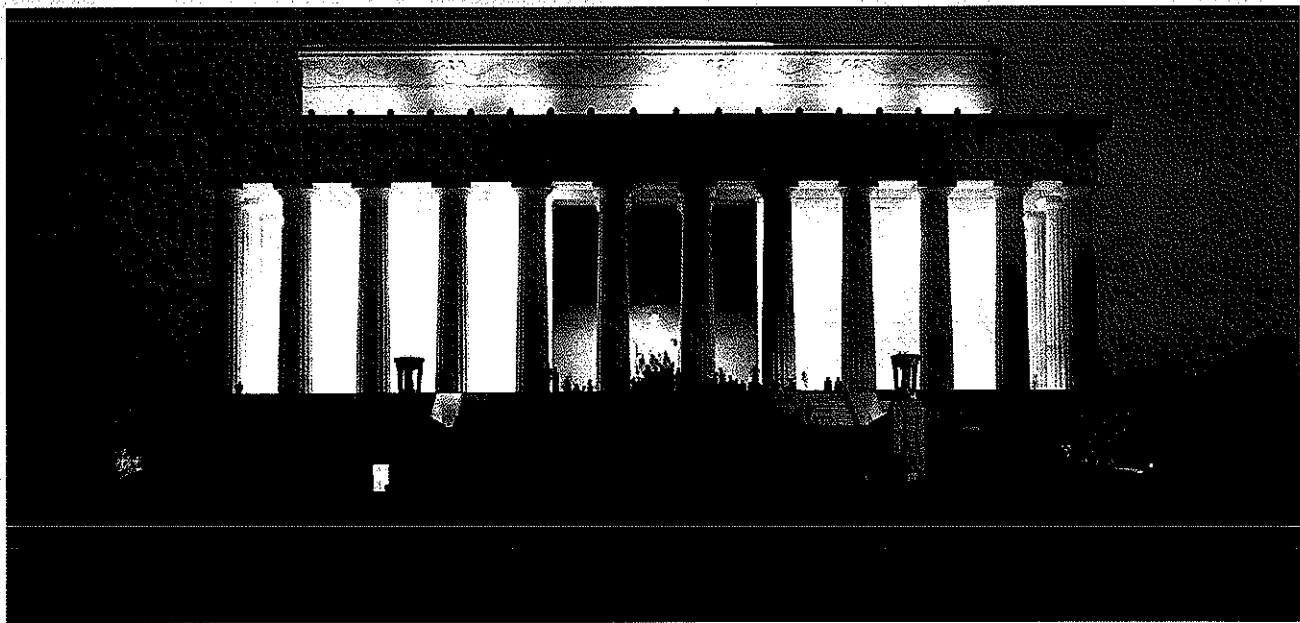
We will be required to consider all Federal programs with expenditures of ARRA awards to be programs of higher risk in accordance with the provisions of OMB Circular A-133.

Even though a Type A program otherwise meets the criteria as low-risk under § ____.520(c) of OMB Circular A-133, due to the inherent risk associated with the transparency and accountability requirements governing expenditures of ARRA awards, any program or cluster with expenditures of ARRA awards would not qualify as a low-risk Type A. Even a *de minimus* amount of ARRA expenditures would not support identifying the program as low-risk.

In other words, the program or cluster will not meet the requirement of having been audited as a major program in at least one of the two most recent audit periods as the Federal program funded under ARRA did not previously exist. There are certain exceptions to this rule which we will consider when identifying if a Type A program or cluster qualifies as low-risk.

- The program or cluster had ARRA expenditures in the prior audit period;
- The program or cluster was audited as a major program in the prior audit period;
- ARRA expenditures in the current audit period are less than 20 percent of the total program or cluster expenditures; and
- The auditor has followed § ____.520(c) and § ____.525 of OMB Circular A-133 and determined that the program or cluster is otherwise low-risk.

With respect to Type B programs, the auditor will consider all such programs and clusters with expenditures of ARRA awards to be programs of higher risk in accordance with § ____.525(d) of OMB Circular A-133. The presumption is that Type B programs or clusters with ARRA expenditures would be audited as major when applying the provisions of § ____.520(e)(2).

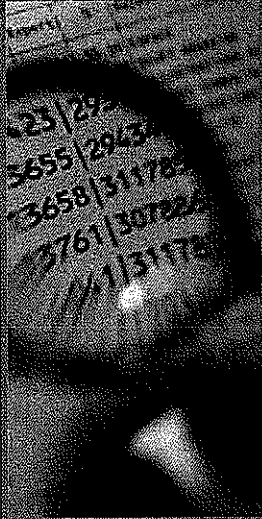


Upon identifying the major programs and compliance requirements, we will develop tailored audit programs. The audit programs will reflect the identified areas of concern and will guide our work in such a manner as to help ensure that each major program and compliance requirement is afforded the proper degree of audit consideration.

Consideration of Internal Controls

As a condition of receiving Federal awards, non-Federal entities agree to comply with laws, regulations, and the provisions of contract and grant agreements, and to maintain internal control to provide reasonable assurance of compliance with these requirements.

OMB Circular A-133 requires auditors to obtain an understanding of a non-Federal entity’s internal control over Federal programs sufficient to plan the audit to support a low assessed level of control risk for major programs, plan the testing of internal control over major programs to support a low assessed level of control risk for the assertions relevant to the compliance requirements for each major program, and, unless internal control is likely to be ineffective, perform testing of internal control as planned.

THE OBJECTIVES OF INTERNAL CONTROL PERTAINING TO COMPLIANCE REQUIREMENTS FOR FEDERAL PROGRAMS ARE AS FOLLOWS:			
<p>Transactions are properly recorded and accounted for to:</p> <ul style="list-style-type: none"> • Permit the preparation of reliable financial statements and Federal reports; • Maintain accountability over assets; and • Demonstrate compliance with laws, regulations, and other compliance requirements. 	<p>Transactions are executed in compliance with:</p> <ul style="list-style-type: none"> • Laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on a Federal program; and • Any other laws and regulations that are identified in the <i>Compliance Supplement</i>. 	<p>Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.</p>	

Further, the *Internal Control-Integrated Framework* (“COSO Report”), published by the Committee of Sponsoring Organizations of the Treadway Commission provides the framework for organizations to design, implement, and evaluate internal controls using five interrelated components:

- Control environment.
- Risk assessment.
- Control activities.
- Information and communication.
- Monitoring.

The *Compliance Supplement* describes these five components of internal control and describes the characteristics relating to each that should reasonably assure compliance with the requirements of federal laws, regulations, and program requirements. We will focus our efforts on performing an assessment of the State’s internal control using the guidance outlined.

The characteristics of the five interrelated components are as follows:

Control Environment

Sets a tone influencing the control consciousness of the State's personnel. It is the foundation for all other components of internal control and provides discipline and structure.

- a. Integrity and ethical values.
- b. Management's philosophy and operating style.
- c. Organizational structure.
- d. Oversight committee involvement.
- e. Commitment to competence.
- f. Assignment of authority and responsibility.
- g. Human resources policies and practices.
- h. The State's risk assessment.
- i. Monitoring activities.

Risk Assessment

The State's identification and analysis of risks relevant to achievement of its objectives to determine how risks should be managed.

- a. The State's ability to identify and analyze risks.
- b. Identification and assessment of operations and programs.
- c. Personnel understanding of compliance requirements.
- d. The State's ability to identify risks of program non-compliance.
- e. Awareness of identified risks and corrective action plan.
- f. Implementation of processes to address changes in objectives.

Control Activities

The policies and procedures that help to ensure that management's directives are carried out.

- a. Review established policies and procedures.
- b. Assess potential for management override.
- c. Determine adequate segregation of duties.
- d. Ensure computer and program controls exist.
- e. Knowledge assessment and supervision of management and program staff.
- f. Safeguarding of assets.

Information and Communication

The State's means to identify, capture, and exchange information in a form and time frame that enable people to carry out their responsibilities.

- a. System in place for identifying and allocating federal transactions.
- b. Source documents maintained and available.
- c. Information is available and accessible.
- d. Employees are aware of duties and responsibilities.
- e. Reports are generated in a timely manner for management review.
- f. Reconciliation and reviews are conducted to ensure accuracy of reports.
- g. Internal and external communication channels are established.

Monitoring

This process assesses the quality of internal control performance over time.

- a. Independent management reviews, reconciliations, etc.
- b. Internal and external program evaluations.
- c. Site visits to decentralized locations.
- d. Internal audit reviews of program operations.
- e. Adequate management and supervision.
- f. Periodic review of program performance.

▶ ARRA Considerations in Internal Controls

It is essential that the State's management establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements, including internal control designed to ensure compliance with ARRA requirements.

It is imperative that deficiencies in internal control (i.e., material weaknesses and significant deficiencies) be corrected by State management as soon as possible to ensure proper accountability and transparency for expenditures of ARRA awards.

- a. We will promptly inform the State's management and those charged with governance during the audit engagement about control deficiencies related to ARRA funding that are, or likely to be, significant deficiencies or material weaknesses in internal control.
 - We will consider the likelihood and magnitude of such noncompliance.
 - We will consider the volume of activity exposed to the deficiency in the current period.
 - We will consider the volume of activity expected in the future.
- b. We will consider the State's internal control environment and internal control established to address the risks arising from ARRA funding. This may include an evaluation of the following:
 - Risks due to rapid growth of a program.
 - New and/or increased activities under a program.
 - Changes in the regulatory environment.
 - New personnel.

Compliance with Laws and Regulations Governing Federal Contracts and Grants

The auditor performs tests of compliance with laws and regulations as part of the audit of the schedule of expenditures of federal awards. The auditor must also perform tests and obtain results in order to report on the internal control over compliance with certain provisions of laws, regulations, contracts, and grants. The State's management is responsible for compliance with the applicable laws and regulations.

The State's non-compliance with laws and regulations could materially affect the schedule of expenditures of federal awards. We will discuss with management and legal counsel how they identify, comply, and monitor compliance in this area.

The elements in this phase will be based on the compliance requirements that we have determined to be direct and material to the major federal programs selected for audit.

Perform Tests of Compliance

A compliance requirement is generally considered material if failure to comply with it would result in financial or other sanctions that would be material to the program.



There are 14 compliance requirements that are enumerated in the *Compliance Supplement*. We will determine for each major federal program which of the 14 compliance requirements apply, to what extent, and how material it is to the program(s). If the requirement applies, we will determine inherent risk, control risk, fraud risk, and other risk to decide on the extent of compliance testing to be performed.

We will also discuss program requirements, new regulations, and program changes with the program administrators during the planning phase of the engagement to identify additional or new material compliance requirements. At a minimum, our tests plans will include the following, as applicable:

Activities Allowed or Unallowed and Allowable Costs / Cost Principles

- Identify and evaluate common systems used to capture costs.
- Determine allowable costs for the programs.
- Test allocation of personnel service costs to the programs.
- Test direct costs charged to the programs.
- Test disbursements to sub-recipients charged to the programs.
- Test indirect costs charged, bases used, and methods of allocation.
- Test beneficiary payments.

Cash Management

- Evaluate and test systems and procedures used for drawdown of funds.
- Document controls used to monitor drawdown of funds.
- Document process for advances and reimbursements to sub-recipients.
- Test to determine that sub-recipients do not maintain excess federal cash.
- Test compliance with federal cash management reporting requirements.

Davis-Bacon Act

- Identify major federal programs with construction projects/contracts.
- Review contract language to determine the inclusion of prevailing wage rates.
- Ascertain the prevailing wage rates in effect at time of construction.
- Test payroll submissions and certifications for payment of prevailing wage rates.

Eligibility

- Identify computerized systems that determine eligibility.
- Evaluate and test systems processing eligibility determinations and benefit payments.
- Determine the eligibility requirements, period of eligibility, and recertification.
- Test participant/recipient files and records to determine eligibility (non-computerized).
- Test payments/benefits to determine that proper amounts were calculated and paid.
- Determine eligibility requirements performed for and/or at sub-recipients.

Equipment and Real Property Management

- Determine physical inventory performed within two years and reconciled to equipment records.
- Test equipment purchased with federal funds and verify that they were identified and recorded.
- Inspect equipment purchased with federal funds and determine whether safeguarded and maintained properly.
- Determine whether real property purchased with federal funds was disposed of in accordance with federal approval.

Matching, Level of Effort, Earmarking

- Test to determine that the matching requirement amount was satisfied.
- Test to determine that the funds used for matching purposes were allowable.
- Test to determine value of in-kind contributions used for matching purposes.
- Verify that the maintenance of effort requirement was satisfied.
- Determine that only allowable expenditure categories were used to meet the requirement.
- Determine consistent use of expenditure categories in meeting maintenance of effort.
- Ascertain that non-monetary maintenance of effort was adequately supported.
- Determine dollar amount or percentage that is required for this purpose.
- Verify that the required amount or percentage was allocated and recorded.
- Verify that the amounts recorded satisfied the requirements.
- Test for proper classification of amount or percentage.
- Test matching funds to determine compliance with allowable costs.

Period of Availability of Federal Funds

- Determine requirements for period of availability of federal funds.
- Test transactions to determine that they occurred during the period of availability.
- Test expenditures charged to the federal program subsequent to the period of performance to determine proper period.
- Test selected adjustments and determine whether they were for the period of availability.

Procurement, Suspension, and Debarment

- Review procurement policies to determine compliance with federal requirements.
- Determine whether geographical preferences are allowed for the federal program.
- Test contracts to determine compliance with the federal requirements.

Program Income

- Review award agreements and determine whether program income is generated, and evaluate accounting and use of such income.
- Test to determine the amount of program income and the recording and use of the income in accordance with the requirements of OMB Circulars A-102 and A-110.

Real Property Acquisition and Relocation Assistance

- Review and document the process for compliance with real property acquisition and relocation assistance requirements.
- Test replacement housing payments, business locations, rental or down payment assistance.
- Test acquisitions to determine compliance over appraisals, negotiations, and residential relocations.

Reporting

- Determine the process for report preparation.
- Identify the source of information included in the report.
- Determine applicability and reliability of source documents.
- Test accuracy of information and trace to source documents.
- Reconcile program expenditures to the federal financial reports.

Sub-Recipient Monitoring

- Document the process for monitoring sub-recipients.
- Determine whether sub-recipients submitted the required A-133 audit reports.
- Review audit reports to determine audit findings and questioned costs.
- Determine whether site visits were performed and files reviewed.
- Determine corrective action taken for findings.

Special Tests and Provisions

- Determine which special tests and provisions are required for the program.
- Develop audit procedures tailored to address the requirements.
- Perform tests to determine compliance with special tests and provisions.

► ARRA Considerations in Compliance with Laws and Regulations

- a. Award Terms and Conditions and Compliance Requirements – The State will be responsible for identifying ARRA awards and applicable requirements to its subrecipients. Due to the timing of the enactment of ARRA and the issuance of the necessary guidance, we will work with the State's management and:
- Review the award documents, including the terms and conditions.
 - Check the OMB Management website for any addenda.
 - Use the framework provided as guidance to identify ARRA compliance requirements material to the Federal program and determine the appropriate audit procedures.
- b. ARRA has established a cross-cutting unallowable activity for all ARRA-funded awards. Pursuant to Section 1604 of ARRA, none of the funds appropriated or otherwise made available in ARRA may be used by any State or local government, or any private entity, for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool. We will incorporate this procedure into our overall approach.
- c. Section 1605 of ARRA prohibits the use of ARRA funds for a project for the construction, alteration, maintenance, or repair of a public building or work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States. ARRA does provide for a waiver of these requirements under specified circumstances. We will select a sample of ARRA-funded procurements, if any, for activities subject to Section 1605 of ARRA and test whether the State has:
- Documented that the iron, steel, and manufactured goods used in the project are produced in the United States, or
 - Requested and received any waivers of the Buy-American requirements.
- d. Under section 1512 of ARRA, recipients must report on the use of ARRA funds no later than the 10th day after the end of each calendar quarter. The reports must include the following detailed information: total amount of funds received, and of that, the amount spent on projects and activities, details on sub-awards and other payments. The list of projects and activities funded should be by name and include a description of activity/project, the completion status, and estimates of the jobs created or retained.



The final reports will be subjected to testing by the auditor. The auditor will test the underlying data in these reports and verify that the key data elements were presented in accordance with the required or stated criteria and methodology and ensure the accuracy and completeness of the 1512 reporting. Auditors will also determine whether a recipient with pass-through funds has a process to monitor the accuracy of subrecipient reporting. This is required even in cases where the recipient may have delegated the 1512 reporting to a subrecipient.

- e. The *Compliance Supplement* contains specific new procedures to be followed by all organizations with subrecipients. We will ensure that all recipients (1) inform their first-tier subrecipients about the requirement to register with the Central Contractor Registration ("CCR"), (2) obtain a Dun and Bradstreet Data Universal Numbering System ("DUNS") number, and (3) keep that information up to date as part of an ARRA award. We will also determine that recipients that pass-through funds are checking to ensure that subrecipients have current CCR registrations prior to making subawards and are performing periodic checks to make sure subrecipients have updated their information.
- f. The auditor will also make sure that the State is in compliance with the requirements in Part III of the *Compliance Supplement* in the special tests and provisions section related to ARRA funds.

COMMUNICATION AND REPORTING

This final phase is essentially the culmination of the audit effort. During this phase, we will conclude on all areas of the audit, summarize the results, and upon approval by management and the proper authority within the State, issue the required reports and deliverables.

Entrance, Exit, and Progress Reporting Conferences

We encourage regular meetings to ensure that we contribute meaningful ideas, strategies, and plans to address your financial challenges. Such substantive and frequent contact makes it possible to define and prioritize goals, define timetables, and designate responsibility to appropriate individuals. We commit to maintaining a consistent level of communication with the State. We also understand that your staff has schedules and other matters to deal with, and that organizations must conduct business with minimum disruption. Accordingly, it is our policy to schedule meetings in advance to keep the State informed of the progress being made on the audit. We will discuss areas critical to the management of your organization and focus our attention on those areas.

We are very interested in meeting with your staff and board governance. We feel this is a very important interaction and are well versed in communicating financial results to those who are not financial experts.

Potential Problems and Resolution

Through constant communication and involvement with the State, we will help address issues early in the process before they develop into problems or "surprises" to management and the governing bodies.

Technical Issues

The need for and level of technical consultation within or outside of the BDO Team depends upon the matter at hand and the expertise and experience of the engagement team. Our primary objective is to provide the most technically correct guidance to our clients. We recognize, however, that it is also important to our clients that the process be timely and cost effective. As such, significant efforts are made to help ensure the local engagement team has the expertise and experience necessary to serve the client based on its industry and complexity. Our process includes the necessary controls to help ensure the guidance is correct, yet does not overburden the engagement team or client with unnecessary time and effort.

In the normal course of any audit, we review all recently issued or pending pronouncements to determine the impact to our clients. We will work with the State on key decisions and in determining significant financial accounting and reporting issues. This process works very smoothly at BDO as our technical consultative personnel are often already involved in the engagement and are easily accessible by us and our clients.



ADDITIONALLY, WE WILL INFORM THE CABINET SECRETARY OF THE DEPARTMENT OF ADMINISTRATION AND THE STATE COMPTROLLER IN WRITING OF EACH OF THE FOLLOWING:

1. The auditor's responsibility under GAAP.
2. Significant accounting policies.
3. Management judgments and significant revisions of past and current estimates and projections.
4. Significant audit adjustments and significant revisions of past and current estimates and projections.
5. Other information in documents containing audited financial statements or estimates and projections.
6. Disagreements with management.
7. Consultation with other accountants and actuaries.
8. Major issues discussed with management prior to retention.
9. Difficulties encountered in performing the audit.
10. Any additional requirements or any other related requirements that are currently in effect or may become effective during this audit contract.

Reporting Timelines

Based on our past experience with engagements of similar magnitude as the State's engagement, obtaining the required information and an accurate schedule of expenditures of federal awards from certain agencies or departments, in a timely manner, can be challenging. We will work with the State's personnel to actively monitor the progress in preparing the information as requested in our client assistance packages. We will also maintain a certain level of flexibility in our staff schedules and incorporate the necessary additional resources as may be applicable.

Component Unit Financial Reports

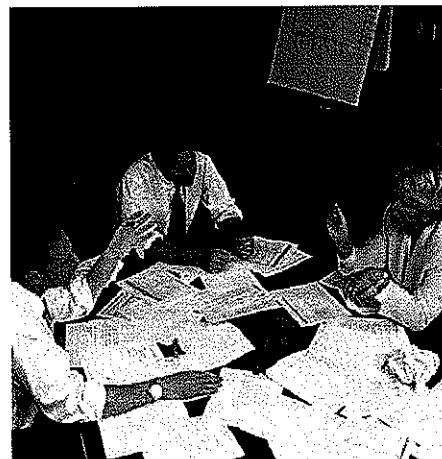
Once again, based on our past experience with engagements of similar magnitude as the State's engagement, the State may be reliant on various agencies and separate audit firms to forward the required information and final audit reports to its CAFR reporting group, in order for the State to compile its CAFR. We will maintain a flexible approach and schedule and work concurrently with the State's CAFR reporting group by analyzing draft financial statements of the separately audited reporting units and utilizing a team approach to achieve final completion.

ARRA Considerations

Schedule of Expenditures of Federal Awards

To maximize the transparency and accountability of ARRA spending required by Congress and in accordance with 2 CFR 215 "Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations" and the A-102 Common Rule provisions, the State will be required to maintain records that identify adequately the source and application of ARRA funds. This shall be accomplished by identifying expenditures for Federal awards made under ARRA separately on the Schedule of Expenditures of Federal Awards.

The State will also have to separately identify to each of its sub recipients, and document at the time of sub-award and at the time of disbursement of funds, the Federal award number, CFDA number, and amount of ARRA funds. When ARRA funds are sub-awarded for an existing program, the information furnished to sub-recipients shall distinguish the sub-awards of incremental ARRA funds from regular sub-awards under the existing program. The State will further be required to inform its subrecipients to include on their Schedule of Expenditures of Federal Awards information to specifically identify ARRA funding similar to the requirements for the State's Schedule of Expenditures of Federal Awards described above. This information is needed to allow the State to properly monitor subrecipient expenditures of ARRA funds, as well as for oversight by the Federal awarding agencies, Federal Offices of Inspector General, and the Government Accountability Office.



We, as auditors, will consider these requirements when performing procedures for the purpose of providing the in-relation-to reporting on the Schedule of Expenditures of Federal Awards, as well as when performing other procedures on the Schedule of Expenditures of Federal Awards in conjunction with our compliance test work.

Granting of Extensions Eliminated

The Single Audit is a key tool used to drive accountability for Federal awards under ARRA. Due to the importance of Single Audits and the reliance of Federal agencies on the audit results to monitor accountability for all Federal programs, OMB has advised Federal agencies that they should not grant any extension requests to grantees for fiscal years 2009 through 2011.

We are sensitive to the mandate that the State must comply with regarding the issuance of its Single Audit reporting package. Based on our past proven record, we will work with the State in ensuring its continued timely filing of the required reports.

Commitment to Meeting Cost, Technical, and Delivery Objectives

The BDO Team recognizes that the criteria required for the success of an audit is directly dependent on meeting the cost, technical, and delivery objectives. Our past success in achieving these objectives is due to our development and implementation of effective quality assurance standards and project management plans for all engagements.

We manage all audit endeavors with complete awareness and adherence to our quality assurance standards and the engagement specific project plans. This system has enabled us to meet cost, technical, and delivery objectives for all of our engagements.

We believe that the quality assurance standards and project management plans that we have established will be an integral and vital part in the conduct of the State's audits, as they have been on similar engagements with comparable complexity.

The BDO Team's execution plan for meeting cost, technical, and delivery objectives:

- Real time on-going management supervision over the technical quality of the product and its conformity with applicable auditing and accounting standards.
- Developing realistic budgets for engagements.
- Assignment of staff with the appropriate level of expertise, experience, and training.
- Periodic reporting of staff time and productivity to monitor and control costs.

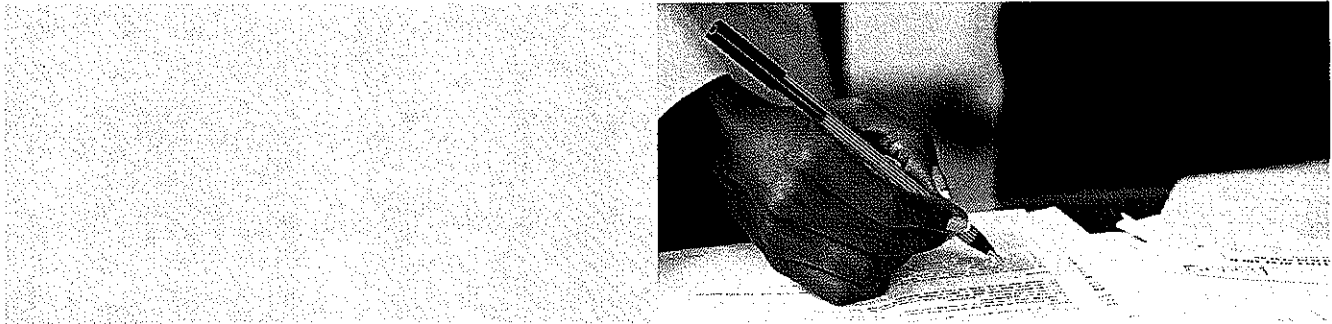
SECTION HIGHLIGHTS

STREAMLINED APPROACH

BDO's tested approach takes into account the State's complex structure. The BDO Team is comfortable working in an environment involving significant oversight by third parties and we possess the ability to audit multiple government agencies at the same time, ensuring there is no loss of efficiencies.

DISTINCT SERVICE PROVIDER

The BDO Team is the distinctive choice for clients of all types of sizes. We provide the right size and experience with our attentive, seasoned professionals who provide proactive and ongoing involvement.



MANDATORY SPECIFICATION CHECKLIST

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Attachment B: Mandatory Specification Checklist

Section 2.5.1: The firm must be independent and licensed to practice in West Virginia.

Vendor Response: Please refer to our response on pages 107 and 108 of this document.

Section 2.5.2: The principal supervisory and management staff shall be certified public accountants with the required continuing professional education within the preceding two years. Once awarded, the Agency must be informed in writing of any changes in staffing at of the supervisory level and above. Also, the Agency retains the right to approve or reject replacements based upon their qualifications, experience or performance.

Vendor Response: Please refer to our response on page 108 of this document.

Section 2.5.3: The firm and its staff must meet the qualifications to perform audits in accordance with the requirements of the Single Audit Act of 1996 and OMB Circular A-133.

Vendor Response: Please refer to our response on page 108 of this document.

Section 2.5.4: The firm shall submit a copy of one (1) report issued in the last five (5) years that is similar to the engagement described in this RFP.

Vendor Response: Please refer to our response on page 108 of this document.

Section 2.5.5: The firm shall submit a copy of its most recent external quality control review report.


Vendor Response: Please refer to our response on page 108 of this document.

Section 2.5.6: All requirements must also be met by joint proposers.

Vendor Response: Please refer to our response on page 109 of this document.

Section 2.6: By signing and dating the proposal I agree to the deliverables in section 2.6 and 2.8.

I certify that the proposal submitted meets or exceeds all the mandatory specifications of this Request for Proposal. Additionally, I agree to provide any additional documentation deemed necessary by the State of West Virginia to demonstrate compliance with said mandatory specifications.

BDO USA, LLP
(Company) 

William Eisig, CPA, National Practice Leader - Governmental and Nonprofit Practice
(Representative Name, Title)

301-634-4923/301-654-3567
(Contact Phone/Fax Number)

June 1, 2011
(Date)

MANDATORY SPECIFICATION CHECKLIST

Independence

Generally accepted auditing standards require that an auditor be independent in both fact and appearance. Independence is the cornerstone of the public accounting profession. The very integrity and credibility of the U.S. financial reporting process depends on our firms and the rest of the profession complying with the independence rules. Our firms meet the independence standards of the Code of Professional Ethics of the AICPA, the Government Accountability Office ("GAO") Independence rules, and as defined by *Government Auditing Standards* with respect to the State. The specific staff assigned to do the work also meets the criteria for independence as defined by the AICPA Code of Ethics.

Further, and except as disclosed on the following page, the BDO Team represents and covenants that our firms currently have no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of our services under the contract. The BDO Team further covenants that, in the performance of the contract, no person having any such interests shall be employed.

Firm-wide Independence Procedures

- Our Quality Control Manual relating to independence is readily accessible to all professionals on our intranet.
- Independence continuing professional education (CPE) is required of all professional employees.
- Annual confirmation of independence is required of all professional employees.
- On a sample basis, we test a professionals' compliance with the independence rules annually.
- A list of restricted securities is included on our intranet and is updated monthly. Professionals are required to check this list prior to purchasing any securities of publicly held companies.
- Independence guidance is provided to all professionals throughout the year.
- Firm management is committed to maintaining the highest level of compliance with the rules and sets a strong "Tone at the Top" environment.
- Violations of the rules or Firm policies (which are rare) are dealt with harshly.

Engagement Specific Independence Procedures

- All individual engagement team members must sign a statement indicating independence from the State prior to the start of each year's audit.
- As part of the planning process, the engagement partners must sign an affirmation stating there are no violations of scope of services requirements.



OUR INDEPENDENCE REQUIREMENTS ARE FORMALLY STATED IN WRITING AND COMMUNICATED TO OUR PERSONNEL ON:

- Investments that are not to be held.
- Relationships that should not exist.
- Prohibited transactions.

Exceptions to Independence

Our subcontractor, Hayflich & Steinberg, is not independent in relation to the following entities:

- West Virginia Bureau for Behavioral Health and Health Facilities
- Mildred Mitchell Bateman Hospital
- William R. Sharpe, Jr. Hospital
- Welch Community Hospital

Firm Licenses to Practice in West Virginia

Our firms are licensed to practice in the state of West Virginia. Please refer to Appendix A of this response for a copy of our state licenses. Further, if we are the successful bidder, we will ensure that all assigned key professional staff and all associated and subcontracted firms are or will be properly licensed to practice in the State of West Virginia. Additionally, we will submit the Vendor Registration and Disclosure Statement (Form WV-1) and remit the registration fee prior to beginning any work for the State's engagement.

Licensure and Education of Senior Level Personnel

BDO and its subcontractors, Gibbons & Kawash and Hayflich & Steinberg, affirm that the principal supervisory and management staff to be assigned to the State's engagement hold certified public accountant designations and have completed the required continuing professional education within the preceding two years. Refer to Tab III of this response document for our staff qualifications and experience.

Further, the BDO Team agrees to inform the Agency in writing of any changes in staffing at the supervisory level and above and understand that the Agency retains the right to approve or reject replacements based upon their qualifications, experience, or performance.

Qualification Statement - Single Audit

As we have shown through this Technical response and in our response to Attachment A and Attachment B of the RFP, we affirm that our firms and staff meet the qualifications to perform audits in accordance with the requirements of the Single Audit Act of 1996 and OMB Circular A-133.

Report Sample

BDO performed the CAFR and Single Audits for the Government of the District of Columbia for the years ended September 30, 2005 to 2009. Please refer to the Annual Financial Reports page listed at <http://www.cfo.dc.gov/cfo/cwp/view,a,1322,q,590082,cfoNav,%7C33210%7C.asp> on the District's Office of the Chief Financial Officer's website for a copy of the CAFRs submitted to the United States Congress.

Quality Assurance

We have a number of mechanisms in place to ensure that our professional services are performed to a high level of quality in accordance with BDO's policies and applicable professional and regulatory standards. These mechanisms include:

External Reviews

BDO is a national certified public accounting firm and is a member of the Center for Public Company Audit Firms Peer Review Program of the AICPA and, as such, we are subject to external peer reviews. Additionally, we are subject to an annual PCAOB inspection.

BDO's latest peer review report (which included reviews of governmental entities), as well as those of our subcontractors, are included in **Appendix B** of this document. Our local office has also been subject to federal and state reviews. While we have had desk reviews in the past three years, we are not aware of any resulting in disciplinary action.

Internal Reviews

All BDO offices follow a uniform audit process and are subject to various quality control reviews. While we strongly encourage the individual character and close personal contact of our local offices, we also maintain a uniform standard approach to our technical disciplines.

The work of all offices is subject to an inspection performed on a cyclical basis ensuring that each office is inspected at least once every three years. These inspections of local offices are conducted by partners from other offices under the direction of the National Director of Quality Control. Overall results of the reviews are sent to the Chairman of the Board of Directors for formal reporting to the Board and to the National Director of Assurance. Our local office's specific quality control procedures include the following:

- **Pre-Issuance Review** - All reports are reviewed before issuance by our Concurring or Technical Director who, along with the engagement partner, has extensive experience in the industry. This provides assurance that our reports conform to the latest developments in professional standards. Specifically, these reviewers carefully analyze financial statements to search out possible accounting, auditing, or reporting problem areas, review audit work papers to obtain reasonable assurance that the engagement team addressed all critical areas, and provide additional assurance based on all the relevant facts and circumstances about which the concurring reviewer has knowledge, that audit risk has been restricted to a level acceptable to the Firm.
- **Assignment and Training of Personnel** - We schedule professionals only to engagements for which they have the necessary background and training.
- **Supervision** - Our engagement teams are subject to a "chain of supervision" over all the work performed. All audit work papers are reviewed by the person supervising the preparer of the work papers. The reviewers write review comments, as appropriate, for the preparers to clear. The reviewers have to agree with the manner in which such comments are cleared.
- **Engagement Manager and Partner Review** - Managers and partners assigned to engagements review the audit work papers and reports. Specifically, the managers review all work papers supporting our reports and the engagement partners review work papers of critical audit areas as deemed appropriate.
- **Client Management Review** - Our engagement partner and/or manager review all draft reports with client management and the audit committee before finalizing the reports.

These quality control procedures have served us well on all of our engagements and we intend to use the same, should we become the successful awardee.

Submission of Requirements for Joint Proposers

We have provided information and materials in this Technical response to meet all requirements detailed in the RFP for our joint proposers, Gibbons & Kawash and Hayfllich & Steinberg.

APPENDIX A
West Virginia State Licenses



State of West Virginia
 West Virginia Board of Accountancy
 106 Capitol Street, Suite 100
 Charleston, WV 25301
 (304) 558-3557

The entity listed below was issued a
FIRM PERMIT
 for the period beginning
 November 30, 2010 through June 30, 2011

F0269
 BDO USA LLP
 770 KENMOOR SE STE 300
 GRAND RAPIDS MI 49456

Harold B. Davis
 James M. Sturgeon, Jr., CPA, President

J. A. Walker
 Jo Ann Walker, Executive Director



State of West Virginia
 West Virginia Board of Accountancy
 106 Capitol Street, Suite 100
 Charleston, WV 25301
 (304) 558-3557

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 for the period beginning
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 GRAND RAPIDS MI 49456

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 James M. Sturgeon, Jr., CPA, President

J. A. Walker
 Jo Ann Walker, Executive Director

West Virginia Board of Accountancy
 106 Capitol Street, Suite 100
 Charleston, WV 25301
 (304) 558-3557

Your fee has been received for renewal of your firm permit. This registration may be detached from the perforation at left and used until the date indicated.

Any errors in the attached information should be reported to the Board office at 304/558-3557

Harold B. Davis

James M. Sturgeon, Jr., CPA, President

J. A. Walker

Jo Ann Walker, Executive Director

West Virginia Board of Accountancy
 106 Capitol Street, Suite 100
 Charleston, WV 25301
 (304) 558-3557

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F0152A
GIBBONS & KAWASH CPAS
 707 VIRGINIA ST E STE 300
 CHARLESTON WV 25301-2710

James M. Sturgeon, Jr.
 James M. Sturgeon, Jr., CPA, President
Jo Ann Walker
 Jo Ann Walker, Executive Director

James M. Sturgeon, Jr.
 James M. Sturgeon, Jr., CPA, President
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 707 VIRGINIA ST E STE 300
 CHARLESTON WV 25301-2710

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 James M. Sturgeon, Jr., CPA, President
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 Jo Ann Walker, Executive Director

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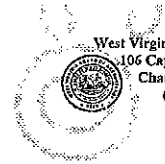
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 July 1, 2010 through June 30, 2011

F0299A
 HAYFLICH & STEINBERG CPAS PLLC
 8 STONECREST DR
 HUNTINGTON WV 25701-9391

James M. Sturgeon, Jr.
 James M. Sturgeon, Jr., CPA, President

Jo Ann Walker
 Jo Ann Walker, Executive Director



West Virginia Board of Accountancy
 106 Capitol Street, Suite 100
 Charleston, WV 25301
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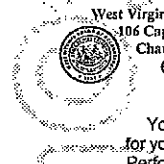
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James M. Sturgeon, Jr.
 James M. Sturgeon, Jr., CPA, President
Jo Ann Walker
 Jo Ann Walker, Executive Director

APPENDIX B
Peer Review Reports



BAKER TILLY

Baker Tilly Virchow Krause, LLP
Ten Terrace Ct, PO Box 7398
Madison, WI 53707-7398
tel 608 249 6622
fax 608 249 8532
bakertilly.com

System Review Report

To the Partners of
BDO Seidman, LLP
and the AICPA Peer Review Board's National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of BDO Seidman, LLP (the firm) applicable to non-SEC issuers in effect for the year ended March 31, 2009. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

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

In our opinion, the system of quality control for the accounting and auditing practice of BDO Seidman, LLP applicable to non-SEC issuers in effect for the year ended March 31, 2009, 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*. BDO Seidman, LLP has received a peer review rating of *pass*.

Baker Tilly Virchow Krause LLP

Madison, Wisconsin
November 30, 2009



AICPA Peer Review Program
Administered by the
National Peer Review Committee

December 17, 2009

Jack Allen Weisbaum, CPA
BDO Seidman LLP
130 E. Randolph St., Ste. 2800
One Prudential Plaza
Chicago, IL 60601

Dear Mr. Weisbaum:

It is my pleasure to notify you that on December 10, 2009 the National Peer Review Committee (RAB) accepted the report on the most recent system peer review of your firm. The due date for your next review is September 30, 2012. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Robert Rohweder
Chair—National PRC
nprc@aicpa.org 919 402-4502

cc: Kim Tredinnick, CPA

Firm Number: 10063586 Review Number: 276722



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

System Review Report

May 12, 2009

To the Partners of Gibbons & Kawash CPAs
and the Peer Review Committee of the American Institute of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Gibbons and Kawash CPAs (the firm) applicable to non-SEC issuers in effect for the year ended February 28, 2009. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

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

In our opinion, the system of quality control for the accounting and auditing practice of Gibbons & Kawash CPAs applicable to non-SEC issuers in effect for the year ended February 28, 2009, 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*. Gibbons & Kawash CPAs has received a peer review rating of *pass*.

Rea & Associates, Inc.

SYSTEM REVIEW REPORT

September 15, 2010

To the Members
Haylich & Steinberg, CPAs, PLLC
and the Peer Review Committee of the American Institute of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Haylich & Steinberg, CPAs, PLLC (the firm) in effect for the year ended May 31, 2010. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

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

In our opinion, the system of quality control for the accounting and auditing practice of Haylich & Steinberg, CPAs, PLLC in effect for the year ended May 31, 2010, 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*. Haylich & Steinberg, CPAs, PLLC has received a peer review rating of *pass*.

Olsen Thielen & Co., Ltd.

Olsen Thielen & Co., Ltd.

APPENDIX C
Purchasing Affidavits

RFQ No. FAR110000

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

West Virginia Code §5A-3-10a states: 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 the debt owed is an amount greater than one thousand dollars in the aggregate.

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.

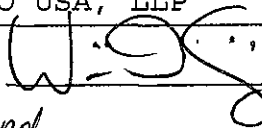
"Debtor" means any individual, corporation, partnership, association, limited liability company or any other form or business association owing a debt to the state or any of its political subdivisions. "Political subdivision" means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities. "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.

EXCEPTION: The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this 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.

Under penalty of law for false swearing (*West Virginia Code §61-5-3*), it is hereby certified that the vendor affirms and acknowledges the information in this affidavit and is in compliance with the requirements as stated.

WITNESS THE FOLLOWING SIGNATURE

Vendor's Name: BDO USA, LLP

Authorized Signature:  William Eisig, CPA Date: June 1, 2011

State of Maryland Partner and National Practice Leader
Governmental and Nonprofit Services

County of Montgomery, to-wit:

Taken, subscribed, and sworn to before me this 1st day of June, 2011.

My Commission expires January 10, 2015.

AFFIX SEAL HERE

NOTARY PUBLIC 

Beth S. Levy
Notary Public
Montgomery County, Maryland
My Commission Expires 1/10/15

RFQ No. FAR110000STATE OF WEST VIRGINIA
Purchasing Division**PURCHASING AFFIDAVIT**

West Virginia Code §5A-3-10a states: 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 the debt owed is an amount greater than one thousand dollars in the aggregate.

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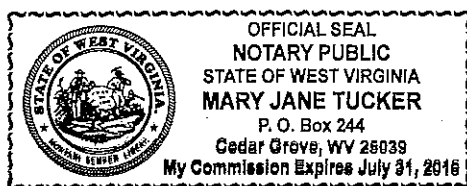
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EXCEPTION: The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not 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.

Under penalty of law for false swearing (*West Virginia Code* §61-5-3), it is hereby certified that the vendor affirms and acknowledges the information in this affidavit and is in compliance with the requirements as stated.

WITNESS THE FOLLOWING SIGNATUREVendor's Name: Gibbons & Kawash, A.C.Authorized Signature: *[Signature]* Date: May 16, 2011State of West VirginiaCounty of Kanawha, to-wit:Taken, subscribed, and sworn to before me this 16 day of May, 2011.My Commission expires July 31, 2016

AFFIX SEAL HERE

NOTARY PUBLIC *[Signature]*

RFQ No. FAR110000

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

West Virginia Code §5A-3-10a states: 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 the debt owed is an amount greater than one thousand dollars in the aggregate.

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.

"Debtor" means any individual, corporation, partnership, association, limited liability company or any other form or business association owing a debt to the state or any of its political subdivisions. "Political subdivision" means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities. "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.

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Under penalty of law for false swearing (*West Virginia Code §61-5-3*), it is hereby certified that the vendor affirms and acknowledges the information in this affidavit and is in compliance with the requirements as stated.

WITNESS THE FOLLOWING SIGNATURE

Vendor's Name: Hayflich & Steinberg, CPA's, PLLC

Authorized Signature: *[Signature]*, CPA Date: May 13, 2011

State of WEST VIRGINIA

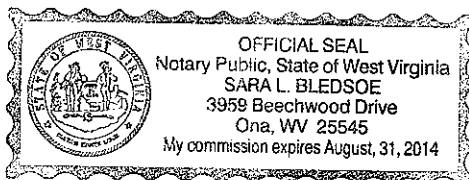
County of CABELL, to-wit:

Taken, subscribed, and sworn to before me this 13th day of May, 2011.

My Commission expires AUGUST 31, 2014.

AFFIX SEAL HERE

NOTARY PUBLIC *[Signature]*



APPENDIX D

Acknowledgement of Receipt of Addendum



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

Request for Quotation

RFQ NUMBER
 FAR110000

PAGE
 2

ADDRESS CORRESPONDENCE TO ATTENTION OF
 KRISTA FERRELL
 304-558-2596

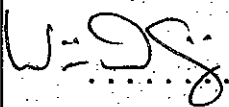
RFQ COPY

TYPE NAME/ADDRESS HERE

BDO USA, LLP
 7101 Wisconsin Avenue, Suite 800
 Bethesda, MD 20814

DEPARTMENT OF ADMINISTRATION
 FINANCIAL ACCOUNTING AND
 REPORTING SECTION
 2101 WASHINGTON ST E
 CHARLESTON, WV
 25305-1510 304-558-4083

DATE PRINTED	TERMS OF SALE	SHIP VIA	FOB	FREIGHT TERMS
04/21/2011				
BID OPENING DATE: 05/25/2011		BID OPENING TIME 01:30PM		

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
ADDENDUM NO.'S:						
NO. 1	✓	May 23, 2011			
NO. 2	✓	May 31, 2011			
NO. 3					
NO. 4					
NO. 5					
<p>I UNDERSTAND THAT FAILURE TO CONFIRM THE RECEIPT OF THE ADDENDUM(S) MAY BE CAUSE FOR REJECTION OF PROPOSAL.</p> <p>VENDOR MUST CLEARLY UNDERSTAND THAT ANY VERBAL REPRESENTATION MADE OR ASSUMED TO BE MADE DURING ANY ORAL DISCUSSION HELD BETWEEN VENDOR'S REPRESENTATIVES AND ANY STATE PERSONNEL IS NOT BINDING. ONLY THE INFORMATION ISSUED IN WRITING AND ADDED TO THE SPECIFICATIONS BY AN OFFICIAL ADDENDUM IS BINDING.</p> <p style="text-align: right;">  William Eisig, CPA Partner and National Practice Leader Governmental and Nonprofit Services SIGNATURE BDO USA, LLP COMPANY June 1, 2011 DATE </p>						
NOTE: THIS ADDENDUM ACKNOWLEDGEMENT SHOULD BE SUBMITTED WITH THE PROPOSAL.						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	TELEPHONE	DATE
FEIN	ADDRESS CHANGES TO BE NOTED ABOVE	

WHEN RESPONDING TO RFQ. INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



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

Request for Quotation

RFQ NUMBER
 FAR110000

PAGE
 4

ADDRESS CORRESPONDENCE TO ATTENTION OF
 KRISTA FERRELL
 304-558-2596

RFQ COPY

TYPE NAME/ADDRESS HERE

BDO USA, LLP
 7101 Wisconsin Avenue, Suite 800
 Bethesda, MD 20814

DEPARTMENT OF ADMINISTRATION
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 REPORTING SECTION
 2101 WASHINGTON ST E
 CHARLESTON, WV
 25305-1510 304-558-4083

DATE PRINTED	TERMS OF SALE	SHIP VIA	FOB	FREIGHT TERMS
04/21/2011				

BID OPENING DATE: 05/25/2011 BID OPENING TIME 01:30PM

LINE	QUANTITY	UQP	GAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR PROPOSAL: ----- 301-654-3567 ----- CONTACT PERSON (PLEASE PRINT CLEARLY): ----- William Eisig, CPA Partner and National Practice Leader Governmental and Nonprofit Services ----- ***** THIS IS THE END OF RFQ FAR110000 ***** TOTAL:						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE _____ TELEPHONE _____ DATE _____

FEIN _____ ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO REQ. INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'