

June 2, 2011

**PROPOSAL TO PROVIDE PROFESSIONAL
AUDITING SERVICES TO –**



STATE OF WEST VIRGINIA

Technical Proposal
RFP Number FAR110000
"Audit of State CAFR"

ORIGINAL

Prepared by –

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PLACING DIVISION
STATE OF WV



**Clifton
Gunderson LLP**

Certified Public Accountants & Consultants

June 2, 2011

Ms. Krista Ferrell
Buyer Supervisor
State of West Virginia
Department of Administration
Purchasing Division
Building 15
2019 Washington Street, East
Charleston, West Virginia 25305

Dear Ms. Ferrell:

Clifton Gunderson is pleased to submit this proposal to perform the Comprehensive Annual Financial Report (CAFR) and the single audit of the State of West Virginia (the State). Since the firm's inception in 1960, we have dedicated our resources to serving governmental and related entities with a variety of auditing, consulting, and compliance services.

In the attached proposal, you will find a clear demonstration of Clifton Gunderson's expertise in governmental accounting and auditing, including Office of Management and Budget (OMB) Circular A-133, CAFR and financial statement audits, the depth of our local and national resources, and our ability to provide you with the timely, quality service you are seeking.

Given the depth and breadth of our experience and expertise, we believe that Clifton Gunderson is fully qualified and capable to provide comprehensive, quality solutions and services to address these needs and future needs as required by the State.

You have Clifton Gunderson's commitment to perform the work within the established time frame. A sampling of qualities that sets us apart includes:

- **Our team is the right match** – Our team will offer you a fresh perspective. The office that will serve you is dedicated almost exclusively to auditing governmental entities. Our local team includes a senior manager who, in the recent past, has served as Deputy Auditor with the State of Delaware Office of Auditor of Accounts in charge of the State's single audit. In addition, your engagement team is headed by experienced public sector client service partners who have specific expertise in performing single audits and financial audits for large governmental entities. These specialists are also dedicated to serving government sector clients. This arrangement brings to your engagement a team that knows the technical issues and has the experience to deal with them. This will ensure that all aspects of the State's expectations for this engagement will be met. These professionals are readily available to respond to your needs. We are dedicated to providing highly effective and efficient service in an experienced, timely, and responsive manner.
- **Commitment to integrity and quality** – Performance with integrity is the bedrock of everything we do at Clifton Gunderson. We have invested in innovative technologies, customized processes, and high quality training. Our quality assurance efforts include stringent controls to ensure the quality



of our work and reports, and our independence. These include engagement-specific procedures, internal quality performance review processes, and peer reviews by another accounting firm.

- **An understanding of your particular needs and structure** – Our experience in auditing state and local governments, various state programs, and numerous state agencies ensures that our entire staff, at all levels, understands the complexities of governmental issues. Our outstanding client service also ensures that the State will get top level attention from partners to the staff level assigned to the engagement. You will always have someone to discuss special services issues with, as our on-going and open communication during the audit will ensure that the State is faced with no surprises as it relates to the results of our audit work.
- **Confidence in the audit** – As active participants in national professional organizations and related technical committee activities, we bring the depth and breadth of knowledge that is critical in today's changing regulatory environment.
- **Value** – You receive the depth of expertise from our firm's national resources while at the same time, the convenience and familiarity with our engagement team staff in our local office. Our fees are competitive and fair.


When the State evaluates the qualifications of the firms, it should also consider the transition effort to a new auditor. We are committed to making this transition seamless with little additional effort on behalf of the management of the State.

In addition, we make the following acknowledgements:

- *Acknowledgement of Addenda:* We have received RFP Amendment #1, dated May 23, 2011. Please see *Appendix A: Required Forms* for the required acknowledgement receipt form.
- *Trade Secret:* The following sections of our proposal are considered proprietary:
 - Engagement Team Experience
 - Audit Work Plan
 - Pricing, found in the separately sealed *Cost Proposal*
 - Client List

We appreciate being considered for this work and assure you, if it is entrusted to us, that you will receive the high level of close personal attention that you deserve. We welcome the opportunity to discuss our proposal further once you have had the opportunity to review it. Please contact me at 888-778-9588 or via email at Keith.Novak@cliftoncpa.com with any additional questions.

Sincerely,
CLIFTON GUNDERSON LLP


Keith F. Novak
Partner



Compliance Matrix

The following index cross references the evaluation criteria set forth in RFP *Section Four: Evaluation and Award* to the section and page where it is addressed in our proposal. In addition to the specific information referenced below, content which demonstrates the value Clifton Gunderson can provide to the State is located throughout the proposal.

RFP Criteria for Selection	Proposal Section Reference
Responsiveness of proposal in clear language	
Understanding of the work to be done	<i>Understanding of Work to be Performed</i> , page 2
Qualifications and experience	
Firm	<i>Demonstrated Ability to Manage Engagement</i> , pages 2 -31
Staff	<i>Engagement Team Experience</i> , pages 15 - 21 <i>Appendix B: Professional Resumes</i> , pages A-7 - A-22
Experience	<i>Demonstrated Ability to Manage Engagement</i> , pages 2 -31
Approach and methodology	
Audit work plan	<i>Audit Work Plan</i> , pages 22 -29
Cost	
Fees to perform the work	Please see the separately sealed envelope titled " <i>Cost Proposal</i> ."



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Attachment A: Vendor Response Sheet

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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 were 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: Due to limited space, we have included our response on the following pages.

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: Due to limited space, we have included our response on the following pages.

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

Vendor Response: Due to limited space, we have included our response on the following pages.

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: Due to limited space, we have included our response on the following pages.



DEMONSTRATED ABILITY TO MANAGE ENGAGEMENT

(RFP Section 2.4.1)

Understanding of Work to be Performed

Based on our knowledge of the West Virginia State Purchasing Division (the State), and our review of Request for Proposal (RFP) number FAR110000, we understand that you are seeking the best qualified certified public accounting firm to provide the Single Audit of the State of West Virginia and the financial audit of the Basic Financial Statements of the State's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2011, in accordance with Generally Accepted Auditing Standards (GAAS), the Single Audit Act of 1996, OMB-Circular A-133, Governmental Accounting Standards Board (GASB) pronouncements, other applicable laws and federal and governmental requirements.

As the State addresses these needs, you will require the service of a uniquely insightful and well-rounded team. One with:

- Experience serving entities similar to the State
- Depth of government resources and insight
- Qualified audit staff and specialists
- An approach that features proactive, ongoing communication throughout the year from senior team members

Ability to Successfully Perform the Proposed Effort

Clifton Gunderson has developed an excellent reputation for effectively performing all aspects of governmental auditing, accounting, and consulting engagements. We make use of the most modern cutting edge auditing and assessment techniques and tools, and have a complete library of government auditing guides, compliance guidelines, best practices, benchmarks and automated tools, and publications to assist in providing superior service to our clients. Please see Proposal section titled, *Audit Work Plan*, starting on page 16 for our specific technical plan for accomplishing this engagement.

We are confident that Clifton Gunderson can add value to your operations and assist the State and its component units in reaching your goals. Our audit and technology resources include a unique blend of talent and expertise with similar governmental entities. In addition, we have demonstrated that we are committed to and will do what it takes to serve the needs of our entire governmental practice. We assure you that we will do the same for the State.

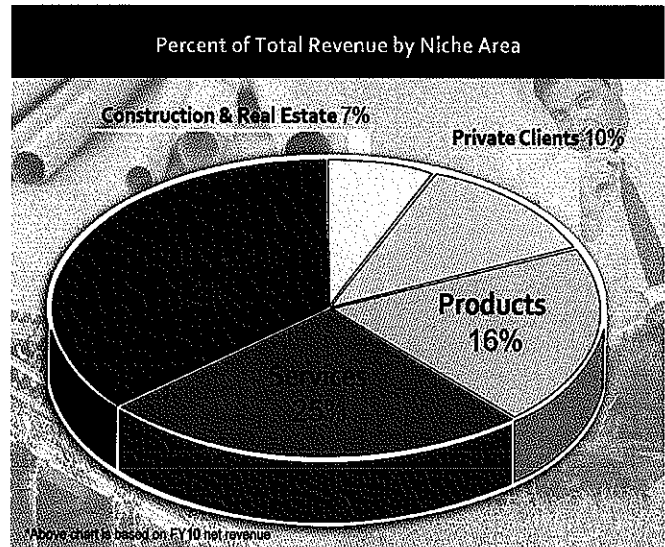
The following is a sampling of qualities that sets us apart from the competition:

- **Specialized State and Local Government Insight and Resources.** As the nation's 13th largest certified public accounting and consulting firm, specializing in the public sector, Clifton Gunderson has the experience and resources to perform this engagement in the most efficient manner possible. With nearly 400 local specialists and more than 1,900 professionals across the country, our extensive network of resources will be available to provide the State and its component units with exceptional depth of specialized governmental insight.
- **Unparalleled Communication and Proactive Leadership.** The State and its component units will benefit from a high level of hands-on service from our team's senior professionals. We are able to provide this level of service because, unlike other large firms, our partner-to-staff ratio is similar to



smaller firms – allowing our senior level professionals to be involved and immediately available throughout the entire audit process. Our approach ensures that all members of the engagement team will stay abreast of key issues at the State and its component units, and take an active role in addressing them.

- Extensive Experience Serving Similar Governmental Entities.** Clifton Gunderson has one of the largest governmental audit and consulting practices in the country. We have extensive experience providing a variety of audit and consulting services to state and local government entities, including internal audits, agreed-upon procedures, compliance audits, financial statement audits, and single audits in accordance with OMB Circular A-133. Our Government Services Team serves over 1,000 governmental engagements nationwide, including numerous cities, counties, municipalities, states and state agencies, and school boards. Approximately 42 percent of our revenue is attributable to public sector clients.



- OMB Circular A-133 Experience.** Clifton Gunderson performs A-133 single audits for hundreds of organizations annually, **ranking 8th in the nation for the number of single audits performed by any CPA firm.** The single audit requires a specific set of skills in order to properly perform the procedures. As such, we have developed a group of professionals who specialize in providing single audit services.
- Focus on Providing Consistent, Dependable Service to Government Entities.** We also differ from other large firms in that we exclusively focus on the needs of non-SEC clients, allowing us to avoid the workload compression typically experienced by firms that must meet public companies' SEC filing deadlines. Instead, our primary focus is on serving government entities. This translates to more consistent, dependable customer service for the State and its component units. Moreover, our decision to avoid the risk associated with auditing publicly-held companies also translates into more reasonable fees for our clients.

Our substantial experience providing auditing services to related government entities, bolstered by our client-oriented philosophy and depth of resources, makes Clifton Gunderson an excellent candidate to serve the State and its component units.

Based on this understanding, it would greatly benefit the State to draw upon our experience as outlined in the following proposal. It is with our vast government experience in auditing entities similar to the State and its component units, that we promise a smooth transition to alleviate the burden of changing auditors.



Firm Overview

Clifton Gunderson LLP is one of today’s premier CPA and consulting firms. Founded in 1960, Clifton Gunderson has grown into one of the most robust CPA and consulting firms in the United States, with over 200 partners and more than 50 offices across the country. Ranked as the nation’s 13th largest certified public accounting and consulting firm, we provide assurance, accounting, tax, and consulting services to our clients in a variety of industries. Since 1960 we have experienced rapid growth.

Having provided audit services to various government entities throughout the country, we are familiar with the specific challenges the State faces and have an unparalleled depth of experience providing creative solutions for today’s complex governmental issues. Our knowledge of laws and regulatory issues affecting government entities results in more efficient procedures – saving time and money.

The offices that will be serving the State have performed audit services for the following governmental entities. This list of relevant client work is sorted alphabetically:

Experience	Sampling of Clients
<p>States and Municipalities</p>	<ul style="list-style-type: none"> • Anne Arundel County, Maryland • Anne Arundel County, Maryland Public Schools • Arlington County, Virginia • Arlington County Public Schools, Virginia • Baltimore City, Maryland Public Schools • Baltimore County, Maryland • Baltimore County, Maryland Public Schools • Calvert County, Maryland Public Schools • Carroll County, Maryland • Carroll County, Maryland Public Schools • Charles County, Maryland • Charles County, Maryland Public Schools • City of Annapolis • City of Gaithersburg • City of Greenbelt • City of Newark • City of Philadelphia • City of Takoma Park • Delaware Department of Homeland Security • Frederick County, Maryland Public Schools • Howard County, Maryland Public Schools • Maryland Workers’ Compensation Commission • Montgomery County, Maryland • Montgomery County, Maryland Public Schools • Pennsylvania Office of the Attorney General • Prince George’s County, Maryland • Prince George’s County, Maryland Public Schools • Queen Anne’s County, Maryland



Experience	Sampling of Clients
	<ul style="list-style-type: none"> • State of Maryland, Department of Juvenile Services • State of South Carolina • State of Maryland's Department of Budget and Management, Office of the Secretary • Town of Bel Air • Town of Charlestown • Town of Easton • Town of Elkton • Town of Manchester • Town of Ocean City
Public Transportation	<ul style="list-style-type: none"> • Delaware River and Bay Authority • Maryland Department of Transportation, Motor Vehicle Administration • Maryland Transit Administration • Maryland Transportation Authority • Metropolitan Washington Airport Authority • Montgomery County National Database Audit • New Jersey Transit Authority • Richmond Capital Regional Airport Commission • U.S. Department of Transportation • Virginia Department of Transportation • Washington Metropolitan Area Transit Authority
Economic Development	<ul style="list-style-type: none"> • Arlington County Industrial Authority • Carroll County, Maryland Industrial Authority • Colorado Housing and Finance Authority • Commonwealth of Pennsylvania Financing Authority • Fairfax Redevelopment and Housing Authority • Housing Authority of Baltimore City, Maryland • Maryland Agricultural and Resource-Based Industry - Development Corporation • Maryland Department of Housing and Community Development • Miami Beach Housing Authority • Montgomery County, Maryland Housing Opportunities Commission • New Jersey Housing and Mortgage Finance Authority • New Mexico Finance Authority • Northern Virginia Regional Commission • Pennsylvania Industrial Development Authority • Philadelphia Housing Authority • Richmond Redevelopment and Housing Authority • Wisconsin Housing and Economic Development Authority
Higher Education	<ul style="list-style-type: none"> • American Association of Community Colleges • Association of Universities for Research in Astronomy



Experience	Sampling of Clients
	<ul style="list-style-type: none"> • Association of Jesuit Colleges and Universities • Baltimore City Community College Foundation • Carroll Community College and Foundation • Cecil Community College and Foundation • Community Colleges of Baltimore County and Foundation • Delaware County Community College, Pennsylvania and Foundation • East Carolina University Foundations (we currently serve five different foundations for ECU) • Frederick Community College and Foundation • Harrisburg Area Community College, Pennsylvania and Foundation • Montgomery College, Maryland and Foundation • New Jersey Higher Education Student Assistance Authority • Thaddeus Stevens College of Technology, Pennsylvania
Enterprise Funds and Authorities	<ul style="list-style-type: none"> • Arlington Waste Disposal • Maryland Environmental Service • Maryland Food Authority • Maryland-National Capital Park and Planning Commission • Northeast Maryland Waste Disposal Authority • Town of Easton, Maryland Utilities Commission
Pension/Benefits	<ul style="list-style-type: none"> • Anne Arundel County Pension • Arizona Deferred Compensation Plan • Arlington County Employees' Retirement System • Ball State-OPEP Plan • Baltimore County Retirement Plan • Board of Pension & Retirement - Philadelphia • Colorado Public Employees' Retirement Association • District of Columbia Retirement Board • Federal Thrift Plan • Florida Small Business Administration • Idaho Public Employees' Deferred Compensation Plans • Local Government Insurance Trust • Maryland State Retirement Agency • Metropolitan Washington Airport Authority Pensions System • Montgomery County Retirement Plan • New Castle County Retirement Plan • New Jersey Division of Pensions and Benefits • New Mexico Public Employees' Deferred Compensation Plan • New York State Deferred Compensation Board • Ohio Public Employees Retirement System • Pennsylvania Municipal Retirement System • Pennsylvania Public School Employees' Retirement System



Experience	Sampling of Clients
	<ul style="list-style-type: none"> • Pennsylvania State Employees Retirement System • Pension Benefit Guaranty Corporation • Phoenix, Arizona Employees' Deferred Compensation Plan • Public Employees Retirement System of Nevada • State of New Jersey, Division of Pension and Benefits • State Teachers Retirement System of Ohio
<p>State Health Care</p>	<ul style="list-style-type: none"> • Arkansas Department of Human Services • District of Columbia Department of Health • Georgia Department of Community Health • Kansas Health Policy Authority • Maryland Department of Health and Mental Hygiene • Maryland Health Care Commission • Massachusetts - Univ. of Mass. Medical School • Mississippi Division of Medicaid • Nevada Department of Health and Human Services • New Hampshire Department of Health and Human Services • North Carolina Department of Health and Human Services • Rhode Island Department of Human Services • South Carolina Department of Health and Human Services • Tennessee Bureau of Tenn Care • Vermont Agency of Human Services • Virginia Department of Medical Assistance Services • West Virginia Bureau for Medical Services
<p>Federal Agencies</p>	<ul style="list-style-type: none"> • Administrative Office of the U.S. Courts • Commodity Credit Corporation • Commodity Futures Trading Commission • Center for Medicare and Medicaid Services • Corporation for National and Community Service • Defense Finance and Accounting Service • Farm Credit Administration • Farm Credit System Insurance Corporation • Federal Crop Insurance Corporation • Federal Aviation Administration • Federal Deposit Insurance Corporation • Federal Emergency Management Agency • Federal Housing Administration • Federal Retirement Thrift Investment Board • Ginnie Mae • Library of Congress • National Railroad Passenger Corporation (AMTRAK) • National Reconnaissance Office • National Science Foundation • National Institutes of Health



Experience	Sampling of Clients
	<ul style="list-style-type: none">• National Oceanic and Atmospheric Administration• National Security Agency• Nuclear Regulatory Commission• Office of Historical Trust Accounting• Peace Corps• Pension Benefit Guaranty Corporation• Smithsonian Institution• Universal Service Administrative Company• U.S. Agency for International Development• U.S. Department of Homeland Security• U.S. Department of the Army- Non-Appropriated Funds• U.S. Department of Justice• U.S. Department of Health and Human Services (multiple operating divisions)• U.S. Department of the Interior- Franchise Fund• U.S. Department of Transportation, including the stand alone audit of the DOT Federal Aviation Administration• U.S. Department of the Treasury• U.S. Department of Veterans Affairs• U.S. Department of the Interior• U.S. Government Accountability Office• U.S. National Archives and Records Administration• U.S. Senate Restaurants



Single Audit Experience

As previously stated, Clifton Gunderson performs A-133 single audits for hundreds of organizations annually, ranking 8th in the nation for the number of single audits performed by any CPA firm. We have significant experience in performing single audit services of states, local governmental entities, and not-for-profit organizations.

The new requirements resulting from the "American Recovery and Reinvestment Act" (ARRA) has provided significant funding to governmental entities throughout the United States. ARRA funding has brought with it a higher level of transparency and accountability. Therefore, it is important that your audit firm has a firm grasp on the single audit process and the requirements of ARRA.

Many of the governmental entities served by Clifton Gunderson receive federal funds and require a single audit in accordance with OMB Circular A-133. In fact, we have over 100 local clients who are funded through federal financial aid and for which OMB Circular A-133 audits are conducted. Our heavy involvement in operational and compliance audits at the state and local levels leads to continuous fine-tuning of our single auditing techniques.

Because we audit so many governmental entities, we are familiar with the federal grants that the State receives and will perform a high quality audit in accordance with OMB Circular A-133. Our designated single audit group stays current on all issues related to federal awards and the impact they may have on your single audit. For instance, ARRA funds and the new rules regarding audit thresholds where federal loans or loan programs are involved may impact the number of federal programs that must be audited as major programs.

The single audit requires a specific set of skills in order to properly perform the procedures. As such, we have developed a group of professionals who specialize in providing single audit services. In addition to the local resources, Clifton Gunderson has personnel throughout the firm as well as national technical personnel who specialize in single audits and as such provide resources and insights not found in many firms. This group is managed by a member of your engagement team, **Brian Lyman, CPA**. In addition to the local resources, Clifton Gunderson has personnel throughout the firm as well as national technical personnel who specialize in Single Audits and as such provide resources and insights not found in many firms. Clifton Gunderson personnel were also invited to join and participated in **Single Audit Task Forces** formed by the **AICPA** to address single audit quality issue. **Walt Kelly, CPA**, a firm-wide resource to the State, recently completed service as a member of the **AICPA Government Audit Quality Executive Committee** and continues to **Chair the Task Force** that was established to address single audit reporting problems highlighted in the 2007 PCIE report. **Keith Novak, CPA**, proposed partner-in-charge, was on the Task Force which addressed sampling in the single audits and resulted in a new chapter of the AICPA audit guide "*Government Audit Standards and Circular A-133 Audits*."

The partner, managers and staff members assigned to your audit have performed hundreds of single audits and have received specialized training in governmental accounting, auditing and financial

Designated Single Audit Reviewer

Clifton Gunderson has designated specific individuals within the firm who are authorized to review and approve single audit reports. We require all single audits to be reviewed by a Designated Single Audit Reviewer, thereby assuring that standards set forth in the OMB Circular A-133 are accurately maintained.



reporting. In addition, they receive training on the compliance requirements of OMB Circular A-133 and the use of the related compliance supplements.

Reviews

Clifton Gunderson has a very comprehensive review process which includes engagement partner, quality review partner and Designated Single Audit Reviewer (DSAR) all of which are performed at the local level. Our national technical office has developed a list of situations which must be reviewed by them prior to issuance of financial statements. These situations are very specific and result in a narrow review of only the specific situation as opposed to an entire engagement review. The situations deal primarily with specific accounting treatments, loan covenant violations, going concern issues, deferred tax assets, identified fraud, restatements and certain fair value determinations. These reviews are performed in an expedited manner and do not add additional cost to the engagement unless the issue is outside of the normal scope of the engagement (e.g. fraud). The engagement partner, quality review partner and DSAR reviews are part of our usual review process and are included in the cost of the engagement.

Experience in Preparation of CAFRs

Our local Governmental Services Team has assisted numerous clients in the preparation of governmental comprehensive annual financial reports (CAFR) and improvement of their financial statements. Through our government assurance experience, we have acquired strong skills which will aid in the performance of this engagement. We understand the interrelationships of the many and varied components of a governmental entity's financial statements. This understanding allows us to quickly determine errors or problems with the financial statements. Examples of these relationships include interfund accounting, capital outlay versus capitalization, and entity-wide versus fund statements.

We will assist the State with the preparation and submission of their CAFR to the Government Finance Officers Association (GFOA). Our procedures with respect to the CAFR will be the completion of the CAFR checklist and review of the transmittal letter and statistical data to ensure that information presented is reasonable and agrees with the information in the financial statements and management's discussion and analysis, where applicable.

GFOA Award

We are proud to have helped many of our clients, including states, state retirement systems, counties, cities, boards of education, towns, other governmental retirement systems and housing authorities earn and retain the GFOA Certificate of Achievement for Excellence in Financial Reporting.

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

Commitment to High Quality Financial Audit Services

We are proud to have helped many of our government clients earn and retain the GFOA Certificate of Achievement for Excellence in Financial Reporting. In fact, the leader of our local Government Services Team, as well as several local partners, have been technical reviewers for GFOA's Certificate of Achievement for Excellence in Financial Reporting program.



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

References

Please see the references below for current audit contracts similar in size and scope to the State's engagement. We have provided the names and telephone numbers of individuals, as well as the beginning and ending dates for each contract.

We encourage you to contact the following clients to learn more about Clifton Gunderson's experience auditing government agencies of various size and magnitude:

Client:	State of South Carolina
Address:	1401 Main Street, Suite 1200 / Columbia, South Carolina 29201
Contact:	Richard Gilbert, Deputy State Auditor, 803-253-4160 Richard Ekstrom, Comptroller General, 803-734-2588
Scope of Work:	Financial statement audit in accordance with Governmental Auditing Standards; Document the State's internal controls and design audit tests.
Dates of Service:	2006 - present

Client:	U.S. Government Accountability Office
Address:	441 G Street, NW / Washington, DC 20548
Contact:	Peter Knopes, Contracting Officer's Technical Representative, 202-512-3055
Scope of Work:	We provide audit services for the GAO. Our work includes an audit to express an opinion on the agency's financial statements; a report containing our opinion on the agency's internal control over financial reporting; and a report expressing positive assurance that the agency's systems are in compliance with the FFMIA. In addition to auditing the GAO's financial statements, we also perform an audit of the agency's Davis-Bacon Fund.
Dates of Service:	2006 - present

Client:	Montgomery County, Maryland
Address:	101 Monroe Street, 15th Floor / Rockville, Maryland 20850
Contact:	Leslie Rubin, Legislative Analyst, 240-777-7879
Scope of Work:	Financial statement audit in accordance with Governmental Auditing Standards, Single Audit in accordance with OMB Circular A-133, Retirement System Audit, CAFR, Agreed Upon Procedures Report on Chief Financial Officer's Letter and Landfill Certification.
Dates of Service:	2008 - present



PROPOSAL STAFFING PLAN

(RFP Section 2.4.2)

One of the key elements in planning and scheduling this engagement will be the heavy involvement of our partners and senior level staff. We will clearly communicate matters that we believe are necessary to have “no surprises” and will schedule the engagement to meet the deadlines established by you.

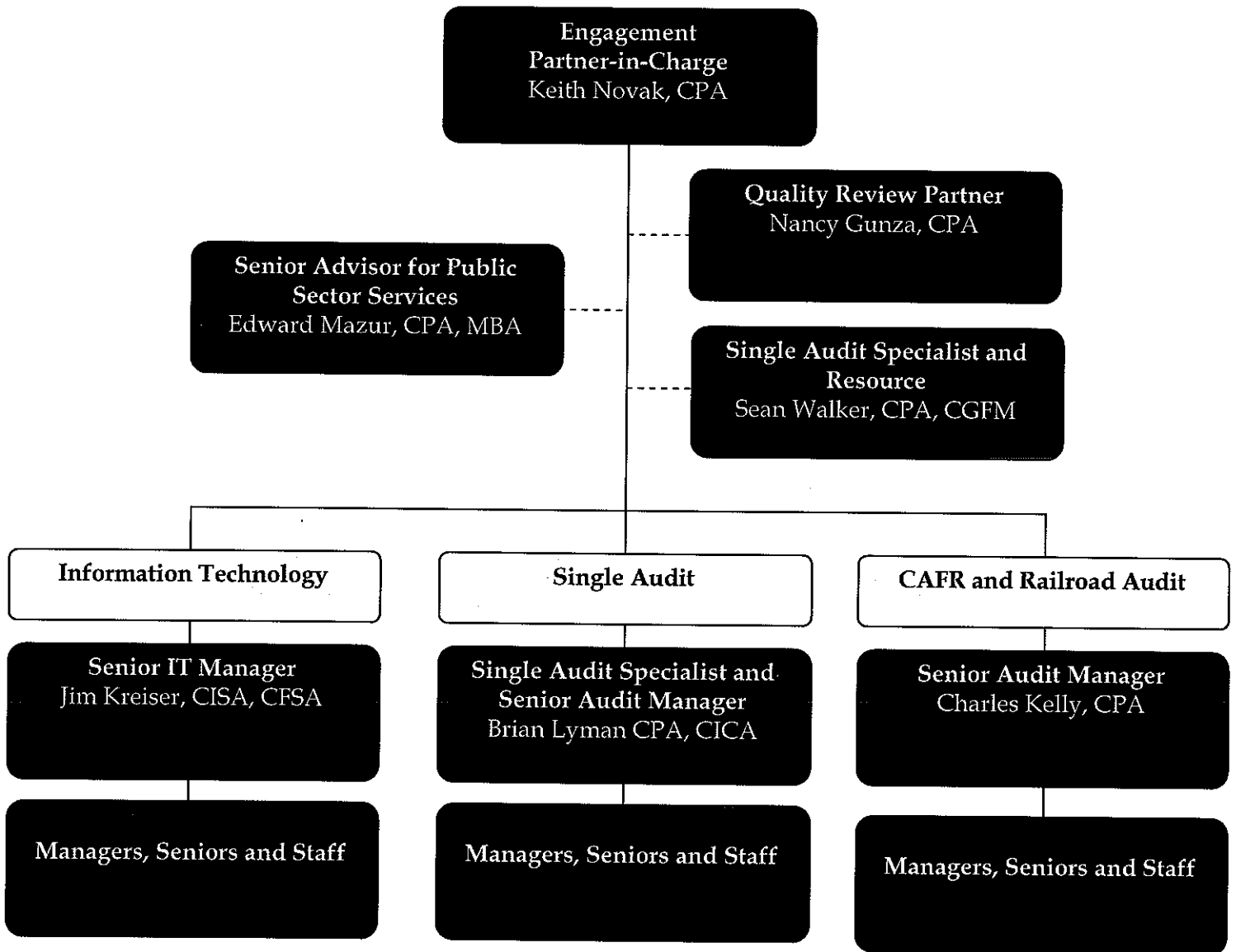
The partner-in-charge of your engagement, Keith Novak, assumes the ultimate responsibility for client service, and oversees our Resource Teams with our senior professionals reporting directly to him. All of our professionals are committed to the engagement and will stay closely involved with the State throughout our services, so you are assured the account will be handled with the highest degree of accuracy and professionalism.

At Clifton Gunderson, our Resource Teams are dedicated to the highest professional standards. Furthermore, we understand that we must be flexible during all phases of this engagement, so we can adapt to the varying environments.

We have strategically organized our engagement team aligning our professionals to each partner’s specialization as outlined on the following page.



Organizational Chart



Depth of Resources

The State will have personal, proactive service from government specialists, as well as immediate access to a wealth of additional national government resources. Clifton Gunderson has established the public sector industry as one of our core industry sectors. This commitment is evidenced by our local and national Government Services Teams and our national technical resources. As previously stated, we have 400 local dedicated professionals and nearly 1,900 professionals firmwide. We have the additional resources available, if needed, to address any of the State's unique challenges and create new value for its members. By tapping into the wealth of knowledge of Clifton Gunderson, you can benefit from year round advice and insight to help develop and grow the State.

Our professionals also maintain leadership roles in key professional organizations such as the AICPA, Government Finance Officers Association (GFOA), Association of Government Accountants (AGA) and various state CPA associations, enabling us to keep a watchful eye on the profession and to pass along important news and developments to clients and staff. Our involvement in various associations helps to ensure that we are on the leading edge of reporting trends and techniques. Clifton Gunderson is proud of its participation in the profession. For example:

- **Kris McMasters, Partner and Chief Executive Officer** of Clifton Gunderson is a member of the **Financial Accounting Standards Advisory Council (FASAC)**, the operating arm of the Financial Accounting Foundation, which oversees issues surrounding the profession's financial accounting and reporting standards. Kris is an at-large appointee to the **AICPA Council**. She is also **Associate Chair of the AICPA's Risk Assessment Audit Guide**.
- **Carl George, Partner and Past Chief Executive Officer** of Clifton Gunderson is the **Chair of the 360 Degrees of Financial Literacy Committee**. This program is a multi-faceted effort, spearheaded by the AICPA, with the support of state CPA societies to encourage CPAs to take a broad leadership role in volunteering to educate the American public, from school children to retirees, on financial topics that apply specifically to their particular stage of life.
- **Anita Ford, Chief Practice Officer**, serves on the **Center for Public Company Audit Firms Peer Review Committee**. The purpose of this committee is to enhance the quality of practice of firms that audit public companies by administering the peer review program to determine that member firms are maintaining and applying quality controls in accordance with standards established by the AICPA.
- **Walter Kelly, National Director of the Public Sector Practice**, has devoted his career to serving all types of public sector entities. A CPA and CFE, he recently completed service as a member of the **AICPA Government Audit Quality Executive Committee** and continues to Chair the Task Force that was established to address single audit reporting problems highlighted in the 2007 President's Council on Integrity and Efficiency (PCIE) report. He was recently appointed to the **GFOA's Committee on Accounting, Auditing and Financial Reporting Standing Committee**.
- **Sean Walker** is a member of the **AICPA's State and Local Government Expert Panel**. This panel's mission is to identify state and local government financial reporting and auditing issues and to work with appropriate bodies for resolutions benefiting the public interest; to conduct liaison activities with the Governmental Accounting Standards Board, regulators such as the U.S. Governmental Accountability Office and the U.S. Office of Management and



Budget, and applicable industry associations; and to advise and assist in the development of AICPA products and services related to state and local government audits. Recently, Sean was appointed to serve a three-year term as a member of the GFOA Special Review Executive Committee, which is responsible for establishing policies and procedures for the GFOA Certificate Program.

- **Ed Mazur** served on both the **Governmental Accounting Standards Board** and the **Federal Accounting Standards Advisory Board**. He was confirmed by the U.S. Senate in 1991 as the first Controller appointed by the President under the Chief Financial Officers Act of 1990. In addition, he headed the Office of Federal Financial Management within the Office of Management and Budget (OMB).

ENGAGEMENT TEAM EXPERIENCE

(RFP Section 2.4.3)

When you hire an accounting firm, you primarily hire the people. That is why we make it a practice to have senior contact people closely involved with the entire engagement. In most large firms, the engagement is secured by upper-level personnel and then passed almost entirely onto less-experienced staff. With Clifton Gunderson, the State will have members of our top management team actively involved throughout our work for you.

The profiles on the following pages are intended to provide highlights for each proposed key team member. As previously stated, we have included resumes for our key personnel in *Appendix B: Professional Resumes*. Additional senior associates and associates from our local Government Services Team with relevant experience will be assigned as deemed necessary. These staff members will be determined based on the final scheduling of audit tasks with management.

Keith Novak, CPA	
Title	Engagement Partner-in-Charge
Engagement Role	Keith will oversee all engagement responsibilities for the work, including reviewing the work plan, coordinating activities with the audit senior managers and directing all meetings with the State.
Professional Certifications	Certified Public Accountant
Professional Affiliations	<ul style="list-style-type: none"> • American Institute of Certified Public Accountants • American Institute of Certified Public Accountants' Task Force, Single Audit Sampling • Maryland Association of Certified Public Accountants • Maryland Government Finance Officers Association • Government Finance Officers Association of the United States and Canada • Better Business Bureau of Greater Maryland
Background and Years of Experience	<p>Keith has over 30 years of audit and accounting experience. Due to Keith's significant contributions to the field of government financial management, he was the recipient of the AGA's 2010 Private Sector Financial Excellence Award.</p> <p>As a GASB specialist, Keith has made numerous presentations to various</p>



Keith Novak, CPA	
	Chapters of the Maryland Association of Certified Public Accountants (MACPA), Maryland Association of Community College Business Officers Association, Maryland GFOA and the Association of School Business Officers. In addition, he is an instructor for the Intermediate Government Accounting course for Maryland GFOA.
Key Clients	<ul style="list-style-type: none"> • State of South Carolina • Prince George’s County, Maryland • Baltimore County, Maryland • Montgomery County, Maryland • Baltimore County Public Schools (Quality Control Partner) • Baltimore City Public Schools (acts as Quality Control Partner) • Calvert County Public Schools (acts as Technical Advisor) • Howard County Public Schools (acts as Technical Advisor) • Community Colleges of Baltimore County, Maryland • Frederick Community College, Maryland • Cecil Community College, Maryland • Delaware County Community College, Pennsylvania • Queen Anne’s County, Maryland
Key Qualifications	<ul style="list-style-type: none"> • Mid-Atlantic Government Services Niche Leader and Assurance Services Leader • Recipient of AGA’s 2010 Private Sector Financial Excellence Award • Recipient of Neil Clifton, “Keeping CG Safe” Award

Nancy Gunza, CPA	
Title	Quality Review Partner
Engagement Role	Nancy will work with the engagement team to ensure that all audit standards are met.
Professional Certifications	Certified Public Accountant
Professional Affiliations	<ul style="list-style-type: none"> • American Institute of Certified Public Accountants • Pennsylvania Institute of Certified Public Accountants • Government Finance Officers Association - PA • National and Eastern Associations of College and University Business Officers - (NACUBO and EACUBO)
Background and Years of Experience	Nancy has over 26 years of experience, including 24 years at a Big 4 firm. She specializes in providing audit and accounting services to public sector entities with an emphasis on state and local government entities.
Key Clients	<ul style="list-style-type: none"> • Delaware River and Bay Authority • Delaware River Joint Toll Bridge Commission • Delaware County Community College • Pennsylvania State System of Higher Education* • Pennsylvania State University* • Princeton University*



Nancy Gunza, CPA	
	<ul style="list-style-type: none"> • Maryland Health Care Commission • City of Philadelphia, Office of the City Controller * <i>Prior to joining Clifton Gunderson</i>
Key Qualifications	<ul style="list-style-type: none"> • Leader of our Government Services Team’s Pennsylvania practice • “Women of Distinction” award recipient, The Philadelphia Business Journal • Beta Alpha Psi Honorary Inductee, Delta Tau Chapter (Drexel University) • Speaker at several technical conferences including those sponsored by the following: <ul style="list-style-type: none"> ○ Pennsylvania Institute of Certified Public Accountants (PICPA) Not-for-Profit Conference ○ GFOA-PA Annual Conference ○ Eastern Association of College and University Business Officers (EACUBO) Annual Accounting Update ○ Illinois State Society of CPA’s Not-for-Profit Conference ○ Pennsylvania State System of Higher Education Budget and Accounting Directors Annual Meetings ○ Ohio State University Controller’s Conference ○ City of Miami, FL Annual Conference ○ Deloitte & Touche LLP Annual Public Sector Industry Conference

Sean Walker, CPA, CGFM	
Title	Single Audit Specialist and Resource
Engagement Role	Sean will ensure that all requirements of Circular OMB A-133 and audit and accounting standards are met, and to have “another set of eyes” on the work. He will also provide the engagement team with technical support and training and to monitor updates to ARRA funding requirements as necessary.
Professional Certifications	<ul style="list-style-type: none"> • Certified Public Accountant • Certified Government Financial Manager
Professional Affiliations	<ul style="list-style-type: none"> • American Institute of Certified Public Accountants (AICPA) • Government Financial Officers Association (GFOA) • Association of Government Accountants (AGA) • Association of Local Governmental Auditors (ALGA) • Society for Nonprofit Organizations (SNPO) • Institute of Internal Auditors (IIA) • Information Systems Audit and Control Association (ISACA)
Background and Years of Experience	<p>Sean has over 11 years of providing accounting, financial auditing and consulting services to counties and state and local government agencies, and currently serves as Technical Director of the firm’s Public Sector practice group, and has been with Clifton Gunderson for over five years.</p> <p>Sean is a member of the National Assurance Practice, overseeing public sector auditing. Specific areas of expertise include Governmental accounting</p>



Sean Walker, CPA, CGFM	
	practices as outlined by GASB, Governmental financial audits in accordance with generally accepted auditing standards as outlined by the AICPA, governmental auditing standards as outlined by GAO, and single audits as outlined by circular A-133 and state government audit guidelines. Sean previously worked on the engagement team for the Statewide Single Audit for Illinois.
Key Clients	<ul style="list-style-type: none"> • State of Illinois • Marquette University • Milwaukee School of Engineering • Milwaukee Area Technical College • Waukesha County Technical College • Milwaukee Public Schools • Rubicon School District • Wheatland School District • University of Wisconsin Hospital and Clinics
Key Qualifications	<ul style="list-style-type: none"> • Reviewer for the GFOA's Certificate of Achievement for Excellence in Financial Reporting for Comprehensive Annual Financial Reports • Speaking engagements have included the following: <ul style="list-style-type: none"> ○ AICPA Not-for-Profit Industry Conference ○ AICPA Government Audit Quality Center (GAQC) webcasts ○ National Grant Managers Association (NGMA) Annual Conference ○ National Instructor with Clifton Gunderson's Corporate University

Edward (Ed) Mazur, CPA, MBA	
Title	Senior Advisor for Public Sector Services
Engagement Role	Ed will be available as needed as a technical resources and subject matter expert for the State.
Professional Certifications	Certified Public Accountant
Professional Affiliations	<ul style="list-style-type: none"> • Chair of the Audit and Financial Management Advisory Committee of the U.S. Small Business Administration • Financial Management Standards Board of the Association of Government Accountants • Financial Reporting Model Task Force of the Federal Accounting Standards Advisory Board • American Institute of Certified Public Accountants • Past member of the Government Accounting Standards Board
Background and Years of Experience	With over 40 years of experience, Ed has been well connected to the development of government reporting standards, having served on both the Governmental Accounting Standards Board from 1997 through 2007, and as a member of the Federal Accounting Standards Advisory Board shortly after its founding.



Edward (Ed) Mazur, CPA, MBA

Ed served as State Comptroller for the Commonwealth of Virginia (the Commonwealth) from 1980 through 1991. In this capacity he assisted in the establishment of the Office of the State Internal Auditor. This assistance also led to the establishment of an effective program of peer and quality reviews of all agency and institution internal audit organizations.

Ed also established the position of Internal Audit Director within the Department of Accounts, a position that assessed risk and internal controls within that department and the State Treasurer's Office, including key controls over key accounting, disbursement, revenue collection, asset recordkeeping, and financial reporting. Ed served as Controller for Virginia Commonwealth University during which time the University prepared its first ever GAAP conforming financial statements and installed three major new financial accounting systems. He served between 1993 and 2004 as Vice President of Administration and Finance for Virginia State University.

He was confirmed by the U.S. Senate in 1991, to be the first Controller appointed by the President under the Chief Financial Officers Act of 1990, and headed the Office of Federal Financial Management within the Office of Management and Budget. He served four Governors as State Comptroller for the Commonwealth of Virginia between 1980 and 1991, and as President of the National Association of State Auditors, Comptrollers, and Treasurers, and the National Association of State Comptrollers.

Brian Lyman, CPA, CICA

Title	Senior Audit Manager and Single Audit Specialist
Functional Responsibility	Brian will be responsible for the planning, execution and management of the single audit fieldwork. He will also assist in the resolution of technical and reporting issues. He will be responsible for the overall direction of the single audit portion of the engagement. He will be the primary point of contact for the day to day single audit field work.
Professional Certifications	<ul style="list-style-type: none"> • Certified Public Accountant • Certified Internal Controls Auditor
Professional Affiliations	<ul style="list-style-type: none"> • American Institute of Certified Public Accountants • Pennsylvania Institute of Certified Public Accountants • Government Finance Officers Association • Local Government Auditing and Accounting Committee Member
Background and Years of Experience	This includes Brian has over 11 years of auditing and accounting services. This includes seven years in the Philadelphia office of a Big 4 firm as well as two years experience serving as Deputy Auditor with the State of Delaware Office of Auditor of Accounts (AOA). In his prior experience with the Big 4 firm and the AOA, Brian was responsible for the oversight of both the financial statement audit and A-133 single audit of the State of Delaware. Brian specializes in audits of state and local governments, boards of education,



Brian Lyman, CPA, CICA	
	higher education, and not-for-profit entities.
Relevant Experience	<p>Brian serves as the senior audit manager on the following:</p> <ul style="list-style-type: none"> • Pennsylvania Public Schools Employees' Retirement System • Pennsylvania State Employees' Retirement System • Delaware County Community College • Harrisburg Area Community College • Carroll County Board of Education • Charles County Board of Education • Howard County Board of Education • City of Philadelphia, Office of the Controller • City of Newark, Delaware • Carroll County, Maryland • Charles County, Maryland • Town of Elkton, Maryland

Charles (Chuck) Kelly, CPA	
Title	CAFR Senior Audit Manager
Engagement Role	Chuck will serve as the CAFR Senior Audit Manager and manage all relevant fieldwork personnel and will resolve any technical and/or reporting issues.
Professional Certifications	Certified Public Accountant
Professional Affiliations	<ul style="list-style-type: none"> • American Institute of Certified Public Accountants • Maryland Association of Certified Public Accountants • Financial Managers Society • Maryland Government Finance Officers Association
Background and Years of Experience	Chuck has over nine years of experience and specializes in providing auditing and accounting services to governmental entities. He has assisted numerous governments (clients and non-clients) in obtaining and retaining the GFOA Certificate of Achievement for Excellence in Financial Reporting award.
Key Clients	<ul style="list-style-type: none"> • State of South Carolina • Washington Metropolitan Area Transit Authority • Florida State Board of Administration • Federal Deposit Insurance Corporation (including consulting for financial institutions) • Fannie Mae



James (Jim) Kreiser, CISA, CFSA	
Title	Senior Information Systems Audit Manager
Engagement Role	Will be available as a key information systems audit resource for the engagement
Professional Certifications	<ul style="list-style-type: none"> • Certified Information Systems Auditor • Certified Financial Services Auditor
Professional Affiliations	<ul style="list-style-type: none"> • Information Systems Audit and Control Association • Institute of Internal Auditors
Background and Years of Experience	Jim recently joined Clifton Gunderson and has over 15 years experience in the areas of information technology audit, business process and controls, third party reporting, and risk advisory services. Jim's experience also includes ten years experience with a Big 4 firm, and over two years experience with Citibank and AMP, Inc. in the Business Systems Review groups.
Key Clients	<ul style="list-style-type: none"> • Commonwealth of Pennsylvania • State of Maryland



Audit Work Plan

Financial Statement Audit Approach

Our audit objective extends beyond the issuing of an opinion on financial statements. We believe that a good audit will yield substantial information for management and is a valuable tool in identifying areas that can be strengthened. An effective audit performed by our team will also provide:

- An objective look at your policies and procedures
- Valuable suggestions for improvements in your financial operations and other areas
- An analysis of trends and unusual variations from year-to-year
- Protection for current and future resources through improved internal controls
- A deterrent to embezzlement and other fraudulent activities

Benefits of Clifton Gunderson's Risk-Based Approach

Our audit services are designed to protect the interests of management by concentrating on high-risk areas. Risk identification is the first step of the audit process, providing the basis upon which the overall plan is developed. Our risk assessment process involves consideration of the following types of risk:

- **Inherent risk** - that an error in the accounting and reporting process may occur
- **Control risk** - that internal control systems designed to prevent/detect errors may fail
- **Audit detection risk** - the risk that audit procedures may fail to detect errors

Through careful consideration of the above risks and their interrelationships, we will develop an audit plan and related programs that concentrate our efforts on those elements of your financial statements that involve the greatest risk. At the same time, we will avoid the unnecessary application of commonplace and traditional procedures to low-risk areas.

We expect that the majority of our audit hours will be concentrated in the high-risk audit areas. Our approach is not to review every account with extensive substantive testing. While substantive testing remains part of the process, we first identify relationships and truly learn about your operations.

Commitment to Communication with Management

Continual communication starts when an engagement letter is issued and continues until the completion or closeout of an engagement. We believe effective communication is critical to a successful engagement. This communication includes the exchange of ideas and advice as changes are considered or implemented by the entity or the accounting profession.

Upon notice of the issuance of an engagement letter, Keith Novak will meet with you to plan the start of the work and to further discuss the audit process. These discussions are intended to accomplish the following:

- Identify key management and staff involved in the audits
- Identify primary audit liaisons
- Introduce our audit teams and identify key Clifton Gunderson contact personnel
- Discuss and refine the timetable
- Discuss the best means and ways of communication throughout the engagement



- Inquire about any issues, which we may need to be aware of
- Discuss logistics and administrative matters

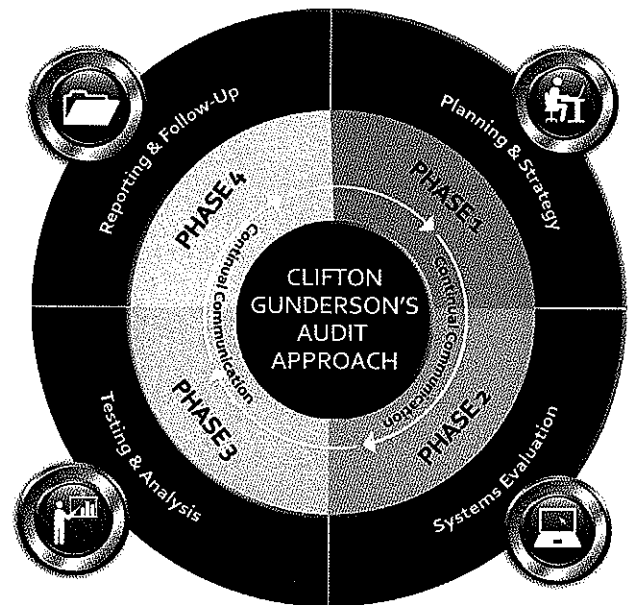
We will conduct our audit in four primary phases:

- Phase 1 – Planning & Strategy
- Phase 2 – Systems Evaluation
- Phase 3 – Testing & Analysis
- Phase 4 – Reporting & Follow-Up

Phase 1 – Planning & Strategy

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

- Conduct an entrance meeting with the State and its component units – Keith Novak will meet with State personnel to mutually agree on an outline of responsibilities and timeframes. The agenda will include but not be limited to the following:
 - Establish audit approach and timing schedule,
 - Assistance to be provided by State personnel,
 - Application of generally accepted accounting principles,
 - Initial audit concerns,
 - Concerns of the State’s management,
 - Establishment of report parameters and timetables
 - Progress reporting process, and
 - Establish principal contacts.
- Gain an understanding of the operations of the State and its component units, including its organization, management style and internal and external factors influencing the operating environment. We will utilize reference materials such as the budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.
- Identify significant accounts and accounting applications, critical audit areas, significant provisions of laws and regulations, and relevant controls over operations.
- Determine the likelihood of effective information systems (IS) - related controls.
- Identify any internal audit work performed and how it may be utilized.
- Perform a preliminary overall risk assessment.
- Confirm protocol for requesting information from and meeting with the business office staff.
- Establish a timetable for the fieldwork phase of the audit.



- Determine a protocol for using IDEA, our data extraction and analysis software, to facilitate timely receipt and analysis of reports from management.
- Prepare initial comprehensive list of items to be prepared by client, establish clear deadlines and review with client.

We will document our planning through preparation of the following:

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

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

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

Phase 2 — Systems Evaluation

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



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

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

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

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

Our assessment of internal controls will determine whether the State and its component units have established and maintained internal controls to provide reasonable assurance that the following objectives are met:

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

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

During the internal control phase, we will also perform a review of general and application IS controls for the applications that are significant to financial statements to conclude whether IS general controls are properly designed and operating effectively, and consider application controls as part of the internal control assessment in the financial statement audit. Our strategy for the IS review of the applications will involve reviewing all of the general control activities, including the computerized and manual processes. We will determine the scope of work by applying the concepts of materiality and risk assessment to effectively reduce examination inefficiencies. When planning this examination, we will gain an understanding of the State and its component units' operations by reviewing its current controls and control objectives as documented, and will also review prior years audit work and the status of corrective actions.

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



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

Phase 3 — Testing & Analysis

The extent of our substantive testing will be based on results of our internal control tests. It has been our experience that governmental entities, like the State, often have a system of internal control that, with appropriately designed tests and correlation to account balances, can be used to limit the extent of account balance substantiation testing.

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

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

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

Phase 4 — Reporting & Follow-Up

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

- Independent Auditor's Report
- 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
- Management Letter
- Written Communication to those charged with Governance, which includes the following areas:
 - Our responsibility under auditing standards generally accepted in the United States of America
 - Changes in significant accounting policies or their application
 - Unusual transactions
 - Management judgments and accounting estimates



- Significant audit adjustments
- Other information in documents containing the audited financial statements
- Disagreements with the State
- The State's consultations with other accountants
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit
- Fraud or illegal acts

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

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

Single Audit Approach

We will conduct our OMB Circular A-133 Single Audit in three primary phases:

- Phase 1 – Risk Assessment and Planning
- Phase 2 – Major Program Testing
- Phase 3 – Final Assessment and Reporting

Phase 1 – Risk Assessment and Planning

The risk assessment and planning phase will encompass the overall planning stage of the A-133 engagement. During this phase, we will work closely with State management to ensure that programs are properly identified and risk-rated for determination of the major programs for testing. We will also review the forms and programs utilized in the prior year to determine the extent of any changes which are required.

We will accomplish this by following the methodology below:

- Utilizing the preliminary Schedule of Expenditure of Federal Awards, we will identify the Type A and Type B programs in accordance with Circular A-133.
- Identifying the programs tested and the findings reported for the past three fiscal years. Determine and document the program risk based on the past three single audits.
- Prepare and distribute Type B program questionnaires to determine risk associated with Type B programs.
- Determine the major programs to be tested for the current fiscal year based on the previous steps.
- Based on our determination of the major programs, we will utilize the current year Circular A-133 Compliance Supplement to customize the audit program.



- Prepare and distribute templates to State management to obtain the State's Summary Status of Prior Year Findings.
- Determine the key contacts for each major program and the preferred methods of communication during the audit.
- Conduct an entrance conference with each agency to discuss the audit process, findings protocol.
- Make more in-depth inquiries regarding new IT systems, new programs, and audits performed by third parties including the State Auditor and the federal government,
- Perform fraud inquiries, Prepared by Client (PBC) items listing, and confirm logistics.
- We will also determine which of the 14 compliance requirements are applicable to the major programs selected for audit.
- Perform risk assessment at the compliance requirement level, and
- Identify internal controls using the components of the Committee of the Sponsoring Organization of the Treadway Commission (COSO) Framework.

Phase 2 – Major Program Testing

We will determine the programs to be audited based on the risk assessment performed in the planning phase. We will perform the audit of the programs in accordance with Circular A-133. To accomplish this, we will perform the following:

- Schedule an introductory meeting with State management to discuss the major programs identified, our audit plan and timing for the current fiscal year.
- Plan and execute the testing of the expenditures reported on the Schedule of Expenditures of Federal Awards.
- Conduct entrance conference meetings with each major program grant manager.
- Discuss the indirect cost allocation methodology used by the agency and determine the appropriate audit procedures to apply based on these discussions.
- Testing internal controls to support a low level of control risk over each direct and material compliance requirement.
- Use a dual purpose approach related to compliance and internal control testing, which allows for the same sample to be used in compliance and control testing. Schedule periodic progress meetings with State management to determine that schedules are adhered to and issues identified as they arise.

Phase 3 – Final Assessment and Reporting

We will re-perform the steps noted in the preliminary assessment and planning stage once the Schedule of Expenditures of Federal Awards is final. Based on the final determination of the programs we will perform the following:

- Identify programs which were not previously identified.
- Re-assess the risk and determine if we are required to audit additional programs.
- Perform compliance testing at the entity wide level related to procurement and cash management requirements.
- Perform testing to validate the status of prior year findings for those programs not selected for audit.
- Prepare the Schedule of Findings and Questioned Costs.
- Conduct exit conferences with each major program grant manager to discuss relevant findings.



- Conduct exit conference with State management to review draft reports.

We will discuss and agree on audit findings at the exit conference. With Clifton Gunderson there are no surprises. It is our policy that all audit findings discussed at the exit conference would have been discussed with management during fieldwork and at status update meetings. Once the finding has been discussed and agreed with management we provide a draft of the finding, to management for review and management response. We will work with management in assigning classification to each finding as significant deficiency, material weakness, and non-compliance/material non-compliance. Once management response is obtained we will finalize the finding and present to management in final form.

Use of Subcontractors

Clifton Gunderson has established excellent relationships with a diverse pool of subcontractors nationwide that we have utilized for a wide array of governmental contracts. At this time we have not identified and do not intend to utilize a subcontractor for this engagement. Should this approach not meet the State's desired outcome for this engagement, we will make a good faith effort to identify and utilize a subcontractor that is appropriately certified.

Potential Problems

The issues that we initially foresee are transition and financial reporting matters related to the issuance of several GASB statements.

Transition

An area of concern that is commonly encountered during transition to new engagements is the start-up time required to familiarize ourselves with your operations. Upon appointment as auditors, we will initiate a planning meeting with the appropriate management of the State. The purpose of the meeting will be to:

- Review our approach and roles, and solicit comments and concerns
- Schedule work
- Establish key meeting and reporting dates
- Review the audit requirements

Management may be concerned about the potential disruption of its personnel during the transition period while the new firm becomes familiar with your operations. We have addressed this concern by structuring our transition process to gain a thorough understanding of your operations. That process has been successfully applied for numerous organizations in the past. Our approach to transition includes:

- A well-structured, experienced engagement team
- More intensive involvement by partners and managers in the transition year
- Careful and complete communications at all levels of the team to resolve issues and concerns
- User-friendly audit tools

All transition activities will involve the on-site participation of the audit service team in order to:

- Focus our efforts only upon relevant matters
- Avoid unnecessary efforts by your personnel
- Make the audit process more responsive



GASB Insight Potentially Affecting Current and Future Audits

Our national technical staff monitors emerging issues coming out of GASB, and makes our practice personnel aware of the issues. Additionally, we are made aware of new pronouncements issued by GASB, AICPA and OMB (as related to single audits). We contact our clients to make them aware of any new or impending standards that may have an effect on them to determine the impact, if any. This allows for planning for the future. When new standards are issued, we meet with our clients and discuss the effect as well as implementation of these standards.

Our significant knowledge of technical issues and GASB pronouncements will be especially beneficial to the State. The following are recent pronouncements which may have a future impact on the audits and financial statement of the State.

New GASB Pronouncements:

- **GASB No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans"** – This Statement amends certain current standards related to employer accounting and reporting for OPEB, and OPEB plan reporting. The newer requirements are intended to increase the number of employer governments which may use the 'alternative method' and clarifies that the same frequency and timing of determining OPEB measures are required for both agent multiple-employer plans and those plans' participating employer governments. This statement will be effective for the State beginning with Fiscal Year 2012. The adoption of this statement will not have a financial impact on the State.
- **GASB No. 59, "Financial Instruments Omnibus"** – This Statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this statement will improve financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards. This statement will be effective for the State beginning with Fiscal Year 2011.
- **GASB No. 60, "Accounting and Financial Reporting for Service Concession Arrangements"** – This Statement establishes recognition, measurement, and disclosure requirements related to service concession arrangements, which are a type of public-private or public-public partnership. This statement will be effective for the State beginning with Fiscal Year 2013.
- **GASB No. 61, "The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34"** – This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. The requirements of this statement result in financial reporting entity financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. This statement will be effective for the State beginning with Fiscal Year 2013.
- **GASB No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements"** – This pronouncement incorporates into the GASB's authoritative literature, certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements issued on or before November 30, 1989, which



does not conflict with or contradict GASB pronouncements. This statement will be effective for the State beginning with Fiscal Year 2013.

Additionally, members of our local Government Services Team are part of the associations, organizations and regulatory bodies that influence and affect the State. We are active in industry organizations, events and knowledge sharing initiatives, and are involved in several boards and committees that help shape industry-specific practice standards.

A sampling of industry organizations and regulatory bodies that our local Government Services Team members are active in includes:

- 360 Degrees of Financial Literacy Committee
- AICPA Audit Quality Center Executive Committee
- AICPA Council
- AICPA Government Accounting & Auditing Committee
- AICPA Risk Assessment Audit Guide
- AICPA Single Audit Quality Task Force
- AICPA Risk Assessment Audit Committee
- AICPA Governmental Audit Quality Center Committee
- Government Finance Officers Association
- AICPA's State and Local Government Expert Panel
- Association of Government Accountants
- Association of School Board Officials
- Center for Public Company Audit Firms Peer Review Committee
- Financial Accounting Standards Advisory Council
- GFOA Special Review Executive Committee
- Government Accounting Standards Advisory

Looking Ahead – GASB Current Projects

GASB has issued the following exposure drafts:

- **“Derivative Instruments : Application of Hedge Accounting Termination Provisions – An amendment of Statement No. 53”** - The objective of this project is to clarify the termination provisions in Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, when a counterparty of an interest rate or commodity swap is replaced. This project was in exposure draft until April 2011 and the final Statement is expected to be issued in June 2011.
- **“Statement of Net Position”** - The objectives of this practice issue project would be (1) to operationalize the introduction of the deferred inflows and deferred outflows financial statement elements through display guidance and (2) to consider the effects of these changes on other elements presented in the existing statement of net assets. The project would determine what amendments, if any, should be made to the requirements of Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. This project was in exposure draft until February 2011 and the final Statement is expected to be issued in June 2011.
- **“Deferred Inflows and Outflows of Resources: Omnibus”** - The objective of this project is to provide reclassification guidance for transactions that should be recognized as deferred inflows and outflows of resources. The exposure draft is expected to be issued late summer 2011.



- **“Postemployment Benefit Accounting and Financial Reporting”** - The objective of this project is to improve accountability and the transparency of financial reporting related to the financial effects of employers’ commitments and actions related to pension benefits. The exposure draft is expected to be issued late summer 2011.

Assistance Requested of the Agency or the State Agencies

We ask that the State provide access to all records required for the engagement and other requirements of the contract. In addition, we request that a project coordinator be assigned through whom we will communicate and coordinate activities.

To assist in this process, we will provide a detailed Prepared by Client list early in the engagement. We will ask that your accounting and program staff provide us with standard schedules, as well as additional requested supporting items. We anticipate that your personnel will need to locate and submit to us certain invoices, vouchers, cancelled checks and other documents and records for our compliance and SEFA testing. We are extremely flexible as to the format in which we receive this information and will ensure, through the use of the latest technology, that we do not ask you to re-create the wheel. We will depend on your staff to provide us with as much information as possible, in an effort to limit everyone’s time on the engagement and, ultimately, to save your organization money.



Attachment B: Mandatory Specification Checklist

25

Attachment B: Mandatory Specification Checklist

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

Vendor Response: Due to limited space, we have included our response on the following page.

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: Due to limited space, we have included our response on the following page.

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: Due to limited space, we have included our response on the following page.

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: Due to limited space, we have included our response on the following page.

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

Vendor Response: Due to limited space, we have included our response on the following page.

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

Vendor Response: Due to limited space, we have included our response on the following page.

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.

Clifton Gunderson LLP

(Company)

Keith F. Novak, CPA, Partner

(Representative Name, Title)

888-778-9588 / 410-453-0914

(Contact Phone/Fax Number)

05/16/2011

(Date)



INDEPENDENCE AND LICENSE

(RFP Section 2.5.1)

We are independent and licensed to practice in West Virginia.

PRINCIPLE SUPERVISORY AND MANAGEMENT STAFF

(RFP Section 2.5.2)

The principle supervisory and management staff are certified public accountants with the required continuing professional education within the preceding two years. If awarded, we understand we must inform the Department of Administration, Finance Division (the Agency) of any changes in staffing at the supervisory level and above. We further understand the Agency retains the right to approve or reject replacements based upon their qualifications, experience or performance.

QUALIFICATIONS

(RFP Section 2.5.3)

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

SAMPLE REPORT

(RFP Section 2.5.4)

We have included a copy of a sample CAFR report and a sample Single Audit report issued in the last five years that is similar to the engagement described in this RFP in *Appendix C: Sample Report*. Website links for the full CAFR and Single Audit reports are as follows: CAFR - <http://www.cg.sc.gov> ; Single Audit - <http://www.montgomerycountymd.gov/mcgtmpl.asp?url=/content/finance/financial.ASP>

PEER REVIEW REPORT

(RFP Section 2.5.5)

We have included a copy of our most recent peer review report, dated December 3, 2010, as *Appendix D: Peer Review Report*. We received a *pass* rating, which is the highest form of report under the new (2009) peer review standards. In order to receive a pass rating, a firm's quality control system must be of the highest standards. Letters of comment are no longer issued in connection with peer reviews. Firms that would have received a letter of comment under the previous standards, receive a *pass with deficiencies* rating under the new standards with those deficiencies included in the report. As you can see from our report, no deficiencies were identified by the reviewers.

Federal and State Desk Reviews

Clifton Gunderson has been subject to several federal and state desk reviews by federal and state oversight agencies during the past three years. In addition, our federal government financial statement audits are subject to review by each agency's Office of Inspector General, as well as the U.S. Government Accountability Office. We have had to perform no additional procedures or had to revise or reissue any statements.

JOINT PROPOSERS

(RFP Section 2.5.6)

The Clifton Gunderson team will be assuming full responsibility for all services described in the RFP and therefore will not be using a subcontractor if awarded the contract.



Appendix A: Required Forms



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: Due to limited space, we have included our response on the following pages.

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: Due to limited space, we have included our response on the following pages.

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

Vendor Response: Due to limited space, we have included our response on the following pages.

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: Due to limited space, we have included our response on the following pages.

Attachment B: Mandatory Specification Checklist

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

Vendor Response: Due to limited space, we have included our response on the following page.

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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.

Clifton Gunderson LLP

(Company)

Keith F. Novak, CPA, Partner

(Representative Name, Title)

888-778-9588 / 410-453-0914

(Contact Phone/Fax Number)

05/16/2011

(Date)



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
1

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

RFQ COPY

TYPE NAME/ADDRESS HERE

Clifton Gunderson LLP
 9515 Deereco Road, Suite 500
 Timonium, Maryland 21093

VENDOR

SHIP TO

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
0001	1	LS		946-20		
<p>AUDIT OF STATE CAFR</p> <p>REQUEST FOR PROPOSAL (RFP)</p> <p>THE WEST VIRGINIA STATE PURCHASING DIVISION FOR THE AGENCY, THE WEST VIRGINIA DIVISION OF FINANCE, IS SOLICITING PROPOSALS FROM QUALIFIED FIRMS TO PERFORM THE SINGLE AUDIT OF THE STATE OF WEST VIRGINIA AND THE FINANCIAL AUDIT OF THE BASIC FINANCIAL STATEMENTS OF THE STATE'S COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDING JUNE 30, 2011 PER ATTACHED.</p> <p>A MANDATORY PRE-BID MEETING WILL BE HELD ON MAY 2, 2011 AT 10:00 AM IN BUILDING #17 LOCATED AT 2101 WASHINGTON STREET, EAST IN CHARLESTON WEST VIRGINIA. ADDITIONAL INFORMATION CONCERNING THE PRE-BID MEETING CAN BE FOUND IN SECTION 1.4 OF THE ATTACHED DOCUMENT.</p> <p>EXHIBIT 10</p> <p>REQUISITION NO.:</p> <p>ADDENDUM ACKNOWLEDGEMENT</p> <p>I HEREBY ACKNOWLEDGE RECEIPT OF THE FOLLOWING CHECKED ADDENDUM(S) AND HAVE MADE THE NECESSARY REVISIONS TO MY PROPOSAL, PLANS AND/OR SPECIFICATION, ETC.</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE *[Signature]* TELEPHONE 888-778-9588 DATE 05/16/2011

TITLE Partner FEIN 37-0802863 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
 2

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

RFQ COPY

VENDOR

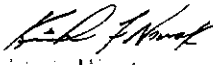
TYPE NAME/ADDRESS HERE
 Clifton Gunderson LLP
 9515 Deereco Road
 Suite 500
 Timonium, Maryland 21093


BUYER

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	F.O.B.	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	05/24/2011					
NO. 2						
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: center;">  SIGNATURE Clifton Gunderson LLP COMPANY 05/24/2011 DATE </p>						
NOTE: THIS ADDENDUM ACKNOWLEDGEMENT SHOULD BE SUBMITTED WITH THE PROPOSAL.						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS		
SIGNATURE 	TELEPHONE 888-778-9588	DATE 05/24/2011
TITLE Partner	FEIN 37-0802863	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

VENDOR

TYPE NAME/ADDRESS HERE
 Clifton Gunderson LLP
 9515 Deereco Road, Suite 500
 Timonium, Maryland 21093

SHIP TO

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	F.O.B.	FREIGHT TERMS
04/21/2011				
BID OPENING DATE: 05/25/2011		BID OPENING TIME 01:30PM		

LINE	QUANTITY	UQP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR PROPOSAL: ----- 888-778-9588 ----- CONTACT PERSON (PLEASE PRINT CLEARLY): ----- Keith F. Novak, CPA, Partner -----						
***** THIS IS THE END OF RFQ FAR110000 ***** TOTAL:						

Please see the separately sealed Cost Proposal.

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE <i>Keith F. Novak</i>	TELEPHONE 888-778-9588	DATE 05/16/2011
TITLE Partner	FEIN 37-0802863	ADDRESS CHANGES TO BE NOTED ABOVE

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

State of West Virginia **FAR110000**
VENDOR PREFERENCE CERTIFICATE

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

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

n/a Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; **or,**

n/a Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; **or,**

n/a Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; **or,**

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

n/a Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; **or,**

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

n/a Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor with an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing a minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of the employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; **or,**

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

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

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

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

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

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

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) reject the bid; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Under penalty of law for false swearing (West Virginia Code, §61-5-3), Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: Clifton Gunderson LLP

Signed: Keith F. Novak, CPA

Date: 05/16/2011

Title: Partner

*Check any combination of preference consideration(s) indicated above, which you are entitled to receive.

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.

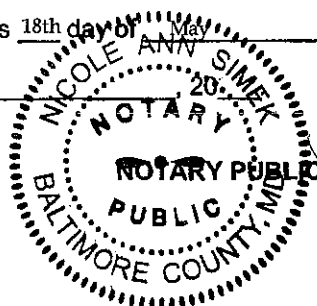
"Debtor" means any individual, corporation, partnership, association, limited liability company or any other form or business association owing a debt to the state or any of its political subdivisions. "Political subdivision" means any county commission; municipality; county board of education; any instrumentally established by a county or municipality; any separate corporation or instrumentally 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 SIGNATUREVendor's Name: Clifton Gunderson LLPAuthorized Signature: Date: 05/18/2011State of MarylandCounty of Baltimore, to-wit:Taken, subscribed, and sworn to before me this 18th day of May, 2011.My Commission expires March 23, 2015

AFFIX SEAL HERE




Appendix B: Professional Resumes



Keith Novak, CPA

*Lead Client Partner*overnment Services

National State and Government Niche Leader

Mid-Atlantic Government Services Niche Leader

RELEVANT EXPERIENCE

- Governmental auditing and accounting with an emphasis on local entities including counties, cities, towns, and authorities
- Partner on the following financial statement and single audit governmental engagements:
 - State of South Carolina
 - Baltimore County Public Schools
 - Baltimore City Public Schools (acts as Quality Control Partner)
 - Calvert County Public Schools (acts as Technical Advisor)
 - Howard County Public Schools (acts as Technical Advisor)
 - Community Colleges of Baltimore County, MD
 - Frederick Community College, MD
 - Cecil Community College, MD
 - Delaware County Community College, PA
 - State of South Carolina
 - Baltimore County, MD
 - Montgomery County, MD
 - Queen Anne's County, MD
- Provides consulting to Maryland public housing authorities
- Serves as a Designated Single Audit Reviewer for the firm
- Obtained the following results for clients:
- Assisted governments (clients and non-clients) in obtaining and retaining the GFOA Certificate of Achievement for Excellence in Financial Reporting award
- Performed agreed-upon procedures engagements on contracts entered into by governmental entities. Engagements resulted in sums to be recovered
- Assisted in training client personnel to prepare government required reports
- Assisted clients in various audit related functions including review of internal controls, operational audits, and systems reviews, resulting in reduction of operating costs
- Assisted governments in preparing and reviewing Official Statements in connection with bond issues
- Successfully testified as an expert witness on accounting matters in Federal court in connection with a discrimination claim against a municipality



- Aided clients with organizational structure and tax planning ideas

EDUCATION

- Bachelor of Science, Accounting, University of Maryland

PROFESSIONAL ORGANIZATIONS

- American Institute of Certified Public Accountants - member
- American Institute of Certified Public Accountants' Task Force on Single Audit Sampling
- Maryland Association of CPAs - member
- Maryland Government Finance Officers' Association - member
- Government Finance Officers' Association of the U.S. - member
- Government Finance Officers' Association of Canada - member

PROFESSIONAL CERTIFICATIONS

- Certified Public Accountant

SPEAKING ENGAGEMENTS

- GASB 54 and Single Audit Update, February 2011, Western Maryland Chapter of Maryland Association of CPAs
- "Codification & XBRL What's Bugging You?" The Knowledge of Congress, Webcast Series, February 2011
- Single Audit Update, Commonwealth of Pennsylvania, February 2011
- Single Audit Update, Pennsylvania Association of Housing and Redevelopment Agencies (PAHRA), October 2010
- "Government GAAP Update," Southern Maryland Chapter of the Maryland Association of CPAs, May 2008
- "GASB 43 and 45," Southern Maryland Chapter of the Maryland Association of CPAs, May 2007
- "Risk Assessment Standards," Virginia Association of Government Accountants, April 2007
- "GASB 45 Oh No!," Association of School Business Officers, November 2006
- "Government Audit Standards Update," Maryland Association of CPAs Annual Not-for-Profit and Government Conference, April 2006
- "The Cost of Fraud," Maryland Government Finance Officers Association, January 2006
- "GASB 43 vs. 45," Davenport Group LLC presentation, September 2006
- "Yellow Book Update," Maryland Association of CPAs, April 2006
- "GASB Update," Maryland Association of Community College Business Officers, June 2005



- "Internal Control," Maryland Association of Community Colleges," July 2004
- "GASB 40: Everything You Wanted to Know," Maryland Government Finance Officers Association, May 2004
- "GASB Update," Maryland Association of Community College Business Officers Association, November 2003
- "Sarbanes-Oxley Where Do We Go From Here?," Maryland Association of Community College Business Officers Association, February 2003
- "Intermediate Government Accounting," Maryland Government Finance Officers Association, annually since 1998

HONORS/AWARDS

- AGA's 2010 Private Sector Financial Excellence Award

COMMUNITY INVOLVEMENT

- Baltimore City Rotary - member and President
- Better Business Bureau - Treasurer and Board Member

CONTINUING PROFESSIONAL EDUCATION

- In excess of 40 hours annually
- Receives in excess of 24 hours annually and 80 hours in total every two years qualified under Generally Accepted Government Auditing Standards



Nancy Gunza, CPA

Audit Engagement Partner



RELEVANT EXPERIENCE

- Served as partner-in-charge or has managed the audits of the following engagements:
 - Delaware River and Bay Authority
 - Delaware River Joint Toll Bridge Commission
 - Delaware County Community College
 - Pennsylvania State System of Higher Education*
 - Pennsylvania State University*
 - Princeton University*
 - Hospitals and Higher Education Facilities Authority of Philadelphia*
 - City of Philadelphia, Office of the City Controller
- * *Prior to joining Clifton Gunderson*
- Plans, performs, and evaluates single audit procedures conducted in audit engagements
- Assists clients in various audit-related functions, including review of internal controls and analysis of operational procedures.
- Prepares workpaper templates to improve reconciliation procedures and to help improve interim financial reports prepared by clients' accounting personnel

AREAS OF SPECIALIZATION

- Governmental auditing and accounting services with an emphasis on state and local entities
- Employee benefit plans
- Commercial auditing and accounting with an emphasis on real estate
- Compliance auditing including OMB A-133 single audits and New Jersey, Pennsylvania and Philadelphia grant audits
- Computer-assisted auditing tools

EDUCATION

- Bachelor of Science, Commerce and Engineering Sciences with a concentration in Accounting, Drexel University

PROFESSIONAL ORGANIZATIONS

- American Institute of Certified Public Accountants, member
- Pennsylvania Institute of Certified Public Accountants, member



PROFESSIONAL CERTIFICATIONS

- Certified Public Accountant

CONTINUING PROFESSIONAL EDUCATION

- In excess of 40 hours annually
- Receives in excess of 24 hours annually and 80 hours in total every two years qualified under Generally Accepted Government Auditing Standards



Sean M. Walker, CPA, CGFM

Single Audit Specialist and Resource

RELEVANT EXPERIENCE

- Sean is a technical resource to the profession and the firm. He services the profession as a technical reviewer for the AICPA. He has reviewed and provided technical content to the following publications:
 - AICPA Audit and Accounting Guide: State and Local Governments (2009)
 - AICPA Audit and Accounting Guide: Government Auditing Standards and Circular A-133 Audits (2009)
 - AICPA Audit Risk Alert: Government Auditing Standards and Circular A-133 Developments (2008)
- As the firm's subject matter expert on single audits and grant management, he has developed training courses and a comprehensive methodology for testing compliance with OMB Circular A-133, OMB cost circulars, and the OMB common rule.
- He is a professional speaker on the topics of single audit and grant management. He has presented for the AICPA's Government Audit Quality Center and National Grant Management Association.
- Led the financial or single audits of the organizations listed below:
 - State of Illinois
 - Marquette University
 - Milwaukee School of Engineering
 - Milwaukee Area Technical College
 - Waukesha County Technical College
 - Milwaukee Public Schools
 - Rubicon School District
 - Wheatland School District
 - University of Wisconsin Hospital and Clinics

AREAS OF SPECIALIZATION

- Grant management including American Recovery and Reinvestment Act funding.
- Grant and compliance auditing
- Governmental accounting
- Governmental auditing
- Governmental consulting
- Internal control design and testing



EDUCATION

- Bachelor of Business Administration, Accounting, University of Wisconsin Milwaukee

PROFESSIONAL ORGANIZATIONS

- American Institute of Certified Public Accountants (AICPA)
- Government Financial Officers Association (GFOA)
- Association of Government Accountants (AGA)
- Association of Local Governmental Auditors (ALGA)
- Society for Nonprofit Organizations (SNPO)
- Institute of Internal Auditors (IIA)
- Information Systems Audit and Control Association (ISACA)

SPEAKING ENGAGEMENTS

- AICPA Not-for-Profit Industry Conference
- AICPA Government Audit Quality Center (GAQC) webcasts
- National Grant Managers Association (NGMA) Annual Conference
- National Instructor with Clifton Gunderson's Corporate University

CONTINUING PROFESSIONAL EDUCATION

- In excess of 40 hours annually
- Receives in excess of 24 hours annually and 80 hours in total every two years qualified under Generally Accepted Government Auditing Standards



Edward Mazur

Senior Advisor – Public Sector Services



RELEVANT EXPERIENCE

- Served on both the Governmental Accounting Standards Board from 1997 through 2007, and as a member of the Federal Accounting Standards Advisory Board shortly after its founding
- Confirmed by the U.S. Senate in 1991, to be the first Controller appointed by the President under the Chief Financial Officers Act of 1990, and headed the Office of Federal Financial Management within the Office of Management and Budget
- Served four Governors as State Comptroller for the Commonwealth of Virginia between 1980 and 1991, and as President of the National Association of State Auditors, Comptrollers, and Treasurers, and the National Association of State Comptrollers
- Served in the Washington office of the American Institute of CPAs, in senior financial management positions with Virginia State University and Virginia Commonwealth University, and on various public and private boards

EDUCATION

- Master of Business Administration, Wharton, University of Pennsylvania
- Bachelor of Science, Mechanical Engineering, University of Connecticut

PROFESSIONAL ORGANIZATIONS

- Chair of the Audit and Financial Management Advisory Committee of the U.S. Small Business Administration
- Financial Management Standards Board of the Association of Government Accountants
- Financial Reporting Model Task Force of the Federal Accounting Standards Advisory Board
- American Institute of Certified Public Accountants

PROFESSIONAL CERTIFICATIONS

Certified Public Accountant

PUBLICATIONS

Principal author of *Intergovernmental Financial Dependency and Related Risks – Proposed Reporting by State and Local Governments*, a major three volume report published in 2009



CONTINUING PROFESSIONAL EDUCATION

- In excess of 40 hours annually
- Receives in excess of 24 hours annually and 80 hours in total every two years qualified under Generally Accepted Government Auditing Standards



Brian Lyman, CPA, CICA

Senior Audit Manager and Single Audit Specialist



RELEVANT EXPERIENCE

- Previously managed both the financial statement audit and OMB A-133 Single Audit of the State of Delaware, which included auditing the federal, state and local funds of Delaware's nineteen local school districts. The Single Audit included programs funded by the following federal agencies:
 - U.S. Dept. of Health and Human Services
 - U.S. Dept. of Education
 - U.S. Dept. of Agriculture
 - U.S. Dept. of Labor
 - U.S. Dept. of Transportation
 - U.S. Dept. of Environmental Protection
- Previously co-managed the OMB A-133 Single Audit of the State of New Jersey. Brian was responsible for federal programs related to the following New Jersey departments:
 - Department of Labor & Workforce Development
 - Department of Education
 - Department of Environmental Protection
- Planned, performed and reviewed financial statement audit engagements for clients ranging from both publicly and privately held entities, state and local governments, colleges and universities and not-for-profit organizations. Brian serves as the senior audit manager on the following:
 - Pennsylvania Public Schools Employees' Retirement System
 - Pennsylvania State Employees' Retirement System
 - Delaware County Community College
 - Harrisburg Area Community College
 - Carroll County Board of Education
 - Charles County Board of Education
 - Howard County Board of Education
 - City of Philadelphia, Office of the Controller
 - City of Newark, Delaware
 - Carroll County, Maryland
 - Charles County, Maryland

EDUCATION

- Bachelor of Science, Accounting, University of Delaware



PROFESSIONAL ORGANIZATIONS

- American Institute of Certified Public Accountants
- Pennsylvania Government Finance Officers Association
- Pennsylvania Institute of Certified Public Accountants
 - Local Government Accounting and Auditing Committee - Member
- Government Finance Officers Association of the United States and Canada

PROFESSIONAL CERTIFICATIONS

- Certified Public Accountant
- Certified Internal Controls Auditor

COMMUNITY INVOLVEMENT

- Gateway Grace Community Church, Treasurer

CONTINUING PROFESSIONAL EDUCATION

- In excess of 40 hours annually
- Receives in excess of 24 hours annually and 80 hours in total every two years qualified under Generally Accepted Government Auditing Standards



Charles Kelly, CPA

Senior Audit Manager – CAFR and Railroad Audit



RELEVANT EXPERIENCE

- Involved in the planning, re-engineering and performance of audits, single audits, reviews, and compilations in various industries including: state and local government, financial institutions, nonprofit, and educational institutions
- He has been involved in the financial and compliance audits of a number of our government clients, including the following:
 - State of South Carolina
 - Washington Metropolitan Area Transit Authority
 - Florida State Board of Administration
 - Federal Deposit Insurance Corporation (including consulting for financial institutions)
 - Fannie Mae
- Performed A-133 single audits, specializing in Title IV student financial aid audits
- Involved in the planning and design phases for the generation of SOX documentation for Fannie Mae and several other financial institutions
- Advanced user and office trainer of the statistical analysis software tool, Interactive Data Extraction and Analysis (IDEA)

RESULTS OBTAINED FOR CLIENTS

- Assisted governments (clients and non-clients) in obtaining and retaining the GFOA Certificate of Achievement for Excellence in Financial Reporting award
- Performed agreed-upon procedures engagements on contracts entered into by governmental entities. Engagements resulted in sums to be recovered
- Assisted in training client personnel to prepare government required reports
- FDIC – managed material loss reviews for failed banks to assess the effectiveness of prior examiner supervision and to determine the cause(s) of the failure
- Fannie Mae – designed controls to ensure data integrity for a system used to prepare market valuations for a \$1.7 trillion portfolio
- Performed commercial audits for financial institutions with total assets ranging up to \$21 billion



EDUCATION

- Master degree with a concentration accounting, Virginia Polytechnic Institute, 2003
- Bachelor of science degree with a double major in accounting and finance, Virginia Polytechnic Institute, 2000

PROFESSIONAL ORGANIZATIONS

- Maryland Association of Certified Public Accountants- member
- Maryland Government Finance Officers Association- member
- Maryland Chapter of the Financial Managers Society - treasurer

PROFESSIONAL CERTIFICATIONS

Certified Public Accountant

COMMUNITY INVOLVEMENT

Virginia Polytechnic Institute Alumni Association- member

CONTINUING PROFESSIONAL EDUCATION

- In excess of 40 hours annually
- Receives in excess of 24 hours annually and 80 hours in total every two years qualified under Generally Accepted Government Auditing Standards



Jim Kreiser; CFSA, CISA

Senior Manager, Business Risk Services and Regional IT Advisory Service

RELEVANT EXPERIENCE

- Jim has 15 years of experience and specializes in serving state and local governments and commercial entities, including:
 - AmerisourceBergen
 - Commonwealth of Pennsylvania
 - SunGard
 - State of Maryland
 - Various counties in PA and MD
- Served as the Vice President of Risk Management & Chief Internal Auditor for a \$3 Billion non-profit healthcare organization
- Managed several Sarbanes-Oxley and Model Audit Rule (NAIC) engagements regarding financial reporting risks and controls. Duties including review of staff work, research, report drafting/review and drafting of management letters
- Directed IT Risk Management engagements at global companies in the areas of Internal Audit, Financial Audit Integration, Mergers & Acquisition, Systems Development and Deployment
- Led IT Effectiveness assessments, ERP Integrity reviews, Data Governance, Business Continuity Planning, E-GRC, SAS-70 audits, FISMA, Software and Vendor evaluations
- Reported audit findings and remediation plans to Audit Committees and executive management
- Project leader on several ERP systems integrations projects across several functional areas
- Led IT Audit of IT General Controls and Application Controls at Washington Metropolitan Transportation Authority (WMATA)
- Managed pre-implementation and post-implementation reviews at Global Manufacturing Companies and State Government Entities.

AREAS OF SPECIALIZATION

- Auditing, enterprise risk, IT advisory and consulting with an emphasis on commercial entities and state and local governments



EDUCATION

- Bachelor of Science, Managerial Economics and Philosophy,
Carnegie Mellon University

PROFESSIONAL ORGANIZATIONS

- Institute of Internal Auditors
- Information Systems Audit & Control Association

PROFESSIONAL CERTIFICATIONS

- Certified Financial Services Auditor
- Certified Information Systems Auditor



Appendix C: Sample Reports



State of South Carolina



Office of the State Auditor



Independent Auditors' Report

The Honorable Mark Sanford, Governor
 and Members of the General Assembly
 State of South Carolina
 Columbia, South Carolina

We have jointly audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of South Carolina (the State), as of and for the year ended June 30, 2010, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not jointly audit the financial statements of certain agencies and component units of the State of South Carolina, which represent the indicated percent of total assets and total revenues as presented in the table below. Those financial statements were audited by other auditors, including Clifton Gunderson LLP acting separately, whose reports thereon have been furnished to us, and our opinion, insofar as it related to the amounts included for those agencies and component units, is based solely on the reports of the other auditors.

	Percentage Audited by Clifton Gunderson Separately		Percentage Audited by Other Auditors	
	Total Assets	Total Revenue	Total Assets	Total Revenue
<u>Government-wide</u>				
Governmental activities	-	-	67	18
Business-type activities	-	-	98	99
Component units	-	-	100	100
<u>Fund Statements</u>				
Governmental Funds	-	-	18	10
Enterprise Funds	-	-	98	100
Internal Service Funds	-	-	84	96
Fiduciary Funds	84	41	14	59

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the discretely presented component units identified in Note 1(a) were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.

