

Master

Cost proposal to provide
auditing services to the

State of West Virginia

RFP Number: FAR110000

June 2, 2011

Submitted by: Ernst & Young

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Attachment C: Cost sheet

Ernst & Young's estimated fees

We are pleased to present the following fee estimates for the annual financial statement audits of the State of West Virginia. Our fee estimates are based upon our understanding of your service needs as outlined in our Technical Response to your RFP. Our fee estimates are based upon the quality inherent in our streamlined audit process, experienced professionals and quality control checks and safeguards we have in place. We feel such quality is an attribute that management should cultivate from its auditor, particularly in the current business environment. Such quality is our commitment to all of our clients and would be a central aspect of our continued working relationship with the State.

CAFR and Single Audit	All-inclusive maximum price*
Audit for Fiscal Year 2011	\$ 1,089,760
Audit for Fiscal Year 2012	\$ 1,045,710

State Rail	All-inclusive maximum price*
Audit for Fiscal Year 2011	\$ 32,975
Audit for Fiscal Year 2012	\$ 32,975

*We will absorb out-of-pocket expenses incurred conducting the audit.

Attachment C: Cost sheet

Anticipated hours and professional rates per hour

**Cost proposal for CAFR and Single Audit
(All inclusive)
Fiscal Year 2011**

	Hours	Hourly rate	Total
Partners/Member/Executive Director	300	\$ 350	\$ 105,000
Senior Manager	624	255	159,120
Managers	442	185	81,770
Audit Seniors	1,436	160	229,760
Supervisory Staff	1,244	125	155,500
Staff	1,414	110	155,540
Subcontractor Staff	1,337	100	133,700
ITRA Partner/Executive Director	40	350	14,000
ITRA Senior	154	155	23,870
ITRA Staff	210	110	23,100
Actuary	21	400	8,400
Total Maximum Fee	7,222		\$ 1,089,760

Note: We will absorb out-of-pocket expenses incurred conducting the audit.

**Cost proposal for State Rail
(Separately Published Audit)
Fiscal Year 2011**

	Hours	Hourly rate	Total
Partners	12	\$ 350	\$ 4,200
Managers	25	185	4,625
Audit Seniors	75	160	12,000
Supervisory Staff	40	125	5,000
Staff	65	110	7,150
Total Maximum Fee	217		\$ 32,975

Note: We will absorb out-of-pocket expenses incurred conducting the audit.

Attachment C: Cost sheet

Cost proposal for CAFR and Single Audit (All inclusive) Fiscal Year 2012

	Hours	Hourly rate	Total
Partners/Member/Executive Director	300	\$ 350	\$ 105,000
Senior Manager	624	255	159,120
Managers	430	185	79,550
Audit Seniors	1,254	160	200,640
Supervisory Staff	1,256	125	157,000
Staff	1,425	110	156,750
Subcontractor Staff	1,200	100	120,000
ITRA Partner/Executive Director	40	350	14,000
ITRA Senior	150	155	23,250
ITRA Staff	200	110	22,000
Actuary	21	400	8,400
Total Maximum Fee	6,900		\$ 1,045,710

Note: We will absorb out-of-pocket expenses incurred conducting the audit.

Cost proposal for State Rail (Separately Published Audit) Fiscal Year 2012

	Hours	Hourly rate	Total
Partners	12	\$ 350	\$ 4,200
Managers	25	185	4,625
Audit Seniors	75	160	12,000
Supervisory Staff	40	125	5,000
Staff	65	110	7,150
Total Maximum Fee	217		\$ 32,975

Note: We will absorb out-of-pocket expenses incurred conducting the audit.

Should it become necessary for the State to request Ernst & Young to render any additional services either to supplement the services requested in your RFP or to perform additional work unforeseen at the issuance of the RFP, but necessary to fulfill results required in the RFP, we will provide a written addendum to the contract between the State and Ernst & Young. Any such additional work agreed to between the State and Ernst & Young will be performed at the same rates set forth in the schedule of fees provided above.

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: Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; or, Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or, Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; or,
2. Application is made for 2.5% resident vendor preference for the reason checked: X 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: 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: 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: 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: 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: Ernst & Young LLP / Suttle & Stalnaker, PLLC / Dearien & Company, A.C. Signed: [Signature] Title: Partner / Member / Owner Date: June 2, 2011

*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 instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities. "Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

EXCEPTION: The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

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

WITNESS THE FOLLOWING SIGNATURE

Vendor's Name: Ernst & Young LLP

Authorized Signature: [Signature] Partner Date: 6-2-11

State of West Virginia

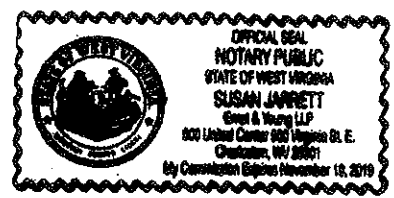
County of Kanawha, to-wit:

Taken, subscribed, and sworn to before me this 2 day of June, 2011.

My Commission expires November 18, 2019.

AFFIX SEAL HERE

NOTARY PUBLIC [Signature]



RFQ No. FAR110000

STATE OF WEST VIRGINIA
Purchasing Division

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EXCEPTION: The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

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

WITNESS THE FOLLOWING SIGNATURE

Vendor's Name: Suttle & Stalnaker, PLLC

Authorized Signature: [Signature] Date: 6/2/11

State of West Virginia

County of Kanawha, to-wit:

Taken, subscribed, and sworn to before me this 2 day of June, 2011.

My Commission expires November 18, 2019.

AFFIX SEAL HERE

NOTARY PUBLIC

[Signature]



Ernst & Young

Assurance | Tax | Transactions | Advisory

About Ernst & Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 141,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

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