



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
 LOT479

PAGE
 1

ADDRESS CORRESPONDENCE TO ATTENTION OF:
 SHELLY MURRAY
 304-558-8801

VENDOR

RFQ COPY
 TYPE NAME/ADDRESS HERE
 Arnett & Foster, PLLC
 PO Box 2629
 Charleston, WV 25329

SHIP TO

LOTTERY COMMISSION
 312 MACCORKLE AVENUE, SE
 CHARLESTON, WV
 25314-1143 558-0500

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
11/14/2011				

BID OPENING DATE: 12/22/2011 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
0001	1	HR		946-20		\$29,500
<p>AUDITING SERVICES</p> <p>REQUEST FOR QUOTATION (RFQ)</p> <p>THE WEST VIRGINIA PURCHASING DIVISION, FOR THE AGENCY, THE WEST VIRGINIA LOTTERY, IS SOLICITING BIDS FOR SSAE16 REVIEW OF GTECH CORPORATION PER THE ATTACHED SPECIFICATIONS.</p> <p>TECHNICAL QUESTIONS MUST BE SUBMITTED IN WRITING TO SHELLY MURRAY AND ALAN CUMMINGS IN THE WV PURCHASING DIVISION VIA MAIL AT THE ADDRESS SHOWN AT THE TOP OF THIS RFQ, VIA FAX AT 304-558-4115, OR VIA EMAIL AT SHELLY.L.MURRAY@WV.GOV AND ALAN.W.CUMMINGS@WV.GOV. DEADLINE FOR ALL TECHNICAL QUESTIONS IS 12/08/2011 AT THE CLOSE OF BUSINESS. ALL TECHNICAL QUESTIONS RECEIVED WILL BE ANSWERED BY ADDENDUM AFTER THE DEADLINE.</p> <p>QUESTIONS CONCERNING THE ACTUAL PROCESS BY WHICH A VENDOR MAY SUBMIT A BID TO THE STATE OF WEST VIRGINIA ARE NOT CONSIDERED TO BE TECHNICAL QUESTIONS AND MAY BE SUBMITTED AT ANY TIME PRIOR TO THE RFQ OPENING DATE AND IN ANY FORMAT.</p> <p>EXHIBIT 3</p> <p>LIFE OF CONTRACT: THIS CONTRACT BECOMES EFFECTIVE ON</p>						

RECEIVED
 2011 DEC 22 PM 3:40
 WV PURCHASING DIVISION

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE <i>Rome Elbert J.</i>	TELEPHONE 304-346-0441	DATE 12-22-11
TITLE PLLC Member	FEIN 55-0486667	ADDRESS CHANGES TO BE NOTED ABOVE

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

GENERAL TERMS & CONDITIONS
REQUEST FOR QUOTATION (RFQ) AND REQUEST FOR PROPOSAL (RFP)

1. Awards will be made in the best interest of the State of West Virginia.
 2. The State may accept or reject in part, or in whole, any bid.
 3. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125 fee.
 4. All services performed or goods delivered under State Purchase Order/Contracts are to be continued for the term of the Purchase Order/Contracts, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods this Purchase Order/Contract becomes void and of no effect after June 30.
 5. Payment may only be made after the delivery and acceptance of goods or services.
 6. Interest may be paid for late payment in accordance with the *West Virginia Code*.
 7. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*.
 8. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
 9. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
 10. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern the purchasing process.
 11. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
 12. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, the State may deem this contract null and void, and terminate such contract without further order.
 13. **HIPAA BUSINESS ASSOCIATE ADDENDUM:** The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, is available online at www.state.wv.us/admin/purchase/vrc/hipaa.html and is hereby made part of the agreement provided that the Agency meets the definition of a Cover Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.
 14. **CONFIDENTIALITY:** The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/noticeConfidentiality.pdf>.
 15. **LICENSING:** Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, and the West Virginia Insurance Commission. The vendor must provide all necessary releases to obtain information to enable the director or spending unit to verify that the vendor is licensed and in good standing with the above entities.
 16. **ANTITRUST:** In submitting a bid to any agency for the State of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will convey, sell, assign or transfer to the State of West Virginia all rights, title and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to the bidder.
- I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, or person or entity submitting a bid for the same material, supplies, equipment or services and is in all respects fair and without collusion or fraud. I further certify that I am authorized to sign the certification on behalf of the bidder or this bid.

INSTRUCTIONS TO BIDDERS

1. Use the quotation forms provided by the Purchasing Division. Complete all sections of the quotation form.
2. Items offered must be in compliance with the specifications. Any deviation from the specifications must be clearly indicated by the bidder. Alternates offered by the bidder as EQUAL to the specifications must be clearly defined. A bidder offering an alternate should attach complete specifications and literature to the bid. The Purchasing Division may waive minor deviations to specifications.
3. Unit prices shall prevail in case of discrepancy. All quotations are considered F.O.B. destination unless alternate shipping terms are clearly identified in the quotation.
4. All quotations must be delivered by the bidder to the office listed below prior to the date and time of the bid opening. Failure of the bidder to deliver the quotations on time will result in bid disqualifications: Department of Administration, Purchasing Division, 2019 Washington Street East, P.O. Box 50130, Charleston, WV 25305-0130
5. Communication during the solicitation, bid, evaluation or award periods, except through the Purchasing Division, is strictly prohibited (W.Va. C.S.R. §148-1-6.6).



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<p>AWARD AND EXTENDS FOR A PERIOD OF ONE (1) YEAR OR UNTIL SUCH "REASONABLE TIME" THEREAFTER AS IS NECESSARY TO OBTAIN A NEW CONTRACT OR RENEW THE ORIGINAL CONTRACT. THE "REASONABLE TIME" PERIOD SHALL NOT EXCEED TWELVE (12) MONTHS. DURING THIS "REASONABLE TIME" THE VENDOR MAY TERMINATE THIS CONTRACT FOR ANY REASON UPON GIVING THE DIRECTOR OF PURCHASING 30 DAYS WRITTEN NOTICE.</p> <p>UNLESS SPECIFIC PROVISIONS ARE STIPULATED ELSEWHERE IN THIS CONTRACT DOCUMENT, THE TERMS, CONDITIONS AND PRICING SET HEREIN ARE FIRM FOR THE LIFE OF THE CONTRACT.</p> <p>RENEWAL: THIS CONTRACT MAY BE RENEWED UPON THE MUTUAL WRITTEN CONSENT OF THE SPENDING UNIT AND VENDOR, SUBMITTED TO THE DIRECTOR OF PURCHASING THIRTY (30) DAYS PRIOR TO THE EXPIRATION DATE. SUCH RENEWAL SHALL BE IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE ORIGINAL CONTRACT AND SHALL BE LIMITED TO TWO (2) ONE (1) YEAR PERIODS.</p> <p>CANCELLATION: THE DIRECTOR OF PURCHASING RESERVES THE RIGHT TO CANCEL THIS CONTRACT IMMEDIATELY UPON WRITTEN NOTICE TO THE VENDOR IF THE COMMODITIES AND/OR SERVICES SUPPLIED ARE OF AN INFERIOR QUALITY OR DO NOT CONFORM TO THE SPECIFICATIONS OF THE BID AND CONTRACT HEREIN.</p> <p>OPEN MARKET CLAUSE: THE DIRECTOR OF PURCHASING MAY AUTHORIZE A SPENDING UNIT TO PURCHASE ON THE OPEN MARKET, WITHOUT THE FILING OF A REQUISITION OR COST ESTIMATE, ITEMS SPECIFIED ON THIS CONTRACT FOR IMMEDIATE DELIVERY IN EMERGENCIES DUE TO UNFORESEEN CAUSES (INCLUDING BUT NOT LIMITED TO DELAYS IN TRANSPORTATION OR AN UNANTICIPATED INCREASE IN THE VOLUME OF WORK.)</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE <i>Sam Elliot</i>	TELEPHONE 304-346-0441	DATE 12-22-11
TITLE PLLC Member	FEIN 55-0486667	ADDRESS CHANGES TO BE NOTED ABOVE

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ADDRESS CORRESPONDENCE TO ATTENTION OF:
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 304-558-8801**

VENDOR
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11/14/2011				

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LINE	QUANTITY	UOP	CAT NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>QUANTITIES: QUANTITIES LISTED IN THE REQUISITION ARE APPROXIMATIONS ONLY, BASED ON ESTIMATES SUPPLIED BY THE STATE SPENDING UNIT. IT IS UNDERSTOOD AND AGREED THAT THE CONTRACT SHALL COVER THE QUANTITIES ACTUALLY ORDERED FOR DELIVERY DURING THE TERM OF THE CONTRACT, WHETHER MORE OR LESS THAN THE QUANTITIES SHOWN.</p> <p>ORDERING PROCEDURE: SPENDING UNIT(S) SHALL ISSUE A WRITTEN STATE CONTRACT ORDER (FORM NUMBER WV-39) TO THE VENDOR FOR COMMODITIES COVERED BY THIS CONTRACT. THE ORIGINAL COPY OF THE WV-39 SHALL BE MAILED TO THE VENDOR AS AUTHORIZATION FOR SHIPMENT, A SECOND COPY MAILED TO THE PURCHASING DIVISION, AND A THIRD COPY RETAINED BY THE SPENDING UNIT.</p> <p>BANKRUPTCY: IN THE EVENT THE VENDOR/CONTRACTOR FILES FOR BANKRUPTCY PROTECTION, THE STATE MAY DEEM THE CONTRACT NULL AND VOID, AND TERMINATE SUCH CONTRACT WITHOUT FURTHER ORDER.</p> <p>THE TERMS AND CONDITIONS CONTAINED IN THIS CONTRACT SHALL SUPERSEDE ANY AND ALL SUBSEQUENT TERMS AND CONDITIONS WHICH MAY APPEAR ON ANY ATTACHED PRINTED DOCUMENTS SUCH AS PRICE LISTS, ORDER FORMS, SALES AGREEMENTS OR MAINTENANCE AGREEMENTS, INCLUDING ANY ELECTRONIC MEDIUM SUCH AS CD-ROM.</p> <p>REV. 05/26/2009</p> <p style="text-align: center;">NOTICE</p> <p>A SIGNED BID MUST BE SUBMITTED TO:</p> <p style="text-align: center;">DEPARTMENT OF ADMINISTRATION PURCHASING DIVISION</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE <i>Rene Ellis</i>	TELEPHONE 304-346-0441	DATE 12-22-11
TITLE PLLC Member	FEIN 55-0486667	ADDRESS CHANGES TO BE NOTED ABOVE



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BID OPENING DATE: **12/22/2011** BID OPENING TIME **01:30PM**

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
				BUILDING 15 2019 WASHINGTON STREET, EAST CHARLESTON, WV 25305-0130		
<p>THE BID SHOULD CONTAIN THIS INFORMATION ON THE FACE OF THE ENVELOPE OR THE BID MAY NOT BE CONSIDERED:</p> <p>SEALED BID</p> <p>BUYER: SHELLY MURRAY / FILE 31</p> <p>RFQ. NO.: LOT479</p> <p>BID OPENING DATE: 12/22/2011</p> <p>BID OPENING TIME: 1:30 PM</p> <p>PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR BID: 304-346-8333</p> <p>-----</p> <p>CONTACT PERSON (PLEASE PRINT CLEARLY): Lane Ellis, Jr.</p> <p>-----</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE *Lane Ellis, Jr.* TELEPHONE 304-346-0441 DATE 12-22-11

TITLE PLLC Member FEIN 55-0486667 ADDRESS CHANGES TO BE NOTED ABOVE

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LINE	QUANTITY	UOP	CAT NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
***** THIS IS THE END OF RFQ LOT479 ***** TOTAL:						\$29,500

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE *[Signature]* TELEPHONE 304-346-0441 DATE 12-22-11

TITLE PLLC Member FEIN 55-0486667 ADDRESS CHANGES TO BE NOTED ABOVE

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ADDRESS CORRESPONDENCE TO ATTENTION OF
SHELLY MURRAY 304-558-8801

VENDOR

*709041713 304-346-0441
 ARNETT & FOSTER PLLC
 PO BOX 2629
 CHARLESTON WV 25329

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DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
12/12/2011				

BID OPENING DATE: 12/28/2011 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
----- ADDENDUM NO. 1 -----						
THIS ADDENDUM IS ISSUED TO ADDRESS THE QUESTIONS RECEIVED PRIOR TO THE QUESTION SUBMISSION DEADLINE OF 12/08/2011.						
THE BID OPENING IS EXTENDED:						
FROM: 12/22/2011						
TO : 12/28/2011						
0001	1	HR		946-20		\$29,500
AUDITING SERVICES						
EXHIBIT 10						
REQUISITION NO.: LOT479						
ADDENDUM ACKNOWLEDGEMENT						
I HEREBY ACKNOWLEDGE RECEIPT OF THE FOLLOWING CHECKED ADDENDUM(S) AND HAVE MADE THE NECESSARY REVISIONS TO MY PROPOSAL, PLANS AND/OR SPECIFICATION, ETC.						
ADDENDUM NO.'S:						
NO. 1 X - Addendum No. 1 Received						
NO. 2 						
NO. 3 						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS			
SIGNATURE	TELEPHONE	DATE	
<i>Rose Elia</i>	304-346-0441	12-22-11	
TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE	
PLLC Member	55-0486667		

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GENERAL TERMS & CONDITIONS REQUEST FOR QUOTATION (RFQ) AND REQUEST FOR PROPOSAL (RFP)

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 14. **CONFIDENTIALITY:** The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/noticeConfidentiality.pdf>.
 15. **LICENSING:** Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, and the West Virginia Insurance Commission. The vendor must provide all necessary releases to obtain information to enable the director or spending unit to verify that the vendor is licensed and in good standing with the above entities.
 16. **ANTITRUST:** In submitting a bid to any agency for the State of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will convey, sell, assign or transfer to the State of West Virginia all rights, title and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to the bidder.
- I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, or person or entity submitting a bid for the same material, supplies, equipment or services and is in all respects fair and without collusion or fraud. I further certify that I am authorized to sign the certification on behalf of the bidder or this bid.

INSTRUCTIONS TO BIDDERS

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3. Unit prices shall prevail in case of discrepancy. All quotations are considered F.O.B. destination unless alternate shipping terms are clearly identified in the quotation.
4. All quotations must be delivered by the bidder to the office listed below prior to the date and time of the bid opening. Failure of the bidder to deliver the quotations on time will result in bid disqualifications: Department of Administration, Purchasing Division, 2019 Washington Street East, P.O. Box 50130, Charleston, WV 25305-0130
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LINE	QUANTITY	UOP	CAT NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
NO. 4					
NO. 5					
<p>I UNDERSTAND THAT FAILURE TO CONFIRM THE RECEIPT OF THE ADDENDUM(S) MAY BE CAUSE FOR REJECTION OF BIDS.</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>..... SIGNATURE Arnett & Foster, PLLC COMPANY 12-22-11 DATE</p> <p>NOTE: THIS ADDENDUM ACKNOWLEDGEMENT SHOULD BE SUBMITTED WITH THE BID.</p> <p>----- END OF ADDENDUM NO. 1 -----</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	TELEPHONE	DATE
<i>Ram Elbert</i>	304-346-0441	12-22-11
TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE
PLLC Member	55-0486667	

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

WEST VIRGINIA LOTTERY

LOT479

ADDENDUM #1

QUESTION #1: In reference to the RFQ LOT 479 – West Virginia Lottery (WVL) SSAE 16 Review of GTECH, we would like to request the following technical information to be provided for proper bid preparation:

- Copy of the current Lottery Games Operation Services contract between the WVL and GTECH.

ANSWER #1: The current Lottery Games Operation Services contract between the WVL and GTECH is LOT327. A copy of this contract may be obtained by contacting the Purchasing Division at 304-558-2306.

State of West Virginia

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.

- 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

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

- 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

- 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

- 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

- 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: Arnett & Foster, PLLC
Date: 12/22/11

Signed: [Signature]
Title: PLLC Member

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

WEST VIRGINIA LOTTERY

REQUEST FOR QUOTATION

LOT479

STATEMENT ON STANDARDS FOR ATTESTATION ENGAGEMENTS NO.16 (SSAE 16)

REVIEW OF GTECH

WEST VIRGINIA LOTTERY
900 PENNSYLVANIA AVENUE
P O BOX 2067
CHARLESTON, WV 25327

WEST VIRGINIA LOTTERY

1.0 THE WEST VIRGINIA LOTTERY AND GTECH CORP.

1.1 The West Virginia Lottery

The West Virginia Lottery (Lottery) was created and organized in April 1985 to generate revenue to benefit the citizens of the state. Through the years, the mission has evolved to include the specific funding of programs benefiting education, senior citizens, tourism, and other programs as the Legislature may determine. To meet this requirement to generate revenues, the Lottery began selling instant game tickets on January 9, 1986, and began selling on-line game tickets on November 25, 1986.

The Lottery contracted with GTECH Corporation, Providence Rhode Island for the Instant and On-line Gaming System on June 28, 2009. The primary functions of the Instant and On-line Gaming System are as follows:

Transaction processing of Instant and On-line Products:

- Powerball (Multi-state Lottery (MUSL) product)
- Mega Millions (Multi-state Lottery (MUSL) product)
- Hot Lotto (Multi-state Lottery (MUSL) product)
- Daily 3
- Daily 4
- Cash 25
- Travel Keno

Transactions for each product offered:

- Sales
- Validations
- Terminal Reports
- Instant Ticket Validation
- Retrieval of report data
- Instant Product Inventory movement
- ICS processing
- Billing functions
- Promotions (Gaming promotions)
- Ticket Stock Inventory and Controls (GGuard)

WEST VIRGINIA LOTTERY

The GTECH Enterprise Series (ES) solution has been configured to provide a combination of performance, reliability, flexibility, and resilience over the term of the contract. The ES Transaction Engine (ESTE) is a key part of the ES solution.

The architecture comprises four redundant, physically separate, fully integrated ES Transaction Engines. Each runs on an IBM System p52a server. The four ES Transaction Engines are securely linked together (N-Plexed) across two data centers: the PDC in Charleston, West Virginia and a Backup Data Center (BDC) in the Middletown Mall in White Hall, West Virginia. These systems operate in a quadruplex configuration to provide multiple levels of redundancy. This configuration maintains operation and data integrity in the event of a system failure at the PDC or a total failure of the PDC requiring a failover to the two systems at the BDC. The IBM p52a servers were installed in April 2009 and operational in June 2009. The primary functions of the p52a servers are as follows:

- Instant & On-line Weekly Accounting
- Telemarketing (Instant Product)
- Sales Tracking (Instant & On-line Products)
- Billing (Instant & On-line Products)
- Prize Payments (Instant & On-line Products)
- Inventory Control (Instant Products)
- Retailer Tracking (Instant & On-line Products)
- Instant Product Reports
- Separate Billing Reports for Instant and On-line Products

- 1.2 Internal Control System (ICS) is used to balance the Instant and On-line Gaming System IBM eServers 3500. Two Systems are located in Charleston, WV, and one in White Hall, WV. All systems reside in Lottery Data Centers. GTECH is an international company that designs, manufactures, installs, and operates instant and on-line ticket wagering systems for domestic and foreign governments and government-licensed organizations.

GTECH is under the local management of the account executive. The organization is divided into the following departments:

- Field Services
- Computer Operations
- Marketing and Telsell
- Hotline

WEST VIRGINIA LOTTERY

GTECH instant and on-line gaming system includes the following components:

- Central Systems
- Disaster Recovery with Business Continuity
- Terminals – Altura (Online/Instants) and LTG (Pay n Play)
- Hardware and Software
- Services
- Personnel to manage, operate, support and maintain the systems.

The GTECH Online telecommunications network is comprised of the following technologies to support critical applications:

- Internet Protocol (IP) from terminal to host.
- A hybrid-technology, integrated online network.
- Approximately 95 percent VSAT
- Approximately 5 percent frame relay

The communication network provides a dedicated, always-on private network – consisting primarily of VSAT and frame relay (depending upon availability per retailer) to support end to end connectivity from the online lottery terminals to the data centers. Each data center will be connected via redundant, high bandwidth, T-3 ATM links to ensure that all transactions are logged at both data centers.

GTECH operates satellite technology from its satellite hubs in Nevada, Texas and Rhode Island. GTECH provides field service employees that provide support to the satellite (on premise equipment) and retailer terminals.

Each retailer location has a Lottery terminal, of which, there are two types, an On-line (Altura) and an LTG “Lottery to Go” (Pay n Play) terminal. Not all locations have the LTG terminals.

1.3 Office Locations

The Lottery operates out of two administrative offices, including a claim center and a warehouse, located at 900 Pennsylvania, Charleston, WV 25302. The West Virginia Lottery hot site is located at 2500 Fairmont Avenue, White Hall, West Virginia.

WEST VIRGINIA LOTTERY

The Gtech office is located at 1700 MacCorkle Avenue, SE, 5th Floor, Charleston, WV 25314.

2.0 GENERAL INFORMATION AND REQUIREMENTS

2.1 Background Investigations

Because of the relationship between the Lottery and GTECH, the Lottery will initiate investigations into the background of any firm, officers, principals, investors, owners, subcontractors, employees or any other associates of the vendor(s) it deems necessary at its sole discretion. Such background investigations may include, but not be limited to, financial/credit and criminal matters; other inquiries, as deemed appropriate to verify information and conduct the background investigation, and fingerprint identification by the Lottery, the West Virginia State Police and/or the Federal Bureau of Investigation. As a part of the overall background investigation, the Lottery may conduct site inspections of the vendor's facilities to determine that adequate physical security measures are utilized. Additional periodic background investigations may be conducted by the Lottery at its discretion at anytime.

2.2 Staffing

The Lottery reserves the right to reject any of the vendor's personnel that it deems unsuitable to work on the SSAE 16 Review. During the performance of this review, the vendor shall not employ or permit the employment of any unfit or unqualified person(s) not skilled in the tasks assigned to them. The vendor shall employ sufficient labor for carrying out work to full completion in the manner and time prescribed by any contract awarded pursuant to this RFQ. The vendor shall be responsible to the Lottery for the acts and omissions of the vendor's employees. In addition, the vendor shall enforce strict discipline among the vendor's employees in performing the services under the contract.

Any person employed by the vendor shall, at the written request of the Lottery, be removed forthwith by the vendor from work relating to the contract. If the person is not removed or if replacement personnel are deemed unsuitable for proper completion of the work, the Lottery may, through the West Virginia Purchasing Division upon thirty (30) days written notice, terminate the contract.

The vendor will be required to notify the Lottery in the event of change of personnel assigned to the review. This notification will be given with sufficient time, which will be determined by the Deputy Director of Traditional Security for

WEST VIRGINIA LOTTERY

the Lottery, to allow for any background investigation that may have to be performed on any vendor's employees that will be replacing current vendor's personnel.

2.3 Accounting Records

The vendor is required to maintain its books, records, and other evidence pertaining to the contract in accordance with Generally Accepted Accounting Principles. These records shall be available to the Lottery, its internal auditor or other designees at all times during the contract period and for a minimum of five (5) full years from the expiration date or the final payment of the contract, whichever is later.

3.0 SERVICES REQUIRED – SCOPE

The vendor will review of the Lottery's service organization, the instant and on-line vendor. The examination will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants -- Statement on Standards for Attestation Engagements No. 16 -- Reporting on Controls at a Service Organization (SOC1). Those standards require that the service auditor plan and perform the examination to obtain reasonable assurance about whether, in all material respects, the description is fairly presented and the controls were suitably designed and operating effectively to achieve the related control objectives stated in the AICPA guidelines throughout the audit period. The service auditor will obtain sufficient and appropriate evidence to provide a reasonable basis for their opinion.

The service auditor is responsible for expressing an opinion on:

- The fairness of the presentation of the description of the transaction processing system that was designed and implemented throughout the audit period.
- The suitability of the design of controls related to the control objectives stated in the AICPA guidelines, providing reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the audit period and user entities applied the complementary user entity controls contemplated in the design of GTECH WV's controls throughout the audit period.
- The operating effectiveness of controls tested, which together with the complementary user entity controls, would be necessary to provide reasonable assurance that the control objectives stated in the description were achieved and operated effectively through the audit period.

WEST VIRGINIA LOTTERY

- 3.1 The vendor will provide a report on policies, procedures, systems security and data integrity measures placed into operation. The vendor will also test the operating effectiveness of these measures. This is a report on GTECH's description of its control structure policies, procedures, systems security and data integrity that may be relevant to the Lottery's internal control structure. Whether such policies, procedures, systems security and data integrity measures were suitably designed to achieve specified control objectives, whether they have been and currently are placed in operation and whether the policies and procedures that are being tested have been operating with sufficient effectiveness to provide reasonable assurance that the related control objectives have been achieved.
- 3.2 The time period covered for any test should begin at the cutoff date for the last audit and continue through the last day of the period being audited.
- 3.3 The vendor will review the current Lottery Games Operation Services contract and using standard testing/reviewing techniques, ensure the existing On-line/Instant vendor is following contract guidelines.
- 3.4 Additional substantive procedures to Lottery transactions at GTECH may be required. These areas of interest will be described by the Lottery upon contract award.
- 3.5 Twenty-five (25) copies of the SSAE 16 report must be provided for the use of the Lottery and its independent auditors and issued by August 31st of each year.

4.0 REQUIRED DETAILS

4.1 Background and Management

Within ten days of contract award the successful vendor shall provide the following information or an indication that the information is not applicable to them and why not:

4.1.1 Business name and address of the vendor submitting the quotation and the names and addresses of the following:

- a. If the vendor is a partnership, all of the general and limited partners;

WEST VIRGINIA LOTTERY

- b. If the vendor is a trust, the trustee and all persons entitled to receive income or benefit from the trust;
 - c. If the vendor is a limited liability company or limited liability partnership, the members, partners, officers and directors;
 - d. If the vendor is an association, the members, officers and directors;
 - e. If the vendor is a corporation, the officers, directors, and each owner or holder, directly or indirectly, of any equity security or other evidence of ownership of any interest in the corporation; except that in the case of owners or holders of publicly held equity securities of a publicly traded corporation, only the names and addresses of those owning or holding five percent or more of the publicly held securities must be disclosed; and
 - f. If the vendor is a subsidiary company, each intermediary company, holding company or parent company involved therewith and the officers, directors and stockholders of each; except that, in the case of owners or holders of publicly held securities of an intermediary company, holding company, or parent company that is a publicly traded corporation, only the names and addresses of those owning or holding five percent or more of the publicly held security must be disclosed.
- 4.1.2 The type of business entity (e.g., corporation, partnership, etc.). If the vendor is a corporation, all states in which the vendor is authorized to do business and the nature of that business.
- 4.1.3 The place of the vendor's incorporation, if any.
- 4.1.4 The name, address, and telephone number of a representative to contact regarding all matters.
- 4.1.5 The name and telephone number of all attorneys and law firms representing the vendor in the State of West Virginia, if any.
- 4.1.6 A list of jurisdictions which the vendor has contracts to supply gaming materials, equipment or services.

WEST VIRGINIA LOTTERY

- 4.1.7 The details of any conviction by a federal or any state court of the vendor or any person whose name and address is required under number 4.1.1 for a criminal offense punishable by imprisonment for more than one year and the submission of a full set of fingerprints of such person made at a law enforcement agency by an agent or officer of such agency on forms supplied by the Lottery. Forms will be provided at a vendor's request.
- 4.1.8 The details of any disciplinary action taken by any state against the vendor or any person whose name and address is required under number 4.1.1 regarding any matter related to gaming services or the selling, leasing, offering for sale or lease, buying or servicing of gaming materials or equipment.
- 4.1.9 The details of any disciplinary action taken by a state against the vendor or any person whose name and address are required by number 4.1.1 regarding any order, judgment or decree of any court of competent jurisdiction, federal, or state authority permanently or temporarily enjoining him from, or otherwise limiting his participating in any type of professional or business practice or activity (i.e., licenses, suspension and/or revocation of same).
- 4.1.10 The details of any termination of a contract for any reason during the last five years.
- 4.1.11 The details of any assessment of penalties under any of its existing or past contracts, including the public jurisdiction, the reason for the penalties, and the penalty amount of each incident.
- 4.1.12 The vendor's and any subcontractor's Federal Employer Identification Number and the West Virginia Tax Identification Number shall be provided.

4.2 Vendor Experience

It is the desire of the Lottery that the vendor be a licensed CPA firm with five (5) years of prior experience in SAS70 reviews and one (1) year experience in SSAE 16 reviews with the systems used by GTECH and by the Lottery or with comparable systems. The vendor will be required to show evidence of qualifications within ten days of contract award. A vendor must furnish proof of its experience, competence and qualifications to provide the requested services

WEST VIRGINIA LOTTERY

to the satisfaction of the Lottery. Vendors should identify no less than two (2) comparable engagements, which have been conducted by the vendor over the past five years. These identified engagements will be used by the Lottery as technical references. The vendor should, therefore, indicate the names, titles, and telephone number(s) of the persons to be contacted for purposes of obtaining references, if so desired by the Lottery.

Subcontracts are not permissible.

4.3 Personnel

Within ten days of contract award successful vendor must provide personnel resumes that include the name, home address, home telephone number, title, responsibilities, education, and accounting, auditing, and EDP experience, including at least five years of experience and details of any experience that relates to providing services similar to those described in this RFQ, of all individuals, who will be assigned to work on any contract awarded pursuant to the RFQ, and the amount of time each will devote to such work. Sufficient detail must be provided to enable the Lottery to determine that the personnel assigned can perform the work specified in the RFQ. The Lottery reserves the right to reject the employees assigned to work on this review.

4.4 Conflict of Interest

Upon contract award successful vendor must disclose any potential conflict of interest relative to the performance of the requirements of this RFQ. Any vendor's employees who are former Lottery or GTech employees must be identified along with their position and responsibilities within the vendor's organization. Also, any personal or business relationship between the vendor, the principals, and employees assigned to the review and/or of their immediate families with any employee of the Lottery or GTECH must be disclosed. Any such relationship that might be perceived or represented as a conflict must be disclosed. If a conflict of interest does exist, the employee will be disqualified. Failure to disclose any such relationship may be a cause for contract termination or disqualification of the quotation.

4.5 Liability Insurance and Bond Coverage

The quotation must include a statement indicating the professional liability and general liability insurance that are carried by the vendor, including amounts of any per claim and aggregate limits, the amounts of deductibles, the name of the

WEST VIRGINIA LOTTERY

carrier, and the address of the carrier. In addition, a performance bond will be required equal to the amount of the bid.

4.6 Political Disclosure

Prior to the submission of the initial quotation, and submitted to the Lottery prior to award of contract, any vendor who is submitting an initial quotation to, or who has submitted such within the preceding twelve (12) months, or who has a current contract with the State Lottery Commission or any State agency, board, or commission or political subdivision, for any major procurement, shall file with the West Virginia Secretary of State a detailed itemized disclosure statement, subscribed and sworn to before an officer authorized to administer oaths, setting forth each contribution to any local, State, or Federal political candidate or political committee in West Virginia, made in the preceding three (3) years, or a statement that no such contributions have been made. See W. Va. Code §29-22-24(b). A copy of any such statement shall also be supplied with the firm's quotation.

4.7 Cost Bid (Attachment A)

WEST VIRGINIA LOTTERY

ATTACHMENT A

COST BID RFQ LOT479

PRINT NAME	Lane Ellis, Jr.
SIGNATURE	
COMPANY NAME	Arnett & Foster, PLLC
COMPANY ADDRESS	101 Washington Street, East
	Charleston, WV 25301
PHONE	304-346-0441
FAX	304-346-8333
EMAIL ADDRESS	Lane.Ellis@afnetwork.com

ALL-INCLUSIVE PRICE (Consists of all charges and expenses, including travel, meals and lodging.)	\$ 29,500
--	-----------

By my signature above I certify that the bid submitted meets or exceeds all the mandatory specifications of this RFQ. Additionally, I agree to provide any additional documentation deemed necessary by the State of West Virginia to demonstrate compliance with said mandatory specifications.

West Virginia Lottery
900 Pennsylvania Avenue
PO Box 2067
Charleston, West Virginia 25327

Proposal for

**Statement on Standards for Attestation Engagements No. 16
(SSAE16) Examination of GTECH Corporation
West Virginia Lottery Operations**

RFQ # LOT479

December 22, 2011

Prepared by:

**Arnett & Foster, P.L.L.C.
101 Washington Street, East
Charleston, West Virginia 25301**



SSAE16 Audit of GTECH Corporation West Virginia Lottery Operations

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December 22, 2011

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

Attention: Ms. Shelly Murray and Mr. Alan Cummings:

Re: SSAE16 Review of GTECH Corporation West Virginia Lottery Operations
(RFQ # LOT479)

We appreciate the opportunity for Arnett & Foster, P.L.L.C. (A&F) to provide a proposal for services to the West Virginia Lottery. To facilitate your analysis of our firm, we have prepared the information attached to this letter highlighting our extensive experience and qualifications in this specific type of engagement.

We consider it a privilege to have provided the SAS70 / SSAE16 services for the West Virginia Lottery since July 1, 2004.

We trust that this information will give you confidence about our firm, our professionalism, our expertise and our results. If you have further questions, please let me know.

Sincerely,

Lane Ellis, Jr., CPA, CISA, CVA

GLE/afp

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Lottery\2012\lottery_2009.doc

Innovation With Results

AF Center · 101 Washington Street, East · P.O. Box 2629 · Charleston, West Virginia 25329
304/346-0441 · 800/642-3601

www.afnetwork.com

RFQ § 2.0 General Information and Requirements

2.1 Background Investigations

A&F will gladly provide all requested information to accommodate the background investigation process. A&F personnel proudly adhere to the American Institute of CPA's professional standards and code of conduct. The professional personnel assigned to this engagement will be of the highest level of integrity and character. An excerpt from our firm's Core Values reads as follows:

Our Values

Although goals and plans change, values do not change. Values are timeless, enduring changing plans and objectives. Although we should all seek to follow the AIPCA's *Code of Professional Conduct*, certain values should be considered as our core operating values.

Integrity

To maintain and broaden public and client confidence, we will perform all responsibilities with the highest level of integrity. Integrity requires that we be, among other things, honest and candid within the constraints of client confidentiality. Integrity is measured in terms of what is right and just. Integrity is the quality from which the public trust derives and the benchmark against which we must ultimately test all decisions. Integrity is embodied in the phrase "it is the right thing to do".

Responsibility

In carrying out our work related responsibilities at A&F, we will exercise sensitive professional and moral judgments in all of our activities. As an accounting and consulting firm, we perform an essential role in society. Our role in society clearly demonstrates the worthwhile nature of our work. Consistent with that role, we have responsibilities to those who use our services and to each other. Our work ethic should produce quality results for our clients and coworkers.

Our staff assigned to the project have been cleared by the West Virginia Lottery in the recent SAS70 / SSAE16 audits we have conducted on their behalf.



2.2 Staffing

A&F understands the concerns regarding staffing and will provide only staffing appropriate for the engagement. West Virginia Lottery personnel have found the staff of our firm to be acceptable over the last several years of providing SAS70 / SSAE16 services.

2.3 Accounting Records

As a public accounting firm, we maintain all records pertaining to the engagement in accordance with Generally Accepted Accounting Principles. In addition, we participate in a peer review process routinely whereby another accounting firm conducts a formal review of our accounting principles and practices. Since the inception of A&F, there has never been an adverse finding during the peer review process.

We will maintain and make all records pertaining to the contract available to the West Virginia Lottery, its internal auditor, or other designees at all times during the contract period and for a minimum of five (5) full years from the expiration date or the final payment of the contract, whichever is later.

RFQ § 3.0 Services Required - Scope

3.1 Report

We will provide a report on GTECH's Description of its Gaming System and on the Suitability of the Design and Operating Effectiveness of Its Controls in accordance with the Statement on Standards for Attestation Engagements No. 16 (SSAE16) – Reporting on Controls at a Service Organization (SOC1) as described in the AICPA Professional Standards AT § 801. Our responsibility will be to express an opinion on the fairness of presentation of the description and the suitability of the design and operating effectiveness of the controls to achieve the control objectives stated in the description, based on our examination.

3.2 Time Period

We will provide an examination that encompasses the time period since the cutoff date for the last audit through the last day of the period being audited.

3.3 Services Contract Guidelines

We will review the current Lottery Games Operations Services contract to identify critical contract provisions. We will apply appropriate testing and review techniques to ensure the existing On-line/Instant vendor is following critical contract guidelines. In this quotation, we have included three days to accomplish this effort (as listed and included in Attachment A). If the West Virginia Lottery desires to expand such scope and time devoted to review and testing, we will do so at an hourly rate of \$135.00.



3.4 Substantive Procedures

We understand that substantive procedures related to Lottery transactions may be required and A&F will comply with this requirement.

3.5 Report Copies

We will provide twenty-five (25) copies of the SSAE16 Report to the West Virginia Lottery and its independent auditors by August 31st of each successive year assuming there are no delays in contract award and sufficient audit evidence is made available on a timely basis.

RFQ § 4.0 Required Details

4.1 Background and Management

Size and Organizational Structure of the Firm

Arnett & Foster, P.L.L.C. is the largest accounting and consulting firm based in the State of West Virginia. Recently we have opened another office in Columbus, Ohio. Our primary client service area includes all of West Virginia and surrounding states. In addition, we conduct projects in a number of other states throughout the U.S.

4.1.1 Business Name & Address

Mailing address	Street Address
Arnett & Foster, P.L.L.C. P. O. Box 2629 Charleston, West Virginia 25329	Arnett & Foster, P.L.L.C. 101 Washington Street, East Charleston, West Virginia 25301

4.1.1 a. – Not Applicable, A&F is not a partnership.

4.1.1 b. – Not Applicable, A&F is not a trust.

4.1.1 c. A&F is organized as a Professional Limited Liability Company (P.L.L.C.). The P.L.L.C. members and principals of Arnett & Foster, P.L.L.C. are as follows:

- Steven S. Robey, Presiding Member, Tax Member
- Jack Rossi, Audit Member
- Gary L. Swingle, Tax Member
- William H. McKee, Jr., Tax Member
- G. Lane Ellis, Jr., Consulting Services Member
- C. Greg Gibbs, Healthcare/Audit Member
- J. Keith Hutcheson, Healthcare/Audit Member



- Christopher E. Joseph, Consulting Services Member
- John Guido, Audit Member
- David D. Hill, Member, Executive Director
- Susan Barber, Audit Member
- Marie Castro, Audit Member
- Rod Hardy, Healthcare Member
- Skip Harless, Tax Member
- Keith Morgan, Consulting Services Member
- Chris Nice, Audit Member
- Mark Pendleton, Tax Member

4.1.1 d. – Not Applicable, A&F is not an association.

4.1.1 e. – Not Applicable, A&F is not a corporation.

4.1.1 f. – Not Applicable, A&F is not a subsidiary company.

4.1.2 The firm is presently organized as a Professional Limited Liability Company (P.L.L.C.) and is authorized to do business in West Virginia as well as various other states such as Ohio, Kentucky, Pennsylvania, Virginia, New Jersey, Kansas, New Mexico, and Alabama. The nature of the business A&F provides is accounting, auditing, tax and consulting services.

A&F – a Regional Firm with National Resources

Although A&F is an autonomous, independently owned regional firm, we are affiliated with the McGladrey Network which is an association of independent CPA firms. At the heart of the McGladrey Network, is RSM McGladrey, Inc.

Affiliation with McGladrey Alliance (McGladrey). Our Firm is committed to bringing quality service to our clients. In meeting this goal, we joined the McGladrey Alliance in August of 1991. The McGladrey Alliance is the premier network of independent accounting firms in the nation and consists of 90 firms throughout the United States. McGladrey & Pullen, LLP is the **5th largest** accounting and consulting affiliation serving over 70 countries. As a member of the McGladrey Alliance, Arnett & Foster, P.L.L.C. has access to the resources and services of McGladrey & Pullen, LLP, RSM, International and other members of the McGladrey Alliance.

We maintain our name, autonomy and independence as a locally-owned and responsive accounting firm for our own client fee arrangements, delivery of services and client relationships.

4.1.3 A&F was established as a P.L.L.C. in the State of West Virginia.



4.1.4 A&F's primary contact for this RFQ for all matters is:

Lane Ellis, Jr., CPA, CISA, CVA, ABV Phone: 304-346-0441
Arnett & Foster, P.L.L.C.
P. O. Box 2629
Charleston, West Virginia 25329

4.1.5 A&F is represented by the Law Firm of Kay Casto & Chaney PLLC (Jim Sturgeon 304-345-8900).

4.1.6 A&F does not have any contracts to supply gaming materials, equipment or services.

4.1.7 Not Applicable – no persons under 4.1.1 have been convicted of such offenses.

4.1.8 Not Applicable – no disciplinary actions have ever been taken against A&F or persons under 4.1.1.

4.1.9 Not Applicable – no disciplinary actions have ever been taken against A&F or persons under 4.1.1.

4.1.10 Not Applicable – A&F is not aware of any contract terminations not in the ordinary course of contract completion.

4.1.11 Not Applicable – No penalties have been assessed toward A&F under any of its existing or past contracts.

4.1.12 A&F's Federal Employer Identification Number is 55-0486667

A&F's West Virginia Tax Identification Number is 55-0486667

4.2 Vendor Experience

Types of IT Work Experience. The following examples of work A&F has been engaged in are offered for consideration.

Audits – Information Systems

- **SAS70 / SSAE16.** Our personnel have over 25 years of experience in Examination of Service Organizations and issuance of SAS70 /SSAE16 Reports. **We have issued SAS70 /SSAE16 reports for the West Virginia Lottery for periods beginning July 1, 2004.**



-
- **Security** reviews of Information Systems at numerous financial institutions on an annual basis and other entities with paperless systems.
 - **Internet Banking.** Evaluation of security issues for financial institutions to ensure proper operation of the Certification Authority.
 - **Analysis** of systems of control with the objective of identifying security risks.
 - **Operational IT (EDP) Audits** of financial institutions.
 - **Agreed upon procedures** engagements of claims processing entities.

Forensic Investigations – Information Systems

- **Identification** of employee thefts using audit techniques, forensic investigation to document the thefts and resulting report.
- **Verification** of misappropriation of financial institution assets for insurance claim verification.
- **Forensic** examinations of computers in various types of litigation.
- **Investigation** & expert testimony regarding software copyright infringement.

Evaluation and Selection – Information Systems

- Audit of needs analysis, systems evaluation, selection and implementation (and the phases of system development life cycle methodology which includes strategic planning).
- Determination of the definition of requirements for implementation of new computer systems.

Strategic Planning – Information Systems

- A&F has served as a facilitator and consultant in the development of information systems and business strategic plans.



Credentials

At A&F we believe an information systems auditor should be able to clearly understand the systems to be audited and the business environment in which they operate. As a result, our staff possesses credentials demonstrating the ability to clearly understand information technology. A brief summary of the professional credentials represented by our staff will follow.

CPA (Certified Public Accountants). To become a CPA, one must complete significant educational requirements, pass a difficult examination, meet specific experience requirements, and maintain the required level of annual continuing education throughout their involvement in the profession. To be successful, a CPA must demonstrate competence in management principles and business processes. National surveys indicate that CPAs, more than nearly any other profession, maintain the public's trust. As Certified Public Accountants and consultants, we regard our reputation as paramount to our success.

CISA (Certified Information Systems Auditors). To become certified, a CISA must pass an exceptionally detailed examination demonstrating an understanding of each phase of the **systems development life cycle**, meet experience requirements, and maintain the required level of education. The depth of understanding of information systems places a CISA as a highly qualified information systems consultant and auditor.



Certified Information Systems Security Professional –To become a CISSP, an applicant must demonstrate mastery of an international standard for information security and understanding of a Common Body of Knowledge (CBK), including a focus on the following areas:



1. Access Control Systems & Methodology
2. Applications & Systems Development
3. Business Continuity & Disaster Recovery Planning
4. Cryptography
5. Law, Investigation & Ethics
6. Operations Security (Computer)
7. Physical Security
8. Security Architecture & Models
9. Security Management Practices
10. Telecommunications & Network Security – I & II



CCP (Certified Computing Professional). The CCP certification program is directed toward senior level personnel in the information processing industry. CCP requirements include experience, professional qualification, a combination of examinations, and ethical practice. Acceptable forms of experience include data processing systems, programming, management, and teaching. Systems and programming experience gained while employed by computer equipment manufacturers, service centers, management consulting firms or educational institutions may be applied toward this requirement.

We believe that possessing multiple credentials and skill sets is a significant strength of A&F.

Qualifications

Under the AICPA standards, what qualifications should a CPA firm possess in order to perform a SSAE16 engagement for a data center?

Answer

1. Maintain a system of quality control for the accounting and auditing practice.
2. Possess appropriate technology skills.



Does Arnett & Foster, P.L.L.C. (A&F) meet the qualifications required by the AICPA for performing SSAE16 engagements?

Answer

Yes, A&F meets or exceeds AICPA requirements for performing SSAE16 engagements.

1. **Quality Control.** A&F is a member of the SEC Division of Firms. A&F maintains a system of quality control for its accounting and auditing practice that is subject to peer review and has received unqualified opinions on its system of quality control. Further, during the many years of participating in the peer review process, AICPA representatives have stated that A&F's quality control system ranks in the top 5% of firms nationally.
2. **Technology Skills.** A&F has conducted numerous technology engagements that demonstrate skills far exceeding the AICPA requirements. Additionally, credentials of A&F personnel speak to such technology skills (CISA, CISSP, etc.). We have a broad range of technology skills.



A few examples of technology engagements in our experience “bank” include:

Systems Auditing of **internet** based banking for financial institution clients, paperless systems, as well as many other entity types.

Electronic Data Interchange (EDI) systems experience in the healthcare and banking industry related both to auditing installed systems and aiding in the design and implementation of new EDI systems.

Project Management of a state-wide electronic reservation system for West Virginia State Parks, which includes consideration of an Internet-based reservation solution.

Systems Development of applications that facilitate electronic reporting from health care providers to their regulatory agency and an automated rate setting system that receives and processes provider information and determines rates of reimbursement in a very complex environment.

Commercial Distribution of vertical market software applications. We have developed software products for critical access hospitals, and long-term care entities for electronic reporting. Additionally, we have developed a general market software package which will run on an Intranet and functions as resource management software.

We at Arnett & Foster, P.L.L.C. take great pride in the fact that we uphold the highest standards of our profession. The continued growth of our Firm and our reputation depends upon our ability to maintain our technical competence and our awareness of the latest developments within the profession. This is accomplished by:

- **Membership in the American Institute of Certified Public Accountants (AICPA).** Our membership in the AICPA provides us continuing professional education courses for our members and staff, and the latest technical standards available as well as specialized accounting and industry guides.
- **Membership in the AICPA Division for CPA Firms.** Arnett & Foster, P.L.L.C. is a member of the SEC Practice Section (**SECPS**) of the AICPA Division for CPA Firms which were created by the AICPA to make the accounting profession more responsive to public needs. As a condition for membership in SECPS, members are subject to peer review. Peer reviews are conducted every three years and are conducted by other CPAs not associated with the Firm and include a review of the Firm’s audit and accounting engagements and its quality control system. Actual audit and accounting engagements are reviewed for compliance with generally accepted auditing standards (GAAS), generally accepted accounting principles (GAAP), and the Firm’s quality control standards. An



unqualified report signifies that the subject firm operates in compliance with the standards of quality required by member firms.

- **Continuing Professional Education (CPE) for our Staff.** As members of the AICPA Division for CPA firms, Arnett & Foster, P.L.L.C. must provide its professional staff with 120 hours of CPE during each three year period. Our members and staff typically average 50 hours of CPE each year.
- **Participating in the Leadership of the Accounting Profession.** Members of A&F are active in leadership roles and committee functions of various professional accounting organizations.
- **Active recruitment of qualified personnel.** Arnett & Foster, P.L.L.C.'s recruiting program extends to many of the college campuses throughout West Virginia and neighboring states. In addition, we actively recruit experienced professional staff with specialties, which we feel, will benefit our present and future clients.
- **Compliance with State Board of Accountancy Requirements.** CPAs with Arnett & Foster, P.L.L.C. are licensed by the appropriate State Boards of Accountancy in states in which we do business. Our CPAs are in compliance with the various Boards' requirements applicable to each of the states in which they are licensed.

Specific Experience. A&F has conducted the SAS70 / SSAE16 Audit for the West Virginia Lottery for a number of recurring engagements. The audit requirements mandated for A&F for these engagements is specifically similar to the requests put forth in the RFQ. A&F has met or exceeded these requirements in the completion and reporting of these previous engagements. Many of the credentials, qualifications, education, training and experience that have been highlighted in our proposal have been exhibited to the benefit of the West Virginia Lottery as well as the end users of the SAS70 / SSAE16 Report A&F has provided them in the past.

This experience, training and competence in the specific engagements referred to above has been applied to many other clients with expectations being met and exceeded; we, however, felt that the most relevant experience to share in our proposal would be that which would be most impactful to the West Virginia Lottery. Therefore, we shared our past experience with the West Virginia Lottery for your evaluation of our capability, service and end result.

References.

Mr. David P. Cook
Managing Senior Vice-President
Wells Fargo Disability Management
P.O. Box 3389
Charleston, WV 25333-3389

Phone: 304-347-3771
Email: david_cook@wellsfargo.com

Reference for: A&F technology skills, quality of workmanship, integrity and character. A&F provides SSAE16 Type II audit services.



Brad Bechtel, Vice-President
Of Employee Benefit Services
Allen Gibbs & Houlik, L.C.
301 North Main, Suite 1700
Wichita, Kansas 67202

Phone: 316-291-4131
Email: bjbechtel@aghlc.com

Reference for: A&F technology skills, quality of workmanship, integrity and character. A&F provides SSAE16 Type II audit services. Allen Gibbs & Houlik, L.C. is one of the Midwest's largest providers of 401(k), Flex Plans, and Cafeteria Plan services, providing their clients with Internet access to their 401(k) accounts for daily valuation and transaction services.

Randall E. Snider, CEO
Community Bank of Parkersburg
631 Juliana Street
Parkersburg, West Virginia 26101

Phone: 304-485-7991
Email: snider@communitybankpkbg.com

Reference for: A&F technology skills, quality of workmanship, integrity and character. A&F provided IT auditing services for e-commerce and Internet banking operations.

4.3 Personnel

Project Team – IT Audit Specialists

The members of our project team assigned to the engagement with the West Virginia Lottery will be:

Lane Ellis, Jr., CPA, CISA, CVA
Home Address: 83 Lakeview Drive, Elkview, West Virginia 25071
Home Phone: 304-965-7502

Keith Morgan, CISA, CCP, CISSP
Home Address: 521 Sheridan Circle, Charleston, West Virginia 25314
Home Phone: 304-343-2595

Lisa Stover, CISA
Home Address: 5301 Edgebrook Drive, Cross Lanes, West Virginia 25313
Home Phone: 304-776-8667

Abbey Duplaga
Home Address: 2068 Oakridge Drive, Charleston, West Virginia 25311
Home Phone: 304-951-0221



Trista Cline

Home Address: 138 Iroquois Trail, Ona, West Virginia 25545

Home Phone: 304-634-4891

Mallory Oshe

Home Address: 4420 MacCorkle Avenue #701, Charleston, West Virginia
25304

Home Phone: 304-532-1524

Amount of Time. Listed below is an estimate of the percentage of time that will be utilized by each professional involved in the engagement.

Name	Title	% of Project Time
Lane Ellis, Jr.	Member	5%
Keith Morgan	Member	10%
Lisa Stover	Manager	15%
Abbey Duplaga	Supervisor	30%
Trista Cline	Senior Associate	15%
Mallory Oshe	Associate	25%

See the following staff resumes for additional information about our staff.





LANE ELLIS, JR., CPA, CISA, CVA, ABV

Lane Ellis, Jr., is the member-in-charge of the Consulting Services (CS) Department of Arnett & Foster, P.L.L.C. Mr. Ellis has over thirty years accounting, auditing and CS experience.

Education

Mr. Ellis graduated magna cum laude from Marshall University in 1978 with a Bachelor of Science Degree in Business Administration with a concentration in accounting. Mr. Ellis averages above 70 hours annually of continuing education, which is well above the 40 hour average requirement.

Professional Credentials

Mr. Ellis is licensed as a Certified Public Accountant in West Virginia (Certificate 1235, February 4, 1980), and Kansas (Certificate N0266, February 18, 2004). Mr. Ellis is a member of the American Institute of Certified Public Accountants (admitted July 31, 1980), the Charleston Chapter of the West Virginia Society of Certified Public Accountants and the West Virginia Society of Certified Public Accountants (WVSCPAs) (Certificate 1039, February 4, 1980). Mr. Ellis is also a member of the Information Systems Audit and Control Association. In addition to being a CPA, Mr. Ellis has achieved the designation of Certified Information Systems Auditor (CISA) (Certificate 8605995, September 8, 1986), and Certified Valuation Analyst (CVA) (Certificate 960808, November 15, 1996).

Experience

Mr. Ellis has extensive experience in IT auditing. Mr. Ellis' broad experience also includes projects in retail and wholesale, distributors, natural resources, construction, state and local governments, non-profit, manufacturing, and health care providers. Specific information systems (IS) experience includes:



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- **SAS70 / SSAE16 Audits:** conducted SAS70 / SSAE16 Audits for over 20 years. Conducted the SSAE16 for the WV Lottery for the last several years.
 - **Strategic Planning:** serving as a facilitator and consultant in the development of information systems and business strategic plans.
 - **Forensic Investigator:** conducting forensic investigations related to the misappropriation and theft of assets using computer information systems,
 - **Instructor:** author of course book “*Preparing for an Information Systems Audit*” prepared for financial institutions data processing managers.
 - **IS Auditor:** as a CISA, conducted numerous IS audits.
 - **Consultant:** completed projects related to the evaluation and selection of information systems.





KEITH MORGAN, CCP, CISA, CISSP

Keith Morgan is a Member in Consulting Services at Arnett & Foster, P.L.L.C.

Education

Mr. Morgan is a graduate of Kent State University with a Bachelor of Science degree in Mathematics and holds a Masters of Arts in Mathematics and an Executive Masters in Business Administration both from West Virginia University.

Professional Credentials

Mr. Morgan is a Certified Information Systems Auditor (CISA) and a Certified Computer Programmer (CCP). Mr. Morgan is also a Certified Information Systems Security Professional (CISSP).

Experience

Mr. Morgan has over thirty years of experience in information systems ranging from systems programming through database design and including experience with large-scale online systems design and programming.

Mr. Morgan currently provides a wide range of consulting services, ranging from project management, to the development of new systems, and including Information Systems Audits and Reviews for banks and other clients throughout the region.

Mr. Morgan has been involved with numerous systems conversions and implementations of new systems. His experience includes:

- SAS70 /SSAE16 Audits, including the SAS70 / SSAE16 for the WV Lottery;
- Design and implementation of online claims processing systems;



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- Design of real-time order entry systems for manufacturing entities;
 - Design, implementation and management of a large scale IBM data center;
 - Design and programming of mainframe, client server and PC based application systems;
 - Hardware and software planning for healthcare and financial services clients;
 - Design and implementation of remote data entry systems for Medicare and Medicaid;
 - Design and implementation of PBX telephone systems on a multi-state basis; and,
 - Management of major systems implementation projects for manufacturing and insurance related companies.

Expert witness services related to forensic computer examinations.





LISA STOVER, CISA

Lisa Stover is a Manager in Consulting Services at Arnett & Foster, P.L.L.C.

Education

Ms. Stover graduated magna cum laude from West Virginia University Institute of Technology with a Bachelor of Science Degree in Accounting with a concentration in computer management. She is a member of the member of the Information Systems Audit and Control Association, the Healthcare Financial Management Association, and associate member of the WV Society of Certified Public Accountants.

Professional Credentials

Ms. Stover is a Certified Information Systems Auditor (CISA).

Experience

Ms. Stover has over seventeen years of experience in financial and data analysis and consulting. Projects and experience include:

- SAS70 / SSAE16 audits of service organizations, including disability claims managers and processors; health claims managers and processors; retirement plan administrators; and the West Virginia Lottery;
- Medicare and Medicaid reimbursement and consulting services for long-term care facilities;
- State-wide data analysis and marketability studies related to long-term healthcare;
- Prospective financial statements and compilations;
- Administration of the election process, transfer and data collection for transferees of a defined contribution plan to a defined benefit plan;



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- System conversion testing and analysis for document management systems;
 - Data validation and verification of unemployment compensation systems to federal guidelines;
 - Activity based costing for product and service pricing strategies, organizational profitability, and forecasting;
 - Process flowcharting and procedural documentation; and,
 - Database design, development, implementation, and support for projects related to:
 - Performance measures and dashboard reporting
 - Budgeting processes
 - Internal audit documentation and review processes





ABBEY J. DUPLAGA

Abbey Duplaga is a Supervisor in the Consulting Services Department at Arnett & Foster, P.L.L.C.

Education

Ms. Duplaga graduated from Marshall University's accredited Lewis College of Business with a Bachelor of Business Administration (BBA) degree, majoring in accounting.

Experience

Ms. Duplaga has acquired audit and analytical skills through working on the following projects:

- SAS70 / SAE16 Audits for service organizations; including the SAS70 / SSAE16 for the WV Lottery;
- Financial Audits for healthcare and banking institutions;
- IT Audits for banking institutions;
- Financial Statement;
- Compilations;
- Medicaid Cost Report preparation for Long Term Healthcare facilities;
- Charity Care reimbursement for healthcare institutions;
- Other various consulting services related to data analysis





TRISTA J. CLINE

Trista Cline is a Senior Associate in the Consulting Services Department at Arnett & Foster, P.L.L.C.

Education

Mrs. Cline graduated from Marshall University's accredited Lewis College of Business with a bachelor of Business Administration (BBA) degree, majoring in management information systems (MIS).

Experience

Mrs. Cline's experience while working at Arnett & Foster, P.L.L.C. includes the following:

- IT Audits for banking institutions;
- SAS70 / SSAE16 Audits for service organizations;
- Claims Administration for class action law suits;
- IT related consulting for healthcare organizations;
- IT related consulting for small businesses;
- Healthcare risk assessments;
- Other various consulting services related to data analysis.





MALLORY OHSE

Mallory Ohse is an Associate in the Consulting Services Department at Arnett & Foster, P.L.L.C.

Education

Ms. Ohse graduated from West Virginia University's College of Business and Economics with a Bachelor of Business Administration (BBA) degree, majoring in Accounting, and a Master of Professional Accountancy degree.

Experience

Ms. Ohse's experience while working at Arnett & Foster, P.L.L.C. includes the following:

- SSAE16 Audits for service organizations;
- Financial audits for healthcare organizations;
- Assistance with financial disclosures to regulatory agencies;
- Other various consulting services related to data analysis.



4.4 Conflict of Interest

Arnett & Foster PLLC does not have any potential conflict of interest with respect to the performance of the requirements of this RFQ. None of our employees are former West Virginia Lottery or GTECH Corporation employees. There are no personal or business relationships between the vendor, the principals, and employees assigned to the examination and/or of their immediate families with any employee of the West Virginia Lottery or GTECH Corporation.

Independence

Is A&F independent from GTECH Corporation and the West Virginia Lottery?

Answer

Yes, A&F can meet your needs without any concerns with regard to independence.

4.5 Liability Insurance and Bond Coverage

Arnett & Foster has professional liability and general liability insurance in the amounts of:

1. Professional Liability Insurance

Per Claim Limits:	\$10 Million
Aggregate Limits	\$10 Million
Deductibles	\$200,000
Carrier Name	CNA Insurance Company/Brunswick Companies
Carrier Address	2857 Riviera Drive Fairlawn OH 44333



2. General Liability Insurance

Per Claim Limits:	\$1 Million (\$4 million under Umbrella)
Aggregate Limits	\$1 Million (\$4 million under Umbrella)
Deductibles	\$500
Carrier Name	Westfield Insurance Companies
Carrier Address	P.O. Box 5001 (One Park Circle) Westfield Center OH 44251-5001

A&F will provide a performance bond in the amount of the bid when the contract is awarded.

4.6 Political Disclosure

Arnett & Foster, P.L.L.C. has not made any contributions to local, State or Federal political candidate or political committee in West Virginia during the preceding three (3) years.

4.7 Cost Proposal

Included is Attachment A indicating the amount of the cost proposal.

