

Cost Proposal

for Professional Auditing Services to

West Virginia Offices of the Insurance Commissioner

RFP INS12015

May 30, 2012

Dixon Hughes Goodman LLP

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May 30, 2012

Date



DIXON HUGHES GOODMAN_{LLP}

positively unique



DIXON HUGHES GOODMAN^{LLP}
Certified Public Accountants and Advisors

COST PROPOSAL

May 30, 2012

Purchasing Division
2019 Washington Street, East
P.O. Box 50130
Charleston, WV 25305-0130

RE: RFP INS12015

Dear Sir or Madam,

We are pleased to submit this Cost Proposal to the West Virginia Offices of the Insurance Commissioner (OIC). Through your review of the technical proposal, we believe that you will find that we are well prepared to provide the OIC with in-depth attention from an experienced, best-in-class client service team at a reasonable cost.

In choosing Dixon Hughes Goodman, we firmly believe you will be satisfied with the services you will receive, and we pledge the full resources of the firm to that end. We appreciate the opportunity to prepare this cost proposal for you and we look forward to establishing a productive relationship with the OIC.

Sincerely,

Norman C. Mosrie, CPA, CHFP, FHFMA
Partner-in-Charge of Assurance



Table of Contents

Attachment C: INS12015 Cost Sheet	1
Vendor Preference Certificate.....	2



Your decision to retain DHG as your independent auditor will not rest on any single factor. Rather, the combination of all factors you have requested makes our organization uniquely qualified to serve the OIC.

Our proposed fee of \$97,500 was estimated based on responses provided during the RFP process. This fee will not be exceeded, assuming there are no significant operational organizational changes or difficulties encountered with regard to the OIC's accounting records, and assuming the planned assistance and cooperation from your staff, as well as timely responsiveness of your third party administrator, independent actuary, and the West Virginia Investment Management Board in providing requested information. Should any such matters arise which may result in additional fees, we will discuss them with you on a timely basis.

DHG believes that developing a close, on-going working relationship will enhance the cost/benefit relationship of the services we will provide. We will be available to management throughout the year on an on-going basis to provide consultation on accounting and assurance matters. This consultation will be available at no charge, provided significant time is not involved to respond or develop a solution.

COST BID SCHEDULE Fiscal Year 2012

Dixon Hughes Goodman LLP

	<u>Hours</u>	<u>Hourly Rates</u>	<u>Total</u>
Partner/Director	<u>70</u>	\$ <u>350</u>	\$ <u>24,500</u>
Senior Consulting Actuary	<u>20</u>	\$ <u>310</u>	\$ <u>6,200</u>
Consulting Actuary	<u>45</u>	\$ <u>260</u>	\$ <u>11,700</u>
Senior Manager	<u>15</u>	\$ <u>220</u>	\$ <u>3,300</u>
Manager	<u>90</u>	\$ <u>165</u>	\$ <u>14,850</u>
Senior	<u>230</u>	\$ <u>150</u>	\$ <u>34,500</u>
Staff	<u>270</u>	\$ <u>125</u>	\$ <u>33,750</u>
Administrative Staff	<u>35</u>	\$ <u>55</u>	\$ <u>1,925</u>
	<u>775</u>		
		Subtotal	\$ 130,725
		Less Discount	\$ (33,225)
Cost to perform the audit (including out-of-pocket expenses)			\$ <u>97,500</u>

Confidential: The use of this document is solely for internal purposes by the management of the West Virginia Offices of the Insurance Commissioner and should not be distributed to third parties or used for any other purposes.





Vendor Preference Certificate

Rev. 09/08

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.

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:
☒ 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: Dixon Hughes Goodman LLP

Signed:

Norman C. Mosrie

Date: May 30, 2012

Title: Partner

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



