

Proposal to Provide Auditing and
Management Advisory Services

West Virginia Lottery

June 30, 2013

Buyer: Connie Oswald
Email: Connie.S.Oswald@wv.gov
RFQ Number: Lot 501
Bid Opening Date: February 28, 2013
Bid Opening Time: 1:30 pm
Firm Name: Gibbons & Kawash, CPAs
Address: 300 Chase Tower
707 Virginia St., East
Charleston, WV 25301
Telephone: 304-345-8400
Fax: 304-345-8451
Contacts: Robert R. Denyer
Robert E. Adams

By: Robert R. Denyer

Date: February 28, 2013

02/28/13 10:50:13 AM
West Virginia Purchasing Division

February 28, 2013

West Virginia Lottery
900 Pennsylvania Avenue
Charleston, West Virginia 25301

We are pleased to present our credentials to provide professional auditing services to the West Virginia Lottery (the Lottery). Gibbons & Kawash is a leader in providing services to state government entities and the gaming industry in West Virginia. As a client of our firm, you can be sure of our total commitment to provide timely, responsive and quality service.

Gibbons & Kawash has served the Lottery for over 13 years, a period in which the Lottery experienced substantial changes in operations. Racetrack video lottery has expanded to \$765 million and limited video lottery and table games were added during this period. Total revenues have grown from \$451 million and exceeded \$1.5 billion in 2012. Our personnel have experienced these substantial changes that have occurred in Lottery operations and you can be confident that Gibbons & Kawash understands Lottery operations as they exist today.

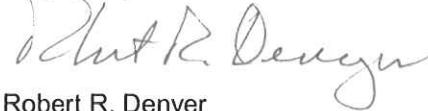
We will perform an audit of the Lottery's financial statements as of and for the year ended June 30, 2013, with the option of two additional one year renewals. Our audit will be performed in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. As described in Appendix B, we have committed an engagement team with extensive experience serving governmental entities and the gaming industry in West Virginia.

Providing audit services to state government entities is an important part of our practice and one in which we have extensive expertise. We have experience auditing 22 State of West Virginia component units. These component units individually range in size up to \$3 billion in assets and \$1.6 billion in revenue. Gibbons & Kawash has audited the Lottery for over 13 years and is knowledgeable and experienced with all West Virginia Code sections relating to the Lottery and its gaming operations. Our personnel have experience auditing all games offered by the Lottery, including table games. Our experience with the systems and procedures relating to the Lottery's operation of all of its gaming activities is unmatched. Should we be appointed to serve as auditors of the Lottery, the Lottery will receive high quality professional services from auditors that will plan, conduct, and report on the audit with competence, integrity, objectivity, and that are independent of the Lottery and the State of West Virginia in all respects.

Gibbons & Kawash (G&K) has 20 years of experience providing technical assistance and consulting services to State of West Virginia entities for the successful submission of Comprehensive Annual Financial Reports to receive the Certificate of Achievement for Excellence in Financial Reporting. We have assisted six component units with 45 successful submissions for the Certificate including 12 successful submissions by the Lottery. Our experience with similar entities is further described in this proposal.

We have structured this proposal to communicate Gibbons & Kawash's experience and qualifications to effectively and efficiently respond to the requirements and expectations of the Lottery, and have made every effort to completely respond to all matters identified in your request for proposal. We would be pleased to meet with you and formally present our proposal upon your request. If you have any questions, please do not hesitate to contact me at (304) 345-8400.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert R. Denyer". The signature is written in a cursive style with a large, stylized initial "R".

Robert R. Denyer
Director

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

Solicitation

NUMBER
LOT501

PAGE
1

ADDRESS CORRESPONDENCE TO ATTENTION OF:
CONNIE OSWALD 304-558-2157

VENDOR

RFQ COPY
 TYPE NAME/ADDRESS HERE

SHIP TO

WEST VIRGINIA LOTTERY

 900 PENNSYLVANIA AVE
 CHARLESTON, WV
 25302 304-558-0500

DATE PRINTED
01/30/2013

BID OPENING DATE: 02/28/2013 BID OPENING TIME 1:30PM

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
0001	1	JB		946-20		
<p>THE STATE OF WEST VIRGINIA AND ITS AGENCY THE WEST VIRGINIA LOTTERY REQUEST A QUOTE FOR A CERTIFIED PUBLIC ACCOUNTING FIRM TO PROVIDE ANNUAL AUDIT SERVICES FOR THE WV LOTTERY LOCATED AT 900 PENNSYLVANIA AVE, CHARLESTON, WV 25302 PER THE ATTACHED INSTRUCTIONS TO BIDDERS AND SPECIFICATIONS.</p> <p>MANDATORY PRE-BID WILL BE HELD: FEBRUARY 12, 2013 AT 2:00 PM</p> <p>BID OPENING IS SCHEDULED FOR: FEBRUARY 28, 2013 AT 1:30 PM</p> <p>PLEASE REFERENCE ATTACHED INSTRUCTIONS TO BIDDERS AND GENERAL TERMS & CONDITIONS.</p> <p>AUDITING SERVICES</p> <p>FOR THE WV LOTTERY ANNUAL AUDIT PER THE ATTACHED SPECIFICATIONS.</p>						

SIGNATURE	TELEPHONE	DATE
TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE

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



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

Solicitation

NUMBER
LOT501

PAGE
2

ADDRESS CORRESPONDENCE TO ATTENTION OF
CONNIE OSWALD 304-558-2157

VENDOR

*909132501 304-345-8400
 GIBBONS & KAWASH
 300 BANK ONE CENTER
 707 VIRGINIA ST EAST
 CHARLESTON WV 25301

SHIP TO

WEST VIRGINIA LOTTERY
 900 PENNSYLVANIA AVE
 CHARLESTON, WV
 25302 304-558-0500

DATE PRINTED
01/30/2013

BID OPENING DATE: 02/28/2013 BID OPENING TIME: 1:30PM

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
	*****	THIS	IS	THE	END	OF
		RFQ		LOT501	*****	TOTAL:
						\$40,955

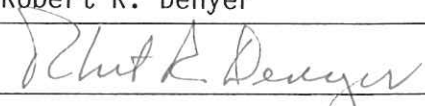
SIGNATURE: <i>Chuck R. Deary</i>	TELEPHONE: 304-345-8400	DATE: February 28, 2013
TITLE: Director	FEIN: 55-0738985	ADDRESS CHANGES TO BE NOTED ABOVE

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

REQUEST FOR QUOTATION
 [LOT501] [WEST VIRGINIA LOTTERY ANNUAL AUDITING SERVICES]

033

14. PRICING PAGE

	NUMBER OF HOURS	RATE PER HOUR FOR AUDIT	RATE PER HOUR FOR CAFR	RATE PER HOUR FOR COORDINATION OF LOTTERY AUDIT W/STATE FINANCIALS	TOTAL FEES
PARTNERS, MEMBERS	37	200	200	200	7,400
MANAGERS	85	135	135	135	11,475
SUPERVISORY STAFF	100	115	115	115	11,500
	94	95	95	95	8,930
OTHER (SPECIFY)	30	55	55	55	1,650
GRAND TOTAL					40,955
PRINT NAME	Robert R. Denyer				
SIGNATURE					
COMPANY NAME	Gibbons & Kawash, A.C.				
COMPANY ADDRESS	300 Chase Tower 707 Virginia Street, East				
	Charleston, WV 25301				
PHONE	(304) 345-8400				
FAX	(304) 345-8451				
EMAIL ADDRESS	rdenyer@gandkcpas.com				

SECTION I

GOVERNMENT AUDITING EXPERIENCE

SECTION I - GOVERNMENT AUDITING EXPERIENCE

Gibbons & Kawash is a member of the American Institute of Certified Public Accountants' Peer Review Program. The Program has established a self-regulatory process which includes requirements for peer review of the member firms every three years. These reviews, which are performed by knowledgeable independent CPAs from other firms, periodically evaluate and test systems of quality control of member firms. Our system of quality control provides assurance that we maintain, on a continuing basis, the highest professional standards to which we are committed. Our most recent external quality control review, which was completed on July 10, 2012, was performed by Rea & Associates, Inc. Their opinion, which was "pass" (the highest possible rating under the peer review standards), is on file with the AICPA and is included as **Appendix D**. This quality control review included governmental audit engagements.

The credibility of the audit results is critical for oversight of the West Virginia Lottery (the Lottery) by the Lottery Commission and in meeting public expectations. Gibbons & Kawash carefully evaluates all services provided to audit clients to ensure that the very detailed requirements for independence of *Government Auditing Standards* applicable to individual auditors and audit firms are satisfied. We are independent with respect to the Lottery and the State of West Virginia in all respects, and will carefully guard and maintain our independence during the course of any audit services provided to the Lottery and State of West Virginia.

Gibbons & Kawash is licensed and in compliance with all requirements to practice public accounting in the State of West Virginia. Gibbons & Kawash, A.C. is an equal opportunity employer as we do not discriminate against any employee or applicant for employment because of race, religion, color, sex, age, handicap, or national origin.

Audit Quality Centers

Gibbons & Kawash was among the first firms in West Virginia to join the AICPA's Audit Quality Centers. Membership in the three Centers indicates that we recognize the specialized knowledge and experience necessary to perform audits of government entities, audits of nonprofit organizations receiving government funds, employee benefit audits, and public sector companies. We are committed to going well beyond the minimum requirements of our professional standards to enhance our service capabilities in these areas.

Governmental Audit Quality Center

Gibbons & Kawash is a member of the Governmental Audit Quality Center, established by the American Institute of Certified Public Accountants. This Center has established increased continuing education and quality control requirements for its voluntary membership to enhance the quality of governmental audits and audits of nonprofit organizations performed under *Government Auditing Standards* and OMB Circular A-133.



Employee Benefit Plan Audit Quality Center

As a member of the Employee Benefit Plan Audit Quality Center, we receive comprehensive resources and up-to-date information on a variety of technical, legislative, and regulatory subjects to assist us in performing employee benefit plan audits and ensure clients are in compliance with the appropriate standards and changes in regulations. These resources help us respond quickly to new standards and requirements to ensure the efficiency of your audit engagement.



SECTION I - GOVERNMENT AUDITING EXPERIENCE

Center for Audit Quality

The Center for Audit Quality is dedicated to enhancing investor confidence and public trust in the global capital markets by fostering high quality performance by public company auditors; convening and collaborating with other stakeholders to advance the discussion of critical issues; and advocating policies and standards that promote public company auditors' objectivity, effectiveness and responsiveness to dynamic market conditions.



Public Company Accounting Oversight Board

Gibbons & Kawash, A.C. is a registered firm with the Public Company Accounting Oversight Board (PCAOB) which is charged with regulating and monitoring auditors of public companies. In connection with our registration with the PCAOB, the firm is required to undergo a triennial inspection by the PCAOB, which focuses on audit effectiveness as well as elements of the firm's quality control. Our most recent inspection did not identify any deficiencies in the firm's audit engagements reviewed nor did it identify any defects in the firm's quality control.



GOVERNMENTAL SERVICES PRACTICE

We direct significant resources to serving the needs of governmental entities, and recognize this focus as a major factor in our past success and a key element in our strategy for continued growth. Within the public sector practice group, we have developed several highly specialized service niches, including audits of state government agencies and OMB Circular A-133 audits of governments.

Our governmental services practice includes three directors, two managers, and three senior auditors who have extensive experience serving government clients. We currently audit 13 State of West Virginia component units and perform over 25 OMB Circular A-133 audits annually. Gibbons and Kawash has audited 22 State of West Virginia component units as indicated below. We welcome the opportunity to continue to serve the Lottery as its independent auditor. Our experience serving the Lottery is unmatched by anyone. We have watched the Lottery develop and evolve over the last 13 years and look forward to our continuing role in that evolution. As you have already experienced the Lottery is a priority client of Gibbons and Kawash. Our similar services to other governmental clients have included the following (See Exhibit D for current clients):

State of West Virginia Agencies

- Joint Committee on Government and Finance of the West Virginia Legislature in connection with the audit of the West Virginia Department of Transportation, Division of Highways
- West Virginia Department of Transportation
 - Division of Motor Vehicles
 - Division of Public Transit
 - Aeronautics Commission
 - Public Port Authority
- West Virginia Alcohol Beverage Control Administration
- West Virginia Board of Treasury Investments
- West Virginia Bureau of Employment Programs, including Worker's Compensation Division^(A)
- West Virginia Consolidated Public Retirement Board
- West Virginia Drinking Water Treatment Revolving Loan Fund
- West Virginia Economic Development Authority
- West Virginia Educational Broadcasting Authority

SECTION I - GOVERNMENT AUDITING EXPERIENCE

- West Virginia Housing Development Fund
- West Virginia Infrastructure and Jobs Development Council
- West Virginia Jobs Investment Trust
- **West Virginia Lottery**
- West Virginia Parkways Authority
- West Virginia Racing Commission
- West Virginia Regional Jail and Correctional Facility Authority
- School Building Authority of West Virginia
- West Virginia State Rail Authority
- West Virginia Solid Waste Management Board
- Tobacco Settlement Finance Authority of West Virginia
- West Virginia Water Development Authority
- West Virginia Water Pollution Control Revolving Fund

Other Governmental Entities

- Central West Virginia Regional Airport Authority
- City of Charleston
- Hatfield-McCoy Regional Recreation Authority
- Kanawha County Commission
- Kanawha County Parks and Recreation Commission
- Kanawha Valley Regional Transportation Authority
- Marion County Commission

Gibbons & Kawash has extensive experience auditing financial statements of governmental entities to determine that they are presented fairly in accordance with accounting principles generally accepted in the United States of America (GAAP), having performed this service for all of the entities listed above.

GFOA'S CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING



Obtaining a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) is a goal for many governmental entities. Gibbons & Kawash is well qualified to assist governments in obtaining and maintaining these certificates.

Gibbons & Kawash has provided technical assistance to the following state agencies in connection with obtaining the GFOA Certificate of Achievement for Excellence in Financial Reporting:

- West Virginia Board of Treasury Investments (7)
- West Virginia Department of Transportation, Division of Highways (10)
- West Virginia Parkways Authority (10)
- West Virginia Lottery Commission (12)
- West Virginia Prepaid College Tuition Fund (1)
- West Virginia Housing Development Fund (7)
- City of Charleston, West Virginia (1)

SECTION I - GOVERNMENT AUDITING EXPERIENCE

ENGAGEMENT TEAM

The ultimate quality of our professional services to the Lottery depends on our ability to provide an experienced and capable client service team. We have selected a group of individuals experienced in serving governmental entities and familiar with Lottery/gaming operations.

Gibbons & Kawash staff includes 18 Certified Public Accountants. Four of these CPAs, Bob Denyer, Rob Adams, Anthony Carpenter, and Jessica Simmons have been assigned to serve the Lottery.

Your client service team will include (See **Appendix B** for detailed resumes):

Engagement Director

Robert R. Denyer, CPA, is an audit director in Gibbons & Kawash's audit practice with 30 years of specialized audit experience with State of West Virginia government agencies and entities and OMB Circular A-133 audits. Bob will serve as the engagement director responsible for the audit. In this role Bob will assume primary responsibility for the successful completion of the audit and will maintain contact with senior management of the Lottery throughout the engagement to ensure that services and resources are provided to the Lottery in a timely, professional manner. Bob will also provide technical expertise to the audit team on accounting, auditing and financial reporting matters and perform certain on-site review and supervision procedures. Bob currently serves as the audit director on six State of West Virginia component unit audits, including the Lottery. His extensive experience with 18 State of West Virginia entities, including 13 years auditing the Lottery's financial statements, will be of substantial benefit on this engagement. His experience also includes assisting five entities with 30 successful submissions under the GFOA's Certificate of Achievement program.

Bob has 13 years of current experience providing financial auditing services to the Lottery. He has experienced the changes in Lottery operations resulting from the addition of limited video lottery and table games and the growth in total revenue from \$451 million to over 1.5 billion. The scope of these services includes traditional games, limited video lottery, racetrack video lottery, and table games. Bob has been on-site at two racetracks to observe table game operations in detail. His experience includes auditing a licensed racetrack (formerly Tri-State) in West Virginia for over 15 years and provided 10 years of special reporting over pari-mutuel wagering (tote) systems.

Engagement Quality Control Review Director

Robert E. Adams, CPA, CGMA, a director with Gibbons & Kawash with 18 years experience in serving governmental clients, will serve as engagement quality control review director. The role of the engagement quality control review director is an essential element of Gibbons & Kawash's quality control program over the delivery of services to a client. Rob will be available to consult with the audit team on accounting, auditing and reporting matters and provide technical expertise. Rob will be charged with the final review of the financial statements to evaluate the following criteria: clarity of presentation; adequacy of disclosures required by generally accepted accounting principles; and appropriateness of the auditors' report. Rob also has substantial experience with the GFOA's Certificate of Achievement for Excellence in Financial Reporting program, having assisted four entities with over 20 successful submissions for the certificate. He has extensive experience with 17 State of West Virginia entities, including 13 years serving as quality control review director, manager, senior, and staff for the Lottery's financial statement audit. His experience will be of substantial benefit on this engagement.

SECTION I - GOVERNMENT AUDITING EXPERIENCE

Audit Manager

Anthony Carpenter, CPA, is an audit manager with 6 years of experience. He currently manages audits of five State of West Virginia component units. Anthony has previously served on the Lottery financial audit in a supervisory and staffing capacity and has extensive knowledge of Lottery laws, regulations, and financial reporting requirements for all Lottery games and operations. The State of West Virginia component units audited by Anthony collectively include many types of investments, revenue bonds and general obligation bonds, loans receivable, revenue bonds receivable, and other business type activities. His experience also includes assisting two entities with successful CAFR submissions under the GFOA's Certificate of Achievement program including 1 successful submission of the Lottery's CAFR.

Audit Senior

Jessica Simmons, CPA, is an audit senior with 3 years of experience. She currently performs audits of five State of West Virginia component units. Jessica has previously served on the Lottery financial audit in a supervisory and staffing capacity and has extensive knowledge of Lottery laws, regulations, and financial reporting requirements for all Lottery games and operations. The State of West Virginia component units audited by Jessica collectively include many types of business type activities.

EXTERNAL QUALITY CONTROL REVIEW

Gibbons & Kawash is a member of the Center for Public Company Audit Firms (the Center) and the Governmental Audit Quality Center (the Center) of the American Institute of Certified Public Accountants. The Centers have established a self-regulatory process which includes requirements for periodic peer reviews of member firms.

These reviews, which are performed by knowledgeable independent CPAs from other firms, periodically evaluate and test systems of quality control of member firms. Our system of quality control provides assurance that we maintain, on a continuing basis, the highest professional standards to which we are committed. Our most recent external quality control review, which was completed in July 2012, was performed by Rea & Associates, Inc. and is included as **Appendix D**. Their opinion, which was "pass" (the highest possible rating under the peer review standards), is on file with the AICPA and is included as **Appendix D**. This quality control review included governmental audit engagements.

There have been no field reviews of any Gibbons & Kawash audits by federal or state agencies during the past three years. All audits for which desk reviews have been completed have been accepted.

CONTINUING PROFESSIONAL EDUCATION

One of the best measures of a firm's commitment to its audit practice is the depth of specialized training provided to its professionals. Gibbons & Kawash provides internal and external training on governmental accounting, auditing, reporting, and operations in excess of the GAO requirements. We continually monitor the issuance of technical auditing and accounting pronouncements and provide our personnel with specialized training in these areas. Professionals at the in charge level and above receive specialized training in seminars and courses presented by nationally recognized experts in governmental and nonprofit accounting, auditing and financial reporting. Gibbons & Kawash's professional staff has met all continuing professional education requirements within the proceeding two years.

SECTION I - GOVERNMENT AUDITING EXPERIENCE

AN INDEPENDENT MEMBER OF THE  **BDO
SEIDMAN
ALLIANCE**

Gibbons & Kawash is an independent member of the BDO Seidman Alliance, a nationwide association of local and regional accounting and consulting firms. Membership enables us to access a level of expertise in specialties which are usually available only from large national and international CPA firms, without the high overhead costs.

As a member, we have access to vast resources and technical expertise, outstanding audit, tax and consulting professionals, and their specialty niche expertise with BDO USA, LLP serving clients through 40 offices and more than 400 alliance firm locations across the United States.

As an independent member of the BDO Seidman Alliance we offer the resources of a national firm, yet we remain autonomous so you are assured of a local presence of highly trained and knowledgeable experts with your needs in the forefront.

LOTTERY/GAMING INDUSTRY EXPERIENCE

SECTION II - LOTTERY/GAMING INDUSTRY EXPERIENCE

Gibbons & Kawash is the leader in West Virginia to provide services to the Lottery and the gaming industry in general. In addition to our experience providing financial auditing and drawing audit services to the Lottery, Gibbons & Kawash performed financial statement auditing services for a licensed racetrack in West Virginia. Our experience with licensed racetracks in West Virginia also includes performing evaluations of electronic data processing procedures and controls over pari-mutuel wagering at two racetracks and at a remote data center.

LOTTERY EXPERIENCE

Gibbons & Kawash has audited the financial statements of the Lottery Commission for 13 years and has an in-depth knowledge of the operations of the Lottery. Our personnel are familiar with the requirements of the State Lottery Act, the Racetrack Video Lottery Act, Limited Video Lottery Act, Table Games Act, and Limited Gaming Facility Act, as well as the many other laws and regulations applicable to Lottery operations. Our staff has detailed knowledge regarding all of the computer systems currently in use by the Lottery to operate its traditional games, limited video lottery, and racetrack video lottery, as well as the related controls that impact complete and accurate financial reporting. Since the implementation of table games, Gibbons and Kawash personnel have been on-site at two racetracks to observe table games operations and procedures.

In connection with its traditional games, the Lottery conducts live televised drawings. Our personnel include 16 individuals with over 30 years of combined experience observing the drawings.

ADDITIONAL GAMING INDUSTRY EXPERIENCE

Our gaming industry experience includes over 15 years of providing financial statement auditing services to a licensed racetrack (Tri-State) in West Virginia. The scope of our work included Racetrack Video Lottery operations at the track, which operated "coin drop" machines and "TITO" (ticket in ticket out) machines, as well as pari-mutuel wagering operations. Our experience with the licensed racetrack has provided a unique perspective for our understanding of racetrack video lottery.

We performed separate engagements for two licensed racetracks in West Virginia (Tri-State and Mountaineer) relating to evaluations of procedures and controls over their pari-mutuel wagering or totalisator (tote) systems. These services included procedures at the local tracks and at the off-site data center responsible for processing data from over 60 tracks in the eastern U.S. utilizing inter-tote protocol. These services were provided to one track (Mountaineer) for two years and another track (Tri-State) for over 10 years. Our experience with these systems has contributed to our ability to evaluate electronic controls and procedures in environments such as the Lottery's.

EXPERIENCE OF GIBBONS & KAWASH PERSONNEL

Gibbons & Kawash has a significant number of personnel with Lottery/Gaming industry experience. We have two directors with a combined 26 years experience providing financial auditing services to the Lottery. Those individuals are supported by a manager with 5 years of gaming industry financial auditing experience, including one year auditing the Lottery, and a senior with three years of Lottery financial auditing experience.

SECTION II - LOTTERY/GAMING INDUSTRY EXPERIENCE

The relevant lottery/gaming industry experience of the Lottery's engagement team is as follows:

ENGAGEMENT DIRECTOR – Robert R. Denyer, CPA

- 13 years experience performing financial audits of the West Virginia Lottery, including evaluation of IT procedures and controls
- 13 years of providing CAFR assistance for the Lottery
- 15 years experience auditing a licensed racetrack in West Virginia (Tri-State)
- 10 years of experience performing evaluations of procedures and controls over pari-mutuel wagering systems (Tri-State – 10 years, Mountaineer – 2 years)
- 6 years performing drawing audit services for the Lottery and the Multi-State Lottery

ENGAGEMENT QUALITY CONTROL REVIEW DIRECTOR – Robert E. Adams, CPA, CGMA

- 13 years experience performing financial audits of the West Virginia Lottery, including evaluation of IT procedures and controls
- 13 years experience providing CAFR assistance for the Lottery
- 9 years experience performing drawing audit services for the Lottery and the Multi-State Lottery

MANAGER – Anthony Carpenter, CPA

- 1 year experience performing financial audits for the West Virginia Lottery
- 1 year experience providing CAFR assistance to the Lottery
- 3 years experience performing drawing audit services for the Lottery and the Multi-State Lottery

SENIOR AUDITOR – Jessica Simmons, CPA

- 3 years experience performing financial audits for the West Virginia Lottery
- 3 years experience providing CAFR assistance to the Lottery
- 2 years experience performing drawing audit services for the Lottery and the Multi-State Lottery

BDO SEIDMAN ALLIANCE RESOURCES



As an independent member of the BDO Seidman Alliance, Gibbons and Kawash has access to levels of expertise usually only attainable with much larger firms. BDO USA, LLP has extensive experience in auditing public, private, and tribal gaming entities including internal control services, and serves as independent accountants for one of the largest public gaming companies, with multiple operations across the United States and internationally. They have bond offering experience for multiple large casino resort developments throughout the sovereign territories. They also serve as independent accountants for a major slot machine, table game, and casino software developer in Las Vegas.

SECTION III

CAFR

SECTION III - CAFR

Gibbons & Kawash has served the entities listed below, which includes State of West Virginia component units in connection with numerous successful submissions that have received the Certificate of Achievement for Excellence in Financial Reporting (CAFR). We have provided technical assistance to the following state and other governmental agencies in obtaining a CAFR:

- West Virginia Lottery (12)
- West Virginia Board of Treasury Investments (7)
- West Virginia Department of Transportation, Division of Highways (10)
- West Virginia Parkways Authority (10)
- West Virginia Prepaid College Tuition Fund (1)
- West Virginia Housing Development Fund (7)
- City of Charleston, West Virginia (1)



APPENDIX A

REQUIRED FORMS

BID BOND

KNOW ALL MEN BY THESE PRESENTS, That we, the undersigned, Gibbons and Kawash, A.C.
of 700 Virginia Street East, Charleston, WV 25301, as Principal, and Ohio Farmers Insurance
Company of One Park Circle, Westfield Center, OH 44251, a corporation organized and existing under the laws of the State of
Ohio with its principal office in the City of Westfield Center, as Surety, are held and firmly bound unto the State
of West Virginia, as Oblgee, in the penal sum of Five Percent (5%) of Amount Bid (\$) for the payment of which,
well and truly to be made, we jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns.

The Condition of the above obligation is such that whereas the Principal has submitted to the Purchasing Section of the
Department of Administration a certain bid or proposal, attached hereto and made a part hereof, to enter into a contract in writing for
Annual Audit Services for West Virginia Lottery, Charleston, West Virginia.

NOW THEREFORE,

(a) If said bid shall be rejected, or
(b) If said bid shall be accepted and the Principal shall enter into a contract in accordance with the bid or proposal attached
hereto and shall furnish any other bonds and insurance required by the bid or proposal, and shall in all other respects perform the
agreement created by the acceptance of said bid, then this obligation shall be null and void, otherwise this obligation shall remain in full
force and effect. It is expressly understood and agreed that the liability of the Surety for any and all claims hereunder shall, in no event,
exceed the penal amount of this obligation as herein stated.

The Surety, for the value received, hereby stipulates and agrees that the obligations of said Surety and its bond shall be in no
way impaired or affected by any extension of the time within which the Oblgee may accept such bid, and said Surety does hereby
waive notice of any such extension.

IN WITNESS WHEREOF, Principal and Surety have hereunto set their hands and seals, and such of them as are corporations
have caused their corporate seals to be affixed hereunto and these presents to be signed by their proper officers, this
28th day of February, 2013.

Principal Corporate Seal

Gibbons and Kawash, A.C.
(Name of Principal)
By: Valerie B Ellis
(Must be President or
Vice President)
President
(Title)

Surety Corporate Seal

Ohio Farmers Insurance Company
(Name of Surety)
By: Andrew K Teeter
Attorney-in-Fact
Andrew K. Teeter, Attorney-in-Fact
Licensed West Virginia Resident Agent

**IMPORTANT – Surety executing bonds must be licensed in West Virginia to transact surety insurance. Raised corporate seals
must be affixed, a power of attorney must be attached.**

General
Power
of Attorney

Westfield Insurance Co.
Westfield National Insurance Co.
Ohio Farmers Insurance Co.
Westfield Center, Ohio

CERTIFIED COPY

Know All Men by These Presents, That WESTFIELD INSURANCE COMPANY, WESTFIELD NATIONAL INSURANCE COMPANY and OHIO FARMERS INSURANCE COMPANY, corporations, hereinafter referred to individually as a "Company" and collectively as "Companies," duly organized and existing under the laws of the State of Ohio, and having its principal office in Westfield Center, Medina County, Ohio, do by these presents make, constitute and appoint **ANDREW K. TEETER, KIMBERLY L. MILES, JANIS KAY PEACOCK, DOUGLAS P. TAYLOR, DONNA J. PRICE, TRAVIS A. HILL, JR., PAMELA V. LANHAM, GARY R. FREEMAN, JOINTLY OR SEVERALLY**

of CHARLESTON and State of WV its true and lawful Attorney(s)-in-Fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings, or other instruments or contracts of suretyship-

LIMITATION: THIS POWER OF ATTORNEY CANNOT BE USED TO EXECUTE NOTE GUARANTEE, MORTGAGE DEFICIENCY, MORTGAGE GUARANTEE, OR BANK DEPOSITORY BONDS.

and to bind any of the Companies thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seal of the applicable Company and duly attested by its Secretary, hereby ratifying and confirming all that the said Attorney(s)-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolution adopted by the Board of Directors of each of the WESTFIELD INSURANCE COMPANY, WESTFIELD NATIONAL INSURANCE COMPANY and OHIO FARMERS INSURANCE COMPANY:

"Be It Resolved, that the President, any Senior Executive, any Secretary or any Fidelity & Surety Operations Executive or other Executive shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

The Attorney-in-Fact. may be given full power and authority for and in the name of and on behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements of indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be as binding upon the Company as if signed by the President and sealed and attested by the Corporate Secretary."

"Be it Further Resolved, that the signature of any such designated person and the seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signatures or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached." (Each adopted at a meeting held on February 8, 2000).

In Witness Whereof, WESTFIELD INSURANCE COMPANY, WESTFIELD NATIONAL INSURANCE COMPANY and OHIO FARMERS INSURANCE COMPANY have caused these presents to be signed by their National Surety Leader and Senior Executive and their corporate seals to be hereto affixed this 16th day of MARCH A.D., 2012 .

Corporate
Seals
Affixed



WESTFIELD INSURANCE COMPANY
WESTFIELD NATIONAL INSURANCE COMPANY
OHIO FARMERS INSURANCE COMPANY

By: *Dennis P. Baus*
Dennis P. Baus, National Surety Leader and Senior Executive

State of Ohio
County of Medina ss.:

On this 16th day of MARCH A.D., 2012 , before me personally came Dennis P. Baus to me known, who, being by me duly sworn, did depose and say, that he resides in Wooster, Ohio; that he is National Surety Leader and Senior Executive of WESTFIELD INSURANCE COMPANY, WESTFIELD NATIONAL INSURANCE COMPANY and OHIO FARMERS INSURANCE COMPANY, the companies described in and which executed the above instrument; that he knows the seals of said Companies; that the seals affixed to said instrument are such corporate seals; that they were so affixed by order of the Boards of Directors of said Companies; and that he signed his name thereto by like order.

Notarial
Seal
Affixed



William J. Kahelin
William J. Kahelin, Attorney at Law, Notary Public
My Commission Does Not Expire (Sec. 147.03 Ohio Revised Code)

State of Ohio
County of Medina ss.:

I, Frank A. Carrino, Secretary of WESTFIELD INSURANCE COMPANY, WESTFIELD NATIONAL INSURANCE COMPANY and OHIO FARMERS INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Companies, which is still in full force and effect; and furthermore, the resolutions of the Boards of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seals of said Companies at Westfield Center, Ohio, this 28th day of February A.D., 2013 .



Frank A. Carrino
Frank A. Carrino, Secretary

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.
7. **Application is made for preference as a non-resident small, women- and minority-owned business, in accordance with *West Virginia Code* §5A-3-59 and *West Virginia Code of State Rules*.**
 Bidder has been or expects to be approved prior to contract award by the Purchasing Division as a certified small, women- and minority-owned business.

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: Gibbons & Kawash, A.C.

Signed: 

Date: February 28, 2013

Title: Director

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

MANDATE: Under W. Va. Code §5A-3-10a, 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: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

EXCEPTION: The prohibition listed above does not apply where a vendor has contested any tax administered pursuant to chapter eleven of the W. Va. 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.

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.

"Employer default" means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

"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.

AFFIRMATION: By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (W. Va. Code §61-5-3) that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

WITNESS THE FOLLOWING SIGNATURE:

Vendor's Name: Gibbons & Kawash, A.C.

Authorized Signature: *Robert K. Deuyser* Date: 2/28/13

State of West Virginia

County of Kanawha, to-wit:

Taken, subscribed, and sworn to before me this 28 day of February, 2013

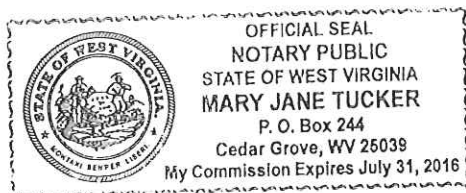
My Commission expires July 31 2013, 20 .

AFFIX SEAL HERE

NOTARY PUBLIC

Mary Jane Tucker

Purchasing Affidavit (Revised 07/01/2012)



CERTIFICATION AND SIGNATURE PAGE

By signing below, I certify that I have reviewed this Solicitation in its entirety; understand the requirements, terms and conditions, and other information contained herein; that I am submitting this bid or proposal for review and consideration; that I am authorized by the bidder to execute this bid or any documents related thereto on bidder's behalf; that I am authorized to bind the bidder in a contractual relationship; and that to the best of my knowledge, the bidder has properly registered with any State agency that may require registration.

Gibbons & Kawash, A.C.
(Company)

Robert R. Denyer
(Authorized Signature)

Robert R. Denyer, Director
(Representative Name, Title)

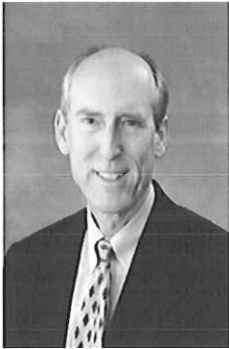
304-345-8400 304-345-8451
(Phone Number) (Fax Number)

February 28, 2013
(Date)

APPENDIX B

ENGAGEMENT TEAM QUALIFICATIONS AND EXPERIENCE

APPENDIX B



Robert R. Denyer, CPA

DIRECTOR

304-345-8400 ph
304-345-8451 fax
rdenyer@gandkcpas.com

Experience

Bob has 30 years of experience in providing audit, tax, and consulting services to public sector entities, including state agencies, local governments and nonprofit organizations. His in-

depth industry knowledge includes such areas as governmental financial reporting, federal grant compliance, indirect cost reimbursement, and internal control and operational matters. Bob has over 15 years of experience auditing a licensed racetrack in West Virginia and 10 years of experience performing attestation services relating to par-mutuel wagering systems ("tote" systems) at two racetracks.

Bob's government financial reporting expertise has been demonstrated by his involvement with 24 successful submissions to the Government Finance Officers Association under the Certificate of Achievement for Excellence in Financial Reporting Program. Bob currently serves as engagement director on six State of West Virginia Agency and component unit audits. His service to public sector entities includes the following:

- West Virginia Lottery Commission
- West Virginia Alcohol Beverage Control Administration
- West Virginia Board of Treasury Investments
- West Virginia Consolidated Public Retirement Board
- West Virginia Department of Transportation
- West Virginia Drinking Water Treatment Revolving Loan Fund
- West Virginia Economic Development Authority
- West Virginia Educational Broadcasting Authority
- West Virginia Housing Development Fund
- West Virginia Infrastructure and Jobs Development Council
- West Virginia Jobs Investment Trust
- West Virginia Parkways, Economic Development, and Tourism Authority
- West Virginia Racing Commission
- West Virginia Regional Jail and Correctional Facility Authority
- School Building Authority of West Virginia
- West Virginia Solid Waste Management Board
- West Virginia State Rail Authority
- Tobacco Settlement Finance Authority of West Virginia
- West Virginia Water Development Authority
- West Virginia Water Pollution Control Revolving Fund
- West Virginia Bureau of Employment Programs
- Charleston Urban Renewal Authority
- City of Charleston, West Virginia
- Kanawha County, West Virginia
- Kanawha Valley Regional Transportation Authority

Professional Activities

Bob is a member of the American Institute of Certified Public Accountants, West Virginia Society of Certified Public Accountants, and the Charleston Chapter of the West Virginia Society of CPAs. He is as a board member and past president of the South Charleston Rotary Club and a member of the South Charleston Chamber of Commerce.

Education

Bob graduated from West Virginia University with a Bachelor of Science degree in business administration.

Continuing Professional Education

Bob is in compliance with all applicable CPE requirements.

APPENDIX B



Robert E. Adams, CPA, CGMA

DIRECTOR

304-345-8400 ph
304-345-8451 fax
radams@gandkcpas.com

Experience

Rob's professional experience during the last 18 years has included significant audit responsibilities for several large governmental entities and nonprofit organizations. Rob's lottery/gaming industry experience includes 13 years performing the West Virginia Lottery's financial statement audit. He has over 9 years experience serving as a drawing auditor for the Cash 25, Daily 3 and Daily 4 televised drawings. His service to public sector entities includes the following:

- **West Virginia Lottery Commission**
- West Virginia Board of Treasury Investments
- West Virginia Department of Transportation – Division of Highways
- West Virginia Drinking Water Treatment Revolving Loan Fund
- West Virginia Economic Development Authority
- West Virginia Infrastructure and Jobs Development Council
- West Virginia Jobs Investment Trust
- West Virginia Regional Jail and Correctional Facility Authority
- West Virginia Solid Waste Management Board
- West Virginia State Rail Authority
- West Virginia Water Development Authority
- West Virginia Water Pollution Control Revolving Fund
- Central West Virginia Regional Airport Authority
- Charleston Urban Renewal Authority
- City of Charleston, West Virginia
- Kanawha County, West Virginia
- Kanawha County Parks and Recreation Commission
- Kanawha Valley Regional Transportation Authority
- Metro Emergency Operations Center of Kanawha County
- Tobacco Settlement Finance Authority of West Virginia
- School Building Authority of West Virginia
- West Virginia Alcohol Beverage Control Administration
- West Virginia Racing Commission

Professional Activities

Rob is a member of the American Institute of Certified Public Accountants, the West Virginia Society of Certified Public Accountants, and the Charleston Chapter of the West Virginia Society of CPAs.

Education

Rob graduated from West Virginia Wesleyan College with a bachelor of business administration in accounting.

Continuing Professional Education

Rob is in compliance with all applicable CPE requirements.

APPENDIX B



Anthony Carpenter, CPA

MANAGER

304-345-8400 ph
304-345-8451 fax
acarpenter@gandkcpas.com

Experience

Anthony has 6 years of professional experience providing audit, tax, and consulting services to several non-profit organizations and local and state governmental agencies, and retirement plans. His service to public

sector entities, as well as some for-profit/nonpublic companies includes the following:

- Hatfield-McCoy Regional Recreational Authority
- Kanawha County, West Virginia
- Kanawha Valley Regional Transportation Authority
- Public Service Commission of West Virginia
- West Virginia Consolidated Public Retirement Board
- West Virginia Housing Development Fund
- **West Virginia Lottery**
- West Virginia Parkways, Economic Development, and Tourism Authority
- West Virginia Racing Commission
- West Virginia Regional Jail and Correctional Facility Authority
- West Virginia Solid Waste Management Board
- West Virginia Board of Treasury Investments

Professional Activities

Anthony is a member of the American Institute of Certified Public Accountants, the West Virginia Society of CPAs, and the Charleston Chapter of the West Virginia Society of CPAs.

Education

Anthony graduated from West Virginia State University with a Bachelor of Science degree in business administration

Continuing Professional Education

Anthony is in compliance with all applicable CPE requirements.

APPENDIX B



Jessica Simmons, CPA

SENIOR

304-345-8400 ph
304-345-8451 fax
jsimmons@gandkcpas.com

Experience

Jessica has three years of experience providing audit, tax, and consulting services to numerous local governments, auto dealers, broadcasters, REITs, and not-for-profit organizations. Her service to governmental

entities includes the following:

- Central West Virginia Regional Airport Authority
- West Virginia Board of Treasury Investments
- West Virginia Consolidated Public Retirement Board
- West Virginia Division of Highways
- West Virginia Housing Development Fund
- **West Virginia Lottery**
- West Virginia Racing Commission
- West Virginia Alcohol Beverage Control Administration
- West Virginia Infrastructure and Jobs Development Council

Professional Activities

Jessica is a member of the American Institute of Certified Public Accountants, the West Virginia Society of CPAs, and the Charleston Chapter of the West Virginia Society of CPAs.

Education

Jessica graduated from Marshall University with a bachelor of business administration in accounting and finance.

Continuing Professional Education

Jessica is in compliance with all applicable CPE requirements.

APPENDIX C

SCOPE OF WORK AND TERMS AND CONDITIONS

APPENDIX C

SCOPE OF WORK

Gibbons & Kawash will conduct an audit with the objective of expressing an opinion on the fair presentation of the Lottery's financial statements for the fiscal year ending June 30, 2013, with the option to audit each of the two subsequent fiscal years, in conformity with U.S. generally accepted accounting principles. Our audit will be performed in accordance with the requirements of generally accepted auditing standards and *Government Auditing Standards*. In addition, we will assist in the preparation of all supporting schedules required by the Department of Administration for the preparation of the State's Comprehensive Annual Financial Report (CAFR). We will also assist in the implementation of required supplementary information required by the Governmental Accounting Standards Board (GASB).

The West Virginia Lottery will send its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in its Certificate of Achievement of Excellence in Financial Reporting program. Gibbons & Kawash will provide special assistance to the Lottery to meet the requirements of that program as follows:

- Advise the Lottery on the technical standards necessary to file a CAFR for an enterprise fund.
- Review the Lottery's CAFR documents and assist in the development of meaningful statistical charts and data.
- Formulate the auditor's report to be included in the Lottery's CAFR.
- Proofread the CAFR prior to filing to assure financial data and context of discussions are appropriate.
- Prepare schedules, charts and graphs to be placed in the CAFR.

The financial statements of the Lottery must be included as a component unit of the financial statements of the State of West Virginia. Gibbons & Kawash will provide special assistance to the State of West Virginia's auditors.

Following the completion of the audit of the fiscal year's financial statements ending June 30, 2013, Gibbons & Kawash will issue a report on the fair presentation of the financial statements in conformity with generally accepted accounting principles. In addition, we will provide an "in-relation-to" opinion on the supporting schedules required by FARS based on the auditing procedures applied during the audit of the financial statements.

Gibbons & Kawash will communicate in a letter to management any significant deficiencies and material weaknesses found during the audit.

Gibbons & Kawash will make an immediate, written report of all irregularities and illegal acts of which we become aware to the following parties:

- Lottery Director
- Lottery General Counsel
- Finance/Audit Committee of the Lottery Commission

Gibbons & Kawash will report to the West Virginia Lottery Commission's Finance/Audit Committee each of the following within 60 days of the issuance of the audit:

- The auditor's responsibility under generally accepted auditing standards
- Significant accounting policies
- Management judgments and accounting estimates
- Significant audit adjustments
- Other information in documents containing audited financial statements
- Disagreements with management

APPENDIX C

- Management consultation with other accountants
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit

INDEPENDENCE

The credibility of the audit results is critical for oversight by the Lottery and in meeting public expectations. Gibbons & Kawash carefully evaluates all services provided to audit clients to ensure that the very detailed requirements for independence of *Government Auditing Standards* applicable to individual auditors and audit firms are satisfied. We are independent under the requirements of *Government Auditing Standards* and generally accepted auditing standards with respect to the Lottery, the State of West Virginia and its component units, and will carefully guard and maintain our independence during the course of any audit services provided to the Lottery and State of West Virginia.

In conjunction with providing audit and technical assistance services to the Lottery, we will review the independence of all personnel within the firm assigned to this engagement to ensure that they are independent of the Lottery and the State of West Virginia and its component units.

LICENSE TO PRACTICE IN WEST VIRGINIA

Gibbons & Kawash (the Firm) and all certified public accountants employed at Gibbons & Kawash are properly licensed to practice in West Virginia by the West Virginia Board of Accountancy.

GENERAL AND SPECIFIC TERMS AND CONDITIONS (as revised 1/22/13)

By signing and submitting this proposal, Gibbons & Kawash agrees to be bound by all terms contained in this RFQ (LOT 501). This includes by reference all General Terms and Conditions described in all parts of RFQ LOT 501.

AFFIRMATIVE STATEMENTS

Gibbons & Kawash attended the mandatory pre-bid meeting held at Lottery headquarters on February 12, 2013 at 2:00pm.

Gibbons & Kawash is independent of the Lottery as defined by U.S. generally accepted auditing standards and *Government Auditing Standards* and is licensed to practice in West Virginia. The firm is also independent of the State of West Virginia and all its component units as defined by these same standards. We will review the independence of all personnel within the firm assigned to this engagement to ensure that they are independent of the Board.

Gibbons & Kawash has no conflict of interest with regard to any other work performed by Gibbons & Kawash for the Lottery or State of West Virginia.

Gibbons & Kawash's professional personnel have met all continuing professional education requirements and are qualified to practice as Certified Public Accountants in good standing with the West Virginia Board of Accountancy.

Gibbons & Kawash will perform the work within the times specified in the Request for Quotation.

PROHIBITED ACTIVITIES

Gibbons and Kawash agrees and acknowledges that we have conveyed that our employees assigned to the Lottery financial statement audit and any employee with influence or control (managers and directors) over those employees and the process as a whole, are restricted from wagering, winning, or participating in any racetrack video lottery or limited video lottery games, traditional games or table games regulated by the State Lottery Commission. We will require a signed statement from all directors and affected employees of Gibbons and Kawash A.C., certifying they will not play or collect any prize from, any West

APPENDIX C

Virginia regulated video lottery game, traditional game, or table game. Gibbons and Kawash will use all reasonable resources to exert its best efforts to enforce this restriction. We also acknowledge a failure of any director or employee to comply with this restriction will result in forfeiture of any winnings, termination of the offending director or employee, and/or termination of this contract.

AUDIT TIMETABLE

Gibbons and Kawash shall have drafts of the audit report(s) and recommendations to management available for review by the Deputy Director of Finance and Administration and internal auditors by August 31st immediately following the fiscal year-end being audited.

The Deputy Director of Finance and Administration will complete a review of the draft report as expeditiously as possible. During that period, Gibbons & Kawash must be available for any meetings that may be necessary to discuss the audit reports.

Gibbons & Kawash shall prepare the financial statements, notes, management letter and all required supplementary schedules and statistical data by the second Friday of September immediately following the fiscal year-end being audited.

The following reports must be delivered to the Deputy Director of Finance and Administration:

- a. Financial Statements with Additional Information – statewide CAFR, ten (10) copies;
- b. Audit Results – Management Letter, twenty (20) copies; and
- c. Financial Statements, fifty (50) copies.

The vendor must be present at such times as necessary to provide assistance to Lottery staff in filing the Lottery CAFR. CAFR work will be supported from September 10 to December 31 of each year to be audited.

STAFFING APPROVAL

The Lottery has the right to refuse the services of any on-site employee of the successful bidder based on the employee's competence or criminal background. All management, supervisory, and key personnel who will be active in the audit shall be subject to initial and periodic background checks using the Lottery's electronic fingerprint capture system. An individual shall be removed from supporting the contract as an outcome of adverse results from the background checks. The Lottery will only refuse the services of an individual if that individual has a conviction for any violation of the W.Va. Code § 29-22-1 et seq., § 29-22A-1 et seq., § 29-22B-1 et seq., § 29-22C-1 et seq., or § 29-25-1 et seq., or for any felony, or any crime involving moral turpitude, or any other crime that may have bearing upon the individual's fitness to support the contract.

CONFIDENTIALITY

Gibbons & Kawash shall have access to private and confidential data maintained by the Lottery to the extent required for Gibbons & Kawash to carry out the duties and responsibilities defined in this contract. Gibbons & Kawash agrees to maintain confidentiality and security of the data made available.

CONTRACT MANAGER

Contact Manager: Robert R. Denyer

Telephone Number: 304-345-8400

Fax Number: 304-345-8451

Email Address: rdenyer@gandkcpas.com

APPENDIX D

EXTERNAL PEER REVIEW



Rea & associates *a brighter way*

System Review Report

July 10, 2012

To the Partners of Gibbons & Kawash, A.C.
and the AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Gibbons & Kawash, A.C. (the firm) in effect for the year ended February 29, 2012. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

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

In our opinion, the system of quality control for the accounting and auditing practice of Gibbons & Kawash, A.C., in effect for the year ended February 29, 2012, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Gibbons & Kawash, A.C. has received a peer review rating of *pass*.

Rea & Associates, Inc.

APPENDIX E

FIRM AND INDIVIDUAL CREDENTIALS

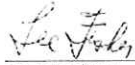
APPENDIX E



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

*The entity listed below was issued a
FIRM PERMIT
for the period beginning
July 1, 2012 through June 30, 2013*

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


Board President


Executive Director



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

*The entity listed below was issued an
**Authorization to Perform
Attest and/or Compilation Services**
for the period beginning
July 1, 2012 through June 30, 2013*

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


Board President


Executive Director

APPENDIX E



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

*The person indicated below is
licensed as a
Certified Public Accountant
for the period beginning
July 1, 2012 through June 30, 2013*

██████████
ROBERT R. DENYER
GIBBONS & KAWASH CPAS
707 VIRGINIA ST E STE 300
CHARLESTON WV 25301-2710


Board President



Executive Director



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

*The person indicated below is
licensed as a
Certified Public Accountant
for the period beginning
July 1, 2012 through June 30, 2013*

██████████
ROBERT E. ADAMS
GIBBONS & KAWASH CPAS
707 VIRGINIA ST E STE 300
CHARLESTON WV 25301-2710


Board President


Executive Director

APPENDIX E



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

*The person indicated below is
licensed as a
Certified Public Accountant
for the period beginning
September 14, 2012 through June 30, 2013*

██████████
ANTHONY LEE CARPENTER
5105 SUNSHINE CIR
CROSS LANES WV 25313


Board President


Executive Director



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

*The person indicated below is
licensed as a
Certified Public Accountant
for the period beginning
July 1, 2012 through June 30, 2013*

██████████
JESSICA KATE SIMMONS
2319 WASHINGTON ST E
CHARLESTON WV 25311


Board President


Executive Director

APPENDIX F

ACKNOWLEDGEMENT OF RECEIPT OF ADDENDUM

ADDENDUM ACKNOWLEDGEMENT FORM

SOLICITATION NO.: LOT501

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

Addendum Numbers Received:

(Check the box next to each addendum received)

- | | |
|--|--|
| <input checked="" type="checkbox"/> Addendum No. 1 | <input type="checkbox"/> Addendum No. 6 |
| <input type="checkbox"/> Addendum No. 2 | <input type="checkbox"/> Addendum No. 7 |
| <input type="checkbox"/> Addendum No. 3 | <input type="checkbox"/> Addendum No. 8 |
| <input type="checkbox"/> Addendum No. 4 | <input type="checkbox"/> Addendum No. 9 |
| <input type="checkbox"/> Addendum No. 5 | <input type="checkbox"/> Addendum No. 10 |

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further 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.

Gibbons & Kawash, A.C.
Company

Robert A. Deegan
Authorized Signature

February 28, 2013
Date

NOTE: This addendum acknowledgment should be submitted with the bid to expedite document processing.