

Proposal to Serve

West Virginia Water Pollution Control Revolving Fund

Year Ended June 30, 2015

CRFQ Number: DEP1600000005
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WV Purchasing Division

September 3, 2015

West Virginia Department of Environmental Protection
Department of Administration
Purchasing Division
2019 Washington Street East
Charleston, West Virginia 25305

RE: West Virginia Water Pollution Control Revolving Fund

Dear Buyer:

We are pleased to present our credentials to serve as independent auditors of the West Virginia Water Pollution Control Revolving Fund (the Fund) for the year ended June 30, 2015, and to perform the audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, prescribed by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Gibbons and Kawash is most qualified to perform auditing services for the Fund due to our extensive experience with State and local governmental entities **which includes previously performing auditing services for the Fund for six years**. You know our track record of providing quality and timely service, reliable advice, and clear communication. In addition to quality service, you need a firm that can be responsive to your needs, serve you as a priority client, and provide a high degree of personalized service. We believe our experience with the Fund and other similar State of West Virginia governmental entities allow Gibbons & Kawash to present the highest qualifications and value for the services requested.

Of particular importance is our experience with entities using proprietary funds and reporting business type activities, including large state operated loan portfolios and reporting under OMB Circular A-133. We have experience auditing several entities that operate capitalization grants similar to those used and operated by the Fund. We take great pride in our ability to assist our clients in navigating the changing standards of U.S. governmental generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board. **Our firm has experience with the specialized compliance and reporting requirements specific to U.S. Environmental Protection Agency capitalization grants.** Our experience with similar entities and preparing information required by the West Virginia Financial Accounting and Reporting Section is further described throughout this document. In addition, we have access to the resources of one of the nation's largest accounting and advisory firms, BDO USA, and hundreds of other CPA and specialty consulting firms, through our membership in the BDO Alliance USA. Other firms would be hard pressed to demonstrate our depth and breadth of experience.

We have a wealth of historical experience auditing 27 State of West Virginia component units or funds, over the last decade which individually range in size up to \$4 billion in assets and \$2 billion in revenues. We have extensive experience in auditing governmental entities that engage in lending activities. As a client, the West Virginia Water Pollution Control Revolving Fund will receive the highest quality audit that will be carefully planned, thoroughly conducted, and timely reported upon. In addition, numerous financial statements audited by Gibbons & Kawash have been incorporated in Official Statements of bond offerings, demonstrating the acceptance of our firm in the credit markets.



The U. S. Office of Management and Budget (OMB) has issued the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) effective December 26, 2014. This guidance replaces numerous OMB circulars including *OMB Circular A-133*, which included the Single Audit requirements, as well as other OMB Circulars containing administrative requirements and cost principles. Certain requirements of the Uniform Guidance will be effective for the Fund's June 30, 2015 audit. Grants awarded before December 26, 2014 will continue to be governed by the OMB circulars that were in effect when the grant was awarded and grants awarded after December 26, 2014 will be subject to the new Uniform Guidance. It is anticipated that changes as a result of the Uniform Guidance to the Single audit process both for the auditor and the auditee will be significant. The 2015 OMB *Compliance Supplement* (the Supplement) contains transitional guidance for handling a split year implementation period. The Supplement, among other things, will identify the existing important compliance requirements that the federal government expects to be considered as part of a Single Audit, as well as related auditor guidance. The new Uniform Guidance will be fully implemented for audit periods beginning subsequent to December 31, 2015.

Substantial changes affecting the reporting of pension obligations by governments are required by GASB 68 *Accounting and Financial Reporting for Pensions* which will be effective beginning with the year ending June 30, 2015. The Authority's participation in the West Virginia Public Employees Retirement System will result in pension liabilities being reported in the Authority's financial statements for the first time. Your client service team has been trained in the requirements of GASB 68 and can provide technical assistance in its implementation.

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 West Virginia Water Pollution Control Revolving Fund, and have made every effort to completely respond to all matters identified in your request for quotation. I can assure you that the opportunity to serve the West Virginia Water Pollution Control Revolving Fund is of the highest importance to us. I will personally see to it that you have prompt and ready access to our best people, and we will spare no effort to understand and meet your expectations. If you have any questions about our qualifications, or need more information, I would be pleased to provide it. I would also 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.

Very truly yours,

Robert E. Adams
Director

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EXECUTIVE SUMMARY

Gibbons & Kawash will provide the West Virginia Water Pollution Control Revolving Fund with **ultimate value**:

- **Resources.** Gibbons & Kawash is one of the area's leading CPA firms, and our talented people and technology capabilities provide a distinct client service advantage. Combine our local capabilities with the power of the BDO Alliance USA, a nationwide association of independent CPA firms with the strength of 10,000 professionals and \$1.5 billion in revenues, and our resources are unsurpassed.
- **Experience.** The depth and breadth of our experience serving state and local governments is extensive. Gibbons & Kawash serves many State of West Virginia component units and funds each year, many of which issue debt and operate similar to the Fund. And we can draw upon the experience of the BDO Alliance USA as necessary. But more importantly, our experience serving the West Virginia Water Pollution Control Revolving Fund affords us a comprehensive understanding of the organization that simply cannot be matched.
- **Quality.** To ensure the consistent delivery of superior quality service, we have developed a comprehensive system of quality control which covers every aspect of our practice. External quality control review reports have demonstrated that we maintain, on a continuing basis, the highest professional standards.
- **Accessibility.** When you have a problem or need advice, you need to know that your client service team will be there to take the call and to follow through with a sense of urgency. Whether you have a quick question or a special project that requires more time, our proven track record demonstrates that you have priority access to your client service team. Also, clear, proactive communication is our most important tool for maximizing efficiency and effectiveness, and is a year-round process. We will keep you informed about new audit and accounting issues that could affect your organization. And we encourage you to contact us anytime - your engagement team is accessible.
- **Commitment.** The West Virginia Water Pollution Control Revolving Fund has been a valued client. We will continue to be committed to meeting the timelines you establish, to actively seek to add value to the services we provide, and to ensure that we exceed your expectations.
- **No surprises - ever.** Not in the delivery of service, not in our final reports, and not in our fees. As your organization tackles its challenges and opportunities, you can rest assured that our firm will be there to offer dependable, superior quality service.

PROFILE OF GIBBONS & KAWASH

OVERVIEW

The audit of the West Virginia Water Pollution Control Revolving Fund (the Fund) requires extensive experience in serving governmental entities that operate large loan programs and reporting under the requirements of OMB Circular A-133. Our experience in serving governmental entities, including the Fund for six previous years, will enable us to effectively and efficiently meet the Fund's needs for quality and timely audit services.

GIBBONS & KAWASH'S PRACTICE

Gibbons & Kawash is a professional independent accounting firm which provides a full range of accounting and auditing, tax and management consulting services to clients throughout West Virginia, and the surrounding states, and is a leading firm in providing auditing, accounting, and consulting services to governmental clients. Our governmental services practice professionals have many years of experience in providing competent, high quality audit services to State of West Virginia component units and local governments.

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

Gibbons & Kawash is an independent member of the BDO Alliance USA, 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. BDO, USA, LLP serves as an additional technical resource to your engagement team.

As an independent member of the BDO Alliance USA 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.

AUDIT QUALITY

Gibbons & Kawash's foremost goal is to provide *superior quality service*. Everything else is secondary to that goal. Our approach to client service incorporates the necessity to meet client needs as the primary focus of service. We strive to identify, understand and satisfy governments' needs and expectations. This approach has helped Gibbons & Kawash build its extensive governmental and nonprofit practices.

The *Government Auditing Standards*, issued by the Comptroller General of the United States, outline requirements that must be met by certified public accounting firms that perform audits of governmental units. Three of these requirements are:

- Individual CPAs and CPA firms must be independent in fact and appearance from personal, external, and organizational impairments to independence.
- CPAs performing audits of governmental units should have continuing professional education in programs directly related to government auditing and accounting.
- CPAs performing audits of governmental units must establish an internal quality control review program and participate in an external peer review program for audits of governmental units.

PROFILE OF GIBBONS & KAWASH

Gibbons & Kawash strongly supports the rendering of quality services to our governmental clients and meets or exceeds all requirements of *Government Auditing Standards*. The following few paragraphs demonstrate the Firm's dedication to each aspect of audit quality.

Independence

The credibility of the audit results is critical for oversight by the Fund 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 Fund, 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 Fund and State of West Virginia.

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.



System of Quality Control

To ensure the consistent delivery of quality services, we have developed a comprehensive system of quality control which covers virtually every aspect of our practice. This system is formalized in a written quality control document to which every staff member is expected to adhere.

The elements of our quality control system are as follows:

- Leadership responsibilities for quality
- Relevant ethical requirements
- Acceptance and continuance of clients and engagements
- Human resources
- Engagement performance
- Monitoring

External Quality Control Review

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 recently released external quality

PROFILE OF GIBBONS & KAWASH

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 B** for the last two peer review cycles. These quality control reviews included governmental audit engagements.

Gibbons & Kawash is licensed and in compliance with all requirements to practice public accounting in the State of West Virginia. Furthermore, we have never been subject to any disciplinary or legal actions resulting from audit or assurance services, nor are there pending or threatened actions against the Firm as a result of such services. There have been no federal or state field reviews of audits performed by Gibbons & Kawash in the past three years and all desk reviews 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.

EXPERTISE IN COMPUTERIZED SYSTEMS

Computerizing the Audit

Gibbons & Kawash is committed to providing our auditors access to the latest technology in order to ensure optimum levels of efficiency in our engagements. Computerizing the audit process, enables our auditors to spend more time on judgment matters and in-depth analysis, rather than on "number crunching" and other mechanical aspects of auditing, and enhances efficiency by allowing for quick updating of audit applications from year to year.

With an internet connection, our personnel can work from anywhere and have complete access to the Firm's local area network as well as access to multiple high quality research sites for research of accounting and auditing issues. Our electronic audit workpaper software allows efficient integration of client prepared word and excel files into our workpaper files.

We combine the use of spreadsheet, word processing, and trial balance software to perform the most efficient audits possible. Some of the benefits of full automation include the ability to:

- Import data directly from your accounting system, thereby eliminating manual keypunching
- Spend more time on judgment matters and in-depth research and analysis rather than on "number crunching" and other mechanical aspects of client service
- The use pre-formatted spreadsheets from year to year, allowing us to perform ratio and trend analysis on key accounts

We use the following software packages to perform the aforementioned tasks:



ProSystem Fx Engagement - A workpaper preparation program that produces financial statements, trial balances, journal entries, fluctuation and ratio analysis.



Checkpoint - Online access to an expansive library of tax, accounting, auditing, and corporate finance content, including primary source materials and expert analysis.

PROFILE OF GIBBONS & KAWASH



IDEA - A powerful data extraction and analysis program that provides us with access to large amounts of data from which can we quickly import, join, analyze, sample and extract data from almost any source. Through data extraction and analysis programs, a significant amount of information can be evaluated for unusual relationships, which may be the result of erroneous data.



Prosystemfx Portal - Our client portal offers convenient online storage space in which your confidential information can be uploaded, downloaded, stored and shared in a safe and secure environment.

Encryption

All data on Gibbons & Kawash computers, including our workpapers in our computerized audit documentation management system, is encrypted using a 256-bit algorithm. The data encryption ensures that in the unlikely event that one of our computers were to be lost or stolen, your data and our workpapers would be unreadable to anyone other than Gibbons & Kawash personnel.

QUALIFICATIONS AND EXPERIENCE

ENGAGEMENT TEAM

The ultimate success and quality of our professional services to the West Virginia Water Pollution Control Revolving Fund 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. Their resumes are presented in **Appendix A**.

Your client service team will include:

Engagement Director - Robert E. Adams will serve as the lead director on your engagement. Rob will assume primary responsibility for the successful completion of the audit and will maintain contact with senior management of the Fund throughout the engagement to ensure that services and resources are provided to the Fund in a timely professional manner. Rob will also provide technical expertise to the audit team on accounting, auditing, and financial reporting matters and perform on-site review and supervision procedures. In addition to his extensive experience auditing many other State loan programs, Rob has six years of experience auditing the West Virginia Water Pollution Control Revolving Fund.

Engagement Quality Control Review Director - Robert R. Denyer will serve as engagement quality control review director. Engagement quality control review is an essential element of Gibbons & Kawash's quality control program. Bob will be charged with objectively evaluating the significant judgments made by the engagement team and the conclusions reached in formulating our report. In addition to his extensive experience auditing State loan funds and component units, Bob has previously served six years auditing the West Virginia Water Pollution Control Revolving Fund.

Manager - Anthony Carpenter will serve as the engagement manager. Anthony will be responsible for developing the engagement plan, supervising and coordinating the efforts of the engagement team, identifying and researching technical issues, and administrative matters. Anthony will be in contact with you on a regular basis to ensure your needs and deadlines are met. He currently manages audits of State component units with loan funds ranging in size from \$100 to \$800 million.

We do not anticipate any changes in the audit service team during the term of the agreement. However, if circumstances necessitate the change in team members assigned to the engagement, we will replace individual team members with other members of our staff with comparable experience and training. We will notify the Fund regarding any changes in staffing, provide management with the resume of any staff members added to the audit team and obtain their approval for the change.

GOVERNMENTAL AND NONPROFIT PRACTICES

This practice includes four directors and four managers who have extensive experience serving government and nonprofit clients. The core engagement team for the Fund has been selected from this pool of highly qualified professionals. The team's public sector experience includes counties, cities, authorities and State of West Virginia agencies. The team has assisted clients in earning and maintaining GFOA certificates of achievement in financial reporting in addition to conducting general purpose audits including audits conducted under the *Government Auditing Standards* and OMB Circular A-133.

Gibbons & Kawash has a long tradition of providing the highest quality professional services to governmental clients. Our current and former governmental clients include the following:

- Central West Virginia Regional Airport Authority
- City of Charleston, West Virginia
- Charleston Urban Renewal Airport Authority
- Kanawha County Parks and Recreation Commission
- Kanawha County Commission
- Kanawha Valley Regional Transportation Authority

QUALIFICATIONS AND EXPERIENCE

- Metro Emergency Operations Center of Kanawha County
- School Building Authority of West Virginia
- Tobacco Settlement Finance Authority of West Virginia
- West Virginia Alcohol Beverage Control Administration
- West Virginia Board of Treasury Investments
- West Virginia Consolidated Public Retirement Board
- West Virginia Department of Transportation, Division of Highways
- West Virginia Drinking Water Treatment Revolving Loan Fund
- West Virginia Housing Development Fund
- West Virginia Infrastructure and Jobs Development Council
- West Virginia Jobs Investment Trust
- West Virginia Lottery Commission
- West Virginia Parkways Authority
- West Virginia Racing Commission
- 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 Loan Fund**

QUALIFICATIONS AND EXPERIENCE

GIBBONS & KAWASH RECENT ENGAGEMENTS WITH THE STATE OF WEST VIRGINIA

	<u>Scope of Work</u>	<u>Years Served</u>	<u>Engagement Director</u>	<u>Principal Client Contact</u>	<u>Phone Number</u>
(*) West Virginia Infrastructure and Jobs Development Council	GAS	2014, 2013, 2012, 2011, 2010, 2009	Robert E. Adams	Chris Jarrett	304-414-6500
(*) West Virginia Water Development Authority	GAS	2014, 2013, 2012, 2011, 2010, 2009	Robert E. Adams	Chris Jarrett	304-414-6500
(*) West Virginia Drinking Water Treatment Revolving Fund	GAS/ OMB - A133	2014, 2013, 2012, 2011, 2010, 2009	Robert E. Adams	Chris Jarrett	304-414-6500
(*) West Virginia Housing Development Fund	GAS/ OMB - A133	2014, 2013, 2012, 2011, 2010, 2009	Robert R. Denyer	Erica Boggess	304-926-1900
(*) West Virginia Jobs Investment Trust	GAS	2014, 2013, 2012, 2011, 2010, 2009	Robert R. Denyer	Andy Zulauf	304-345-6200
West Virginia Consolidated Public Retirement Board	GAS	2014, 2013, 2012, 2011, 2010, 2009	Robert R. Denyer	J. Darden Greene	304-558-3570
West Virginia Lottery Commission	GAS	2014, 2013, 2012, 2011, 2010, 2009	Robert R. Denyer	Dean Patrick	304-558-0500
Tobacco Settlement Finance Authority of WV	GAS	2014, 2013, 2012, 2011, 2010, 2009	Robert E. Adams	Jane Shinn	304-558-4083
West Virginia Board of Treasury Investments	GAS/ AUP	2014, 2013, 2012, 2011, 2010, 2009	Robert E. Adams	Kara Hughes	304-340-1564
West Virginia Alcohol Beverage Control Administration	GAS	2014, 2013, 2012, 2011, 2010, 2009	Robert E. Adams	Julia Jones	304-356-5500
West Virginia Solid Waste Management Board	GAS/ AUP	2013, 2012, 2011, 2010, 2009, 2008	Robert E. Adams	Scott Norman	304-926-0448

The West Virginia Water Pollution Control Revolving Fund is a complex governmental entity with extensive financial reporting and disclosure requirements, the Fund is also subject to compliance and reporting regulations under *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of the major program in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such an opinion and to render the required reports. In connection with your requirements under OMB Circular A-133, we will prepare and electronically submit SF-SAC Date Collection Form to the Federal Audit Clearinghouse Our personnel selected for the Fund engagement team are experienced with the specialized financial reporting and compliance requirements applicable to the operations of the Fund as a government entity.

SERVICE APPROACH

A SERVICE PHILOSOPHY BASED ON VALUE

We reject the notion that an audit is a commodity. First and foremost, we are in business to serve our clients, to help them solve their problems, achieve their objectives, and to make a solid contribution to their success. Our people work to identify and respond to our clients' needs. We believe that in the course of conducting an audit, your accounting firm should generate information and develop insights that—in the hands of professionals who combine competence with judgment, maturity, and creativity—will result in improved controls, greater efficiencies, and clear, concise, and understandable financial reporting. It is this “value-added” philosophy to client service that has molded our approach to engagement management and distinguishes us from other firms.

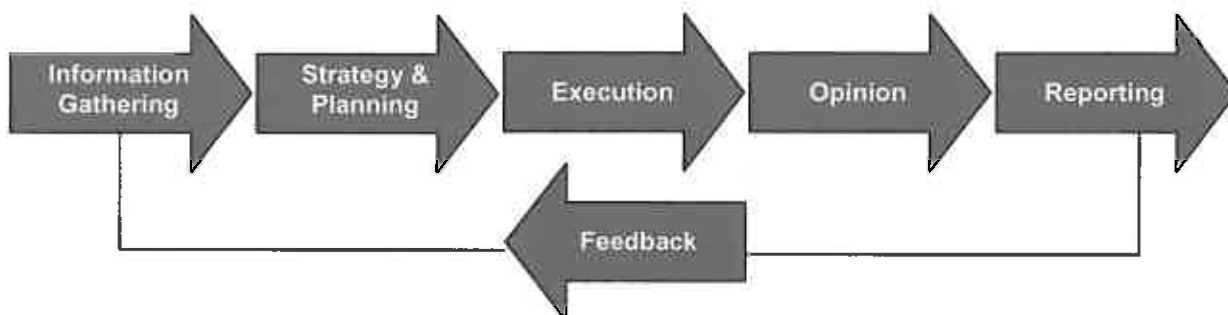
CLEAR COMMUNICATION

We value the candid exchange of ideas and opinions with our clients, and we maintain an open and robust dialogue with management and those charged with governance. We believe that communication is the most important tool for maximizing audit efficiency and effectiveness.

- Prior to the audit, we will meet with management and the Audit Committee to assist us in planning the audit. Taking the time to listen to you during the planning process is crucial to ensuring that we understand your organization and its risks.
- Our key team members will also meet with management frequently during the engagement to keep you apprised of our progress, to discuss any issues that may arise, and to solicit feedback regarding our performance.
- At the conclusion of our audit, we will communicate in writing regarding the results of the audit and any internal control matters that are required by professional standards to be communicated and we will meet with management to discuss these matters.
- We also encourage contact throughout the year, and your client service team has been and will be ready to consult with you any time you have a question. To demonstrate this commitment to meaningful dialogue, we do not bill for brief phone calls throughout the year. Of course, if a question requires extensive research, we will let you know and arrive at a fee estimate in advance.

OUR METHODOLOGY

Our methodology is broken down into six phases:



- We will gather sufficient information on the key audit risks including the development of our understanding of key internal controls, to enable us to design appropriate audit procedures, and conduct the audit in the most efficient manner and within the pre-agreed time frame and budget.

SERVICE APPROACH

- Information gathering will also include a "prepared by client" list with agreed timetable for provision of information and year-end planning meetings.
- We will calculate an appropriate materiality level which reflects the perceived audit risk and is based on our in-depth understanding of your engagement.
- We will use suitably qualified staff to ensure an efficient audit, while maximizing the opportunity for value added service from their experience.
- We will ensure clear and timely communication of issues to avoid any surprises and to enable smooth reporting.

EMPHASIS ON PLANNING AND RISK ASSESSMENT

We recognize that every organization we serve is unique. Effective and thorough planning is the key to ensuring that our approach is tailored to meet your specific needs and is the cornerstone of successful engagement management. From this understanding emerges a written plan and work programs - road maps which will be used by the engagement team to execute field work.

The most critical part of planning an audit is risk assessment. Risk assessment refers to the auditor's identification and assessment of risks of material misstatement at both the financial statement and relevant assertion levels. Obtaining an understanding of the organization, including its internal control, is an essential aspect of the consideration of risk. Our goal here is to get beyond the numbers, to develop a clear understanding of your organization, your goals and objectives, and the environment in which you operate.

Some risk assessment procedures which we will perform are as follows:

- Inquiries of management and others within the organization and those charged with governance, including specific inquiries related to fraud risks
- Obtaining an understanding of internal controls (both entity- level and activity-level controls)
- Performing "walkthroughs" of key internal controls and conducting interviews with personnel
- Performing analytical procedures of trends and relationships reported in the balances of the financial statements at the account and grouping levels
- Review of internal documents such as by-laws, minutes, and written policies and procedures
- Review of important contracts and agreements
- Engagement team "brainstorming" session to identify ways in which the financial statements could be misstated, especially as related to misappropriation or intentional misstatement

Once risk has been assessed, we are able to determine the quality and quantity of audit evidence required to limit that risk to an acceptable level. We will synthesize the information gathered during the planning and risk assessment procedures to develop a risk-based approach that concentrates audit effort on those areas where the dollar volume of transactions is significant and the risk of material misstatement is greatest.

SERVICE APPROACH

The comprehensive planning process is the cornerstone of adapting our audit approach to the needs identified by risk assessment for the Fund. We believe our prior experience with the West Virginia Water Pollution Control Revolving Fund and other governmental entities will assist in keeping the time required of the Fund's personnel during the planning phase to a minimum.

The audit approach we take is both innovative and prudent in responding to the risk assessment; and its impact on the opinion provided on the financial statements of the Fund. These items help to determine the quality and quantity of audit evidence required to limit that risk to an acceptable level.

Updating our understanding of the entity and its environment, including internal control, sufficient to assess the risks (risk assessment) of material misstatement of the financial statements and to design the nature, timing, and extent of procedures is of the utmost importance. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133. There can be no assurance that all deficiencies, significant deficiencies, or material weaknesses will be identified.

CONSIDERATION OF LAWS, REGULATIONS, CONTRACTS AND GRANTS

Identifying and ensuring that the Fund complies with laws and regulations are the responsibility of management. We will include appropriate inquiries of management and staff of the Fund to identify laws and regulations in which noncompliance could have a direct and material effect on the financial statements. We will also review relevant portions of the West Virginia Code, code of State Rules, and relevant regulations. We will test the provisions of those laws, regulations, grants and contracts for noncompliance which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions is not an objective of our audit, and accordingly, we will not express such an opinion. We will report on the results of our tests if we discover any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the "OMB Circular A-133 Compliance Supplement" for the types of compliance requirements that could have a direct and material effect on the Fund's major program. The purpose of these procedures will be to express an opinion on the Fund's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

SERVICE APPROACH

AUDIT PLAN AND EXECUTION

The above risk assessment, planning, and information gathering result in the development of the audit plan which is a detailed audit approach supplemented by written, detailed audit programs. The plan will be scrutinized by the engagement director to determine that the specific procedures developed are appropriate, efficient and reasonable in the circumstances.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected funding sources, creditors, and financial institutions. We may also request written representations from your attorneys as part of the engagement. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles. The objective also includes reporting on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements in accordance with *Government Auditing Standards*.

Upon completion of fieldwork, the reporting phase will be completed in draft form and reviewed by the engagement in-charge, director, and independent director, prior to submission to the Fund's management for their review. After any questions or concerns have been answered, the final reports will be issued.

We will issue our report on the fair presentation of the Fund's financial statements 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.

We will inform the Fund of each of the following:

- The auditor's responsibility under generally accepted auditing standards and *Government Auditing Standards and OMB A-133*
- Significant accounting policies
- Management judgments and accounting estimates
- Significant audit adjustments
- Other information in documents containing audited financial statements
- Disagreements with management
- Management consultation with other accountant
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit
- Significant abuse

In addition, if we discover matters that are considered control deficiencies or note opportunities to strengthen existing controls or provide operational efficiency we will provide those in written form to management in a communication separate from the deliverables described above, commonly referred to as a management letter.

SCOPE OF WORK

OUR UNDERSTANDING OF YOUR REQUIREMENTS

From your request for quotation, we have obtained an understanding of your expectations for the public accounting firm with whom you will work in the future. Key among these is that your accounting firm should:

- Present a diversity of audit experience which demonstrates that the firm can meet your service needs.
- Have an experienced team of professionals with a proven record of providing high quality audit services and who will work closely with management.
- Have an audit approach that addresses areas of highest risk, concentrates its efforts in areas of most concern, and results in a smooth and efficient audit.

We would specifically plan to conduct an audit of the financial statements of the West Virginia Water Pollution Control Revolving Fund for the year ending June 30, 2015 in accordance with U.S. generally accepted accounting standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of the major program in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such an opinion and to render the required reports. In connection with your requirements under OMB Circular A-133, we will prepare and electronically submit SF-SAC Date Collection Form to the Federal Audit Clearinghouse. We will also provide an additional report on Compliance with the Requirements Applicable to the Capitalization Grants for Drinking Water State Revolving Fund and on the Internal Control over Compliance in Accordance with the Program-Specific Audit Option under OMB Circular A-133 as required. Generally accepted auditing standards include the provisions of the former Statement on Auditing Standards No. 99 *Consideration of Fraud in a Financial Statement Audit*, which is now codified under the AICPA's clarified auditing standards AU-C section 240.

The West Virginia Water Pollution Control Revolving Fund (the "Fund") was established pursuant to the Clean Water Act (the "Act") by the State of West Virginia (the State), as amended, and is administered by the West Virginia Department of Environmental Protection. The purpose of the Act was to establish and implement a State-operated perpetual revolving loan fund to provide no-interest or low-interest rate loans to local governmental agencies and other eligible water providers to assist in financing clean water infrastructure projects, including but not limited to, design, treatment, distribution, transmission, storage and extensions; and remain in perpetuity by recirculating the principal repayments and interest earned from the loans. The Fund's programs are designed to provide financial assistance in the form of no-interest, low-interest, and forgivable loans to eligible local governmental agencies and other eligible water providers in the State in accordance with the Act. Such loan programs provide long-term financing to cover all or a portion of the cost of qualifying projects.

The Fund receives capital grants and contributions from the United States Environmental Protection Agency (the "EPA"), and the State, which is required to provide an additional twenty percent of the federal award as matching funds in order to qualify for funding. The State contributes matching funds through the West Virginia Infrastructure and Jobs Development Council. The financial statements present the loan activity of the Fund and do not include the activity in any set-aside accounts required by the EPA grants.

As the State is able to impose its will over the Fund, it is considered a component unit of the State. Being a component unit of the State of West Virginia, the conduct of the audit will be subject to the guidelines set by the West Virginia Department of Administration's, Financial Accounting and Reporting Section (FARS) for component units of the State of West Virginia. As such Gibbons and Kawash will make itself

SCOPE OF WORK

available to interact with FARS and the State of West Virginia group auditor, as well as responding to specific requests for information and providing additional support regarding matters reported in the financial statements for Fund, and attendance, either jointly with the Fund's personnel or as Fund's representative, at conferences, meetings, or seminars held or presented by FARS regarding their requirements for report preparation, presentation, deadlines, etc.

Management is ultimately responsible for the fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles; our responsibility is to express an opinion on the financial statements in accordance with those principles. Gibbons and Kawash will provide assistance to management in evaluating disclosures in the financial statements relevant to the reporting entity, including any such disclosure or schedules required by FARS. In addition, Gibbons and Kawash will provide requisite assistance and responses within the context of our professional relationship to federal and other agencies with which the Fund cooperates in funding various programs.

TIME REQUIREMENTS

We will design, plan, and perform our audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, US Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, and auditing standards generally accepted in the United States of America to meet the following time requirements:

We will design and plan our audit to meet the following time requirements:

- Entrance Conference - Gibbons & Kawash will attend an entrance conference to be scheduled by the Fund within two weeks of notification to proceed.
- Field Work and Draft Financial Statements - Field work will be scheduled to be completed and draft financial statements prepared by September 15, 2015.
- Draft Audit Reports and Exit Conference - Drafts of the audit report and recommendations will be submitted to management for their review by October 1, 2015. We will schedule an exit conference with the Chief Financial Officer, Program Manager and the Accounting and Financial Reporting Manager to discuss all questions and matters for resolution, the final signed report shall be delivered to management. This process will be completed and the final report delivered by October 8, 2015.

AFFIRMATIVE STATEMENTS

Independence - Gibbons & Kawash is independent of the Fund, the State of West Virginia, and any component units of the State of West Virginia, as defined by generally accepted auditing standards and *Government Auditing Standards*.

License to Practice - Gibbons & Kawash, CPAs, and all assigned key professional staff are properly licensed to practice and perform assurance services in West Virginia.

Federal or State Desk or Field Reviews - There have been no field reviews of Gibbons & Kawash audits during the past three years and all desk reviews have been accepted.

Disciplinary Action - No disciplinary action has been taken or is pending against Gibbons & Kawash, CPAs.

Registration - Gibbons & Kawash is properly registered with the State of West Virginia Purchasing Division and has paid all required fees.

SCOPE OF WORK

Workpaper Retention - We will retain all working papers and reports for a period of five years; unless we are notified by the Department of the need to extend the retention period.

REPORTING

We will issue our report and express an opinion on the fair presentation of the Fund's financial statements in conformity with accounting principles generally accepted in the United States of America. Additionally, we will report on internal control over financial reporting, internal control over compliance, and express an opinion on compliance with Title VI of the Clean Water Act.

Our audit will be performed in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards* issued by the Comptroller General of the United States.

At the conclusion of our audit, 20 signed copies of the Independent Auditor's Report on Gibbons & Kawash letterhead will be delivered to the Chief Financial Officer.

In addition, we will make an immediate written report of all fraud and illegal acts of which we become aware, to the State Comptroller and the Financial Accounting and Reporting Section of the Department of Administration under the authority of Section 5A-2-33 of the State Code as well as to the Secretary of the Department, the Division Director of the Division of Water and Waste Management and the Department's Chief Financial Officer.

Finally, we will inform the Department's Secretary of each of the following:

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

ADDITIONAL REQUIREMENTS

We will comply with all other provisions of your request for quotation not previously discussed in other sections of this document.

APPENDIX A

QUALIFICATIONS AND EXPERIENCE OF THE ENGAGEMENT TEAM

APPENDIX A



Robert E. Adams, CPA, CGMA

DIRECTOR

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

Experience

Rob's professional experience during the past 19 years has included significant responsibilities providing audit, tax, and consulting services to numerous public sector entities. Rob's experience auditing several large state governmental entities, local governments, and nonprofit organizations is extensive. His service to governmental and nonprofit organizations includes the following:

- Central West Virginia Regional Airport Authority
- Charleston Area Alliance
- 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
- School Building Authority of West Virginia
- Tobacco Settlement Finance Authority
- West Virginia Alcohol Beverage Control Administration
- West Virginia Board of Treasury Investments
- West Virginia Consolidated Public Retirement Board
- West Virginia Department of Transportation - Division of Highways
- 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 Independent Colleges and Universities
- West Virginia Infrastructure and Jobs Development Council
- West Virginia Jobs Investment Trust
- West Virginia Lottery Commission
- 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**

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. Rob is the Firm's Director assigned to the Government Audit Quality Center. Rob is a board member of West Virginia Kids Count.

Education

Rob graduated from the West Virginia Wesleyan College with a Bachelor of Science degree in business administration.

Continuing Professional Education

Rob is in compliance with all applicable CPE requirements.

APPENDIX A



Robert R. Denyer, CPA

DIRECTOR

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

Experience

Bob has more than 35 years of experience in providing audit, tax, and consulting services to public sector entities, state agencies, nonprofit organizations, and local governments. His in-depth industry knowledge includes such areas as federal grant compliance, indirect cost reimbursement, employee benefit plan issues, and internal control, operational matters, and financial reporting. His service to governmental entities includes the following:

- Central West Virginia Regional Airport Authority
- Charleston Urban Renewal Authority
- City of Charleston, West Virginia
- Kanawha County Parks and Recreation Commission
- Kanawha County, West Virginia
- Kanawha Valley Regional Transportation Authority
- Metro Emergency Operations Center of Kanawha County
- School Building Authority of West Virginia
- Tobacco Settlement Finance Authority
- 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 Department of Transportation, Division of Highways
- 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 Lottery Commission
- West Virginia Parkways Authority
- 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**

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 A



Anthony Carpenter, CPA

MANAGER

304-345-8400 ph

304-345-8451 fax

acarpenter@gandkcpas.com

Experience

Anthony has 9 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 includes the following:

- Central West Virginia Regional Airport Authority
- City of Charleston, West Virginia
- Hatfield-McCoy Regional Recreational Authority
- Kanawha County, West Virginia
- Kanawha Valley Regional Transportation Authority
- Public Service Commission of West Virginia
- School Building Authority of West Virginia
- West Virginia Consolidated Public Retirement Board
- West Virginia Housing Development Fund
- West Virginia Independent Colleges and Universities
- West Virginia Lottery Commission
- West Virginia Municipal Pensions Oversight Board
- West Virginia Parkways Authority
- 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

PEER REVIEW REPORTS



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.



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

System Review Report

May 12, 2009

To the Partners of Gibbons & Kawash CPAs
and the Peer Review Committee of the American Institute of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Gibbons and Kawash CPAs (the firm) applicable to non-SEC issuers in effect for the year ended February 28, 2009. 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 CPAs applicable to non-SEC issuers in effect for the year ended February 28, 2009, 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 CPAs has received a peer review rating of *pass*.

Rea & Associates, Inc.

APPENDIX C

PURCHASING AFFIDAVIT

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 exceed 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: *[Signature]* Date: 8/26/15

State of WV

County of Kanawha, to-wit:

Taken, subscribed, and sworn to before me this 06 day of August, 2015

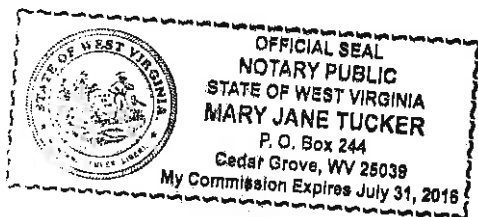
My Commission expires July 31, 2016.

AFFIX SEAL HERE

NOTARY PUBLIC

Mary Jane Tucker

Purchasing Affidavit (Revised 07/01/2012)



APPENDIX D

VENDOR PREFERENCE CERTIFICATE

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 Vendor Preference, if applicable.

1. Application is made for 2.5% 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% 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% 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% 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% 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% 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: 8/26/15

Title: Director

APPENDIX E

CERTIFICATION AND SIGNATURE PAGE

CERTIFICATION AND SIGNATURE PAGE

By signing below, or submitting documentation through wvOASIS, 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, offer or proposal for review and consideration; that I am authorized by the vendor to execute and submit this bid, offer, or proposal, or any documents related thereto on vendor's behalf; that I am authorized to bind the vendor in a contractual relationship; and that to the best of my knowledge, the vendor has properly registered with any State agency that may require registration.

Gibbons & Kawash, A.C.

(Company)



Robert E. Adams, Director

(Authorized Signature) (Representative Name, Title)

(304) 345-8400 / (304) 345-8451

8/26/15

(Phone Number) (Fax Number) (Date)

APPENDIX F

ADDENDUM ACKNOWLEDGEMENT FORMS

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: _____

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 checked="" 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



Authorized Signature

8/26/15

Date

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

Revised 6/8/2012

SOLICITATION NUMBER: CRFQ DEP1600000005

Addendum Number: 01

The purpose of this addendum is to modify the solicitation identified as ("Solicitation") to reflect the change(s) identified and described below.

Applicable Addendum Category:

- Modify bid opening date and time
- Modify specifications of product or service being sought
- Attachment of vendor questions and responses
- Attachment of pre-bid sign-in sheet
- Correction of error
- Other

Description of Modification to Solicitation:

This addendum is issued to modify the solicitation per the attached documentation and the following:

1. To modify the bid opening date to September 3, 2015 at 1:30PM, EST.

No other changes.

Additional Documentation: Documentation related to this Addendum (if any) has been included herewith as Attachment A and is specifically incorporated herein by reference.

Terms and Conditions:

1. All provisions of the Solicitation and other addenda not modified herein shall remain in full force and effect.
2. Vendor should acknowledge receipt of all addenda issued for this Solicitation by completing an Addendum Acknowledgment, a copy of which is included herewith. Failure to acknowledge addenda may result in bid disqualification. The addendum acknowledgement should be submitted with the bid to expedite document processing.

SOLICITATION NUMBER: CRFQ DEP1600000005

Addendum Number: 02

The purpose of this addendum is to modify the solicitation identified as ("Solicitation") to reflect the change(s) identified and described below.

Applicable Addendum Category:

- Modify bid opening date and time
- Modify specifications of product or service being sought
- Attachment of vendor questions and responses
- Attachment of pre-bid sign-in sheet
- Correction of error
- Other

Description of Modification to Solicitation:

This addendum is issued to modify the solicitation per the attached documentation and the following:

1. To provide answers to vendor submitted secondary questions.
2. To modify the bid opening date and time to September 8, 2015 at 1:30PM, EST.

No other changes.

Additional Documentation: Documentation related to this Addendum (if any) has been included herewith as Attachment A and is specifically incorporated herein by reference.

Terms and Conditions:

1. All provisions of the Solicitation and other addenda not modified herein shall remain in full force and effect.
2. Vendor should acknowledge receipt of all addenda issued for this Solicitation by completing an Addendum Acknowledgment, a copy of which is included herewith. Failure to acknowledge addenda may result in bid disqualification. The addendum acknowledgement should be submitted with the bid to expedite document processing.

ATTACHMENT A

CRFQ DEP16*5
Questions and Answers

1. Question: Can we be provided a copy of the prior audit report of the WV Water Pollution Control Revolving Fund for June 30, 2014?

Answer: This report is not available at this time. However, the similar 2013 audit report is attached.

2. Question: What was the prior vendor's audit cost and hours for the audit for June 30, 2014?

Answer: This report is not available at this time. However, the similar 2013 audit cost is detailed in the attached bid from Teed & Associates, PLLC.

3. Question: With a proposal submission date of August 20, 2015, section 3.1.1.4.2 of the "Request for Quotation" makes reference to the fact that audit fieldwork and draft financial statements must be "completed" by September 7, 2015. Is that a correct expectation of the winning bidder or do those timelines need to be adjusted for the late August notification of a winning bid?

Answer: We can move to the 15th of September.

4. Question: What was the complete fee for the June 30, 2014 audit?

Answer: As we have discussed, the FY14 audit was an anomaly and should not be used. We do not know the final cost for the FY 2014 work that was included in the CAFR. FY 2013 information that has already been provided should be used.

5. Question: Can you provide copies of prior year deliverables, including the final required audit, management letter or other communication provided by the previous auditor?

Answer: Attached is the management letter, the bid and the report for FY 2013.

**CRFQ DEP16*5
Questions and Answers**

6. Question: Will the "Assistance" provided to the auditor as described in section 3.1.1.5 of the "Request for Quotation" include the development of all calculations specific of the Fund's participation in PERS, financial statement disclosure, and the development of all Required Supplementary information necessary to implement GASB 68 and GASB 71 or will additional assistance be anticipated from the auditor for implementation?

Answer: We may need assistance if what we have produced is less than adequate for reporting purposes.

7. Question: Does the Scope of this audit include the preparation of a Data Collection Form, or is that the responsibility of the State Wide Single Auditor?

Answer: The Data Collection Form is the responsibility of the State Wide Single Auditor.

APPENDIX G

PRICING PAGE

APPENDIX G

The following are the hours at cost for each staff classification for the year ended June 30, 2015:

<u>Classification</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total</u>
Director	25	\$ 210	\$ 5,250
Manager	30	170	5,100
Senior	60	135	8,100
Staff	90	100	9,000
Administrative	15	55	825
	<u>220</u>		<u>28,275</u>
	Less discount		<u>(4,280)</u>
		Total, all inclusive price, not to exceed (including meetings with the U.S. EPA)	<u>\$ 23,995</u>

Firm Name: Gibbons & Kawash, A.C.

Signature:  _____

Date: 8/26/15



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