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WV Purchasing Division

A PROPOSAL TO PROVIDE PROFESSIONAL SERVICES FOR THE
STATE OF WEST VIRGINIA

APRIL 17, 2018

TECHNICAL PROPOSAL
RFP FAR1800000005

ORIGINAL

 **BROWN EDWARDS**
certified public accountants

DHG

|BDO

04/17/18 09:37:34



Tel: 703-893-8600
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www.bdo.com

8401 Greensboro Drive
Suite 800
McLean, VA 22102

April 17, 2018

Linda B. Harper
Buyer Supervisor
State of West Virginia
Department of Administration, Purchasing Division
2019 Washington Street, East
Charleston, West Virginia 25305-0130

Dear Ms. Harper:

With the constant pressures facing governmental entities today stemming from mounting financial pressures, government compliance and adoption of GASB pronouncements, it is more important than ever to have a team of professionals who knows the governmental sector inside and out. The State of West Virginia's (the State) financial reporting continue to change and evolve over time, and your audit team must evolve over time to best meet your needs. Today, for the selected team to successfully complete the State's Comprehensive Annual Financial Report (CAFR) and Single Audit, it must demonstrate that it has the depth of resources required to perform this engagement in a timely fashion; experience in performing state audits of similar size and complexity; the ability to understand and test internal controls, compliance with laws and regulations; but most importantly, the ability to remain transparent, and in constant communication with the State regarding any findings, so that you can provide that information to your stakeholders in a timely manner.

BDO USA, LLP (BDO), in association with Dixon Hughes Goodman, LLP (DHG) and Brown, Edwards & Company, LLP (Brown Edwards), collectively, (the BDO Team), appreciates the opportunity to present our technical proposal to meet the auditing needs of the State. The BDO Team has the right combination of experience, knowledge and skillsets to provide to successfully complete the State's CAFR and Single Audit, offers the following benefits:

- ▶ **Personal attention and world-class experience and service.** As one of the nation's leading public accounting firms and the U.S. partner of the world's fifth largest international accountancy network, BDO offers the depth of resources, extensive technical experience, and breadth of skills one expects from a national firm with world-class resources. Combined with a personalized approach to client service and a commitment to extensive partner and senior manager involvement in all of our engagements, the BDO Team is able to offer the State unparalleled service at the best value available in the accounting profession.
- ▶ **National experience, combined with local knowledge and expertise.** The BDO Team brings decades of combined experience mitigating accounting challenges faced by State and local governments. Your engagement team, led by Kurt Miller, a West Virginia native, has significant experience working together on similar engagements and will bring a fresh perspective to the State's CAFR as well as lesson learned from audits performed for other governments, to include the District of Columbia and the U.S. Virgin Islands. In addition to our similar national expertise, Norman Mosrie from DHG and Rob Adams from Brown Edwards bring direct, relevant local experience and knowledge of the State's processes and procedures having performed audit engagements for State Components. Our Team has significant experience with governmental audits, Uniform Guidance audits and successful implementations of GASB pronouncements. Our Team will satisfy all the requirements defined in the Request for Proposal (RFP), while serving as a valued business advisor, providing the type of sound advice and recommendations you need to manage your programs and agencies in an effective manner. As such, the Team is uniquely able to support the State in carrying out its fiscal responsibilities.

- ▶ **Extensive experience performing single audits for governmental institutions.** The Team's depth of resources will be complemented with the extensive experience from performing hundreds of single audits for governmental entities and other public sector organizations. In addition to satisfying all the requirements defined in the Request for Quotation/Proposal Number FAR180000005 ("RFP" or "RFQ"), BDO prides itself on serving its governmental audit clients as a valued business advisor, providing the type of sound advice and recommendations they need to manage their programs and organization in an effective manner. As such, the BDO Team is uniquely able to support the State in carrying out its fiscal responsibilities and, in doing so, contribute significantly to the State's continued success.
- ▶ **Proven, seamless transition process.** We appreciate that for many of our clients the transition to a audit firm is not a regular occurrence and can give rise to concerns and present you with significant challenges. Among our core competencies is transition management, with significant experience taking steps to carefully and efficiently transition new clients to BDO. We sincerely appreciate the risks involved with changing firms and to that end we have implemented a proven transition process that mitigates risk and drives efficiency and effectiveness from day one.

Some of the public sector organizations that have found value changing from the "Big 4" to BDO recently include:

- | | |
|--|--|
| • Government of the U.S. Virgin Islands | • National Wildlife Federation |
| • Government of the District of Columbia | • National Council of La Raza |
| • Blue Cross Blue Shield Association | • National Trust of Historic Preservation |
| • Public Broadcasting Service | • United States Golf Association |
| • Paralyzed Veterans of America | • United States Holocaust Memorial Museum |
| • Howard University | • United States Tennis Association |
| • The John F. Kennedy Center for the Performing Arts | • Virgin Islands Port Authority |
| • World Wildlife Fund | • Virgin Islands Water and Power Authority |
- ▶ **Risk-based audit approach.** Designing an efficient and effective integrated audit is dependent on an early and accurate risk assessment. Our approach focuses on significant hands-on involvement of our most experienced professionals to promote a strong understanding of the relevant financial statement and compliance control risks. Further, our methodology incorporates a unique risk-based framework to help our engagement teams focus more audit effort in higher risk areas and less audit effort in the lower risk areas. Our approach fosters an active understanding of your strategic direction, particular business risks, control strengths and weaknesses, and other significant matters pertaining to the audit cycle critical to audit quality. Using our proprietary software, Audit Process Tool (APT), we rigorously assess the entity level risks and controls through a targeted information gathering tool in order to assess the overall General Risks and Controls (including Information Technology General Controls) and identify specific financial reporting risks at a granular level.
 - ▶ **Commitment to perform.** We are sensitive to the mandates that the State must comply with regarding the issuance of its reports and the importance of maintaining its high standard of performance for financial reporting. The BDO Team understands the work to be performed and will deliver your reports by your due dates. Through proper coordination and planning, we will co-develop a plan with managers to complete our work within your specified time frame. With dedicated personnel experienced in serving the governmental sector, we will focus quickly on the key issues that affect the State and help you plan new activities, as well as review current activities to ensure the proper approach. All of our personnel will work together to provide you with a full service team to ensure that we address your needs.

Our proposal outlines our understanding of all the areas of specific interest to you and addresses how the BDO Team will meet your service needs. Thank you for the opportunity to propose. It is our sincere interest to work with you, and we are energized by the prospect of serving the State on such an important engagement. We look forward to further demonstrating our capabilities and distinctly different service approach and building a strong relationship with the State. Please do not hesitate to contact me should you have any questions.

Sincerely,

Handwritten signature of William Eisig in blue ink.

William Eisig, CPA
Atlantic Region Managing Partner
703-336-1401
weisig@bdo.com

Handwritten signature of Kurt Miller in blue ink.

Kurt Miller, CPA
Engagement Director Lead
703-336-1510
kmiller1@bdo.com

Designated contact and certification

DESIGNATED CONTACT: Vendor appoints the individual identified in this Section as the Contract Administrator and the initial point of contact for matters relating to this Contract.

Kurt E. Miller, Assurance Director
(Name, Title)
Kurt Miller, Assurance Director
(Printed Name and Title)
8401 Greensboro Drive, Suite 800, McLean, VA 22102
(Address)
703-893-0600/703-893-2766
(Phone Number) / (Fax Number)
kmiller1@bdo.com
(email address)

CERTIFICATION AND SIGNATURE: By signing below, or submitting documentation through wvOASIS, I certify that I have reviewed this Solicitation in its entirety; that I understand the requirements, terms and conditions, and other information contained herein; that this bid, offer or proposal constitutes an offer to the State that cannot be unilaterally withdrawn; that the product or service proposed meets the mandatory requirements contained in the Solicitation for that product or service, unless otherwise stated herein; that the Vendor accepts the terms and conditions contained in the Solicitation, unless otherwise stated 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.

BDO USA, LLP
(Company)

Kurt E. Miller Kurt E. Miller Assurance Director
(Authorized Signature) (Representative Name, Title)

Kurt Miller, Assurance Director
(Printed Name and Title of Authorized Representative)

April 13, 2018
(Date)

703-893-0600/703-893-2766
(Phone Number) (Fax Number)

Addendum acknowledgement form

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 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.

BDO USA, LLP
Company


Authorized Signature

April 13, 2018
Date

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

TITLE PAGE



BROWNEDWARDS
certified public accountants

DHG
COLLECTION GROUP

IBDO

Title page

RFP Subject	Audit of the Single Audit of the State of West Virginia and the State's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2018
RFP Number	FAR1800000005
Vendor Name	BDO USA, LLP
Business Address	8401 Greensboro Drive Suite 800 McLean, VA 22012
Telephone Number	(703) 893-0600
Fax Number	(703) 893-2766
Contact Person	Kurt Miller
E-mail Address	kmiller1@bdo.com
Vendor Signature	<i>BDO USA, LLP by Kurt E Miller</i>
Date	April 17, 2018


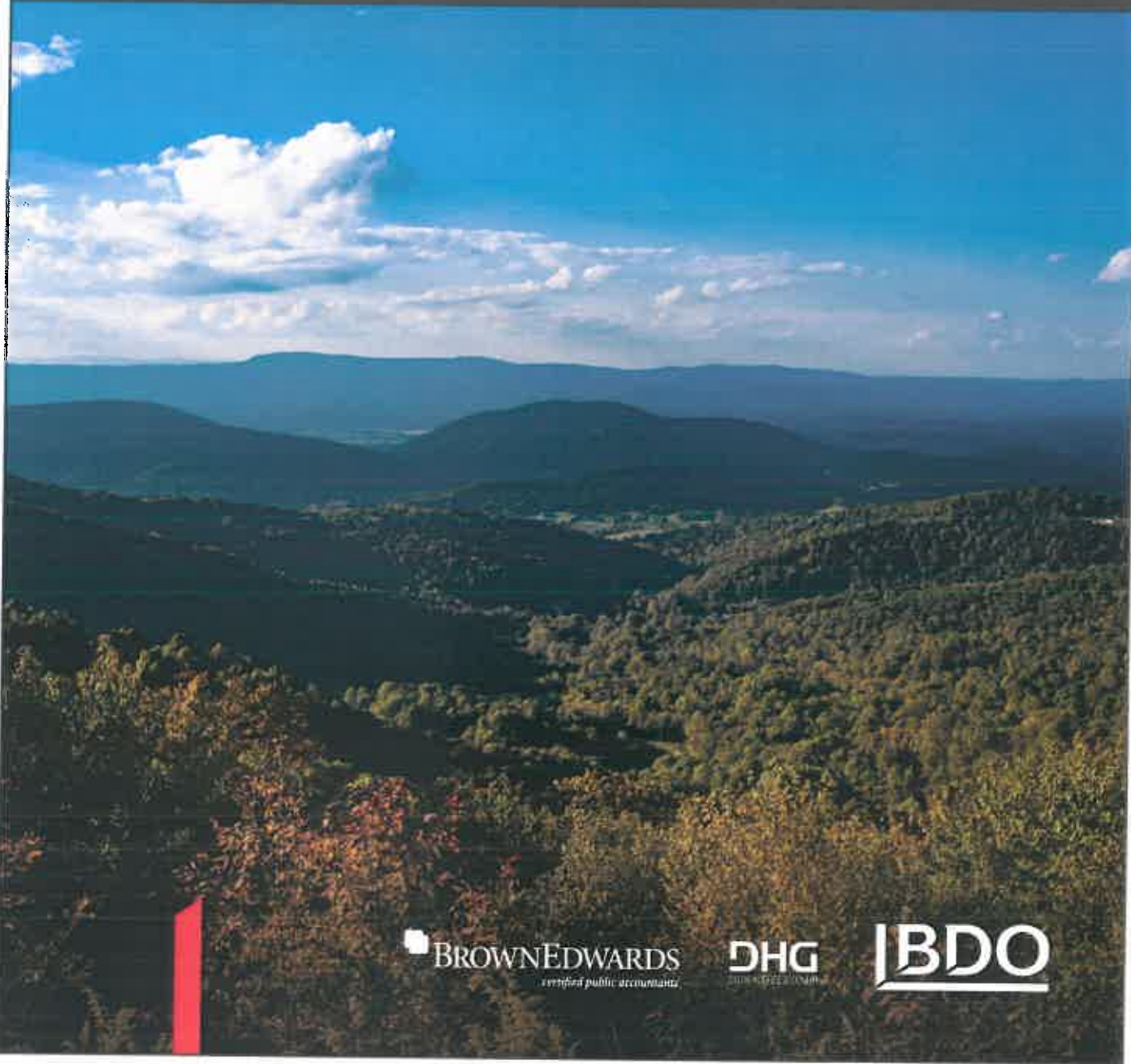


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certified public accountants

DHG
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BDO

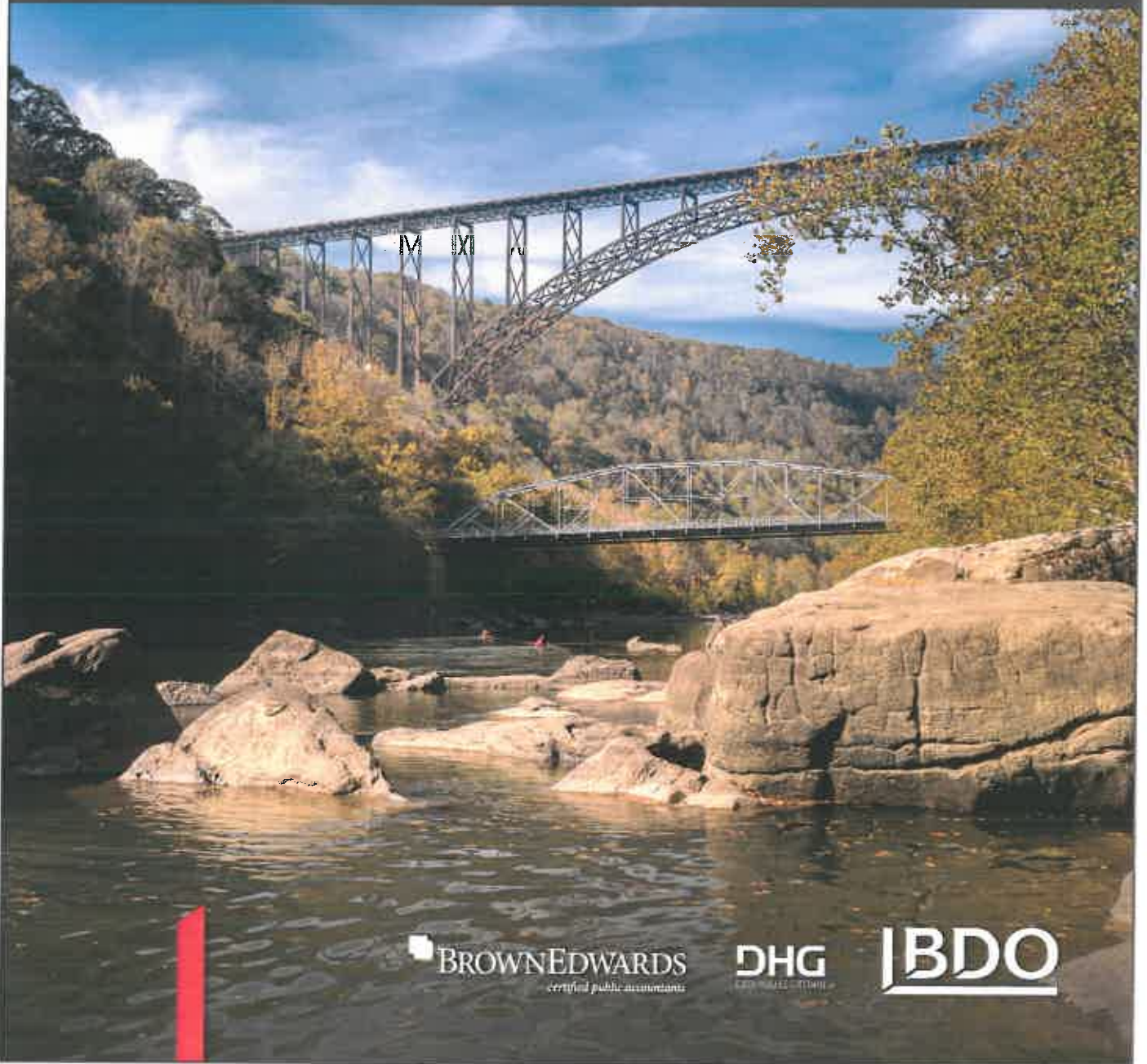
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ATTACHMENT A

VENDOR RESPONSE SHEET



 **BROWNEEDWARDS**
certified public accountants

DHG
CERTIFIED PUBLIC ACCOUNTANTS

BDO

REQUEST FOR PROPOSAL

Finance, DOA and RFP FAR140001

Attachment A: Vendor Response Sheet

Provide a response regarding the following: firm and staff qualifications and experience in completing similar projects; references; copies of any staff certifications or degrees applicable to this project; proposed staffing plan; descriptions of past projects completed entailing the location of the project, project manager name and contact information, type of project, and what the project goals and objectives were and how they were met.

List project goals and objectives contained in Section 4, Subsection 4:

Section 4, Subsection 4.1: List audits that have been completed that demonstrate the ability to manage an audit engagement of this magnitude.

Vendor Response: The BDO Team has provided the requested information following the divider labeled Section 4, Subsection 4.1.

Section 4, Subsection 4.2: List proposed audit staff with degrees, qualifications, and experience also describe aspects of the engagement which may require the services of specialists or involve consultation outside the engagement

Vendor Response: The BDO Team has provided the requested information following the divider labeled Section 4, Subsection 4.2.

Section 4, Subsection 4.3: List prior government experience (description of past projects completed entailing the location of the project, project manager name and contact information, type of project, and what the project goals and objectives were and how they were met) and continuing education of senior audit staff, partners, managers, and supervisors.

Vendor Response: The BDO Team has provided the requested information following the divider labeled Section 4, Subsection 4.3.

Section 4, Subsection 4.4: Describe specific audit work plan including; subcontractors; the firm's responsibilities under the applicable auditing standards and federal regulations; and how the firm's approach to this engagement will demonstrate that all requirements are met. Also describe specific audit work plan for any potential problems in performing all services described in this RFP including; the effects of GASB standards; the firm's approach to resolving these problems; and any special assistance that will be requested of the Agency or the State agencies.

Vendor Response: The BDO Team has provided the requested information following the divider labeled Section 4, Subsection 4.4.

Firm qualifications and experience

ABOUT BDO USA, LLP

A NATIONAL FIRM

For more than 100 years, BDO USA has been recognized as a premier accounting, tax, and advisory organization for our exceptional client service; experienced, accessible service teams; focus on quality and efficiency; and our ability to adapt to, and navigate successfully in, a changing marketplace. We provide services to a wide range of government agencies, states, territories and quasi-government agencies, nonprofits, publicly traded corporations, privately held companies, and other organizations in the public and private sectors.

Founded as Seidman & Seidman in New York City in 1910, the firm has grown to serve clients through over 60 offices and more than 550 independent alliance firm locations nationwide. Today, BDO USA, LLP, a Delaware limited liability partnership, is the U.S. Member of BDO International Limited, a UK company limited by guarantee, which forms part of the international BDO network of independent member firms.

BDO USA, LLP

\$1.41 billion Revenues

49% Assurance **34%** Tax **17%** Advisory

3 Partners **5,394** Professional Personnel **60+** Offices
5 **6,461** Total Personnel

550+ Independent Alliance firm locations nationwide

Statistics as of and for the year ended 6-30-17.

INTEGRATED SERVICES WITH A LOCAL PRESENCE

As a priority client, the engagement will be served by our National Governmental Services practice headquarters in McLean, Virginia. What this means for the State is that the engagement team will have direct and immediate access to the BDO National Governmental and Nonprofit Practice leader, William Eisig, who is also located in this office, to provide prompt resolution to any reporting or auditing issue that may arise. With several daily direct nonstop 40 minute flights to Charleston, available from three major Washington, D.C. airports, your engagement executives can quickly be on site in Charleston, as necessary.

Our two BDO subcontracting firms will play significant roles as part of the overall BDO Team. As engagement director, Kurt Miller will be coordinating and assigning personnel, including personnel from the two West Virginia BDO subcontracting firms, to take advantage of prior experience with West Virginia State agencies and with major programs to be audited during the Single Audit.

As such, we can deliver an integrated team using our own personnel, as supplemented by our subcontractors. We utilize the full resources of our subcontractors on key elements of an engagement including significant input at the partner and manager level. Personnel from our subcontracting firms will be an integral part of our audit process and their invaluable experience will be utilized in all phases of our process. They will provide auditors at various levels for the State's engagement.



Firm qualifications and experience

ABOUT BDO USA, LLP

Our commitment to serve the State of West Virginia from our National Governmental Services practice office combined with significant resources from our local BDO subcontracting firms will provide the State with a fresh evaluation and analysis of its financial reporting and compliance processes from our best people, supported by local knowledge in significant areas of its operations.

Over the past 100 years, BDO has earned a reputation for providing superior client service in performing financial statement, single, and performance audits for a wide range of clients.

This is due in large part to several distinct benefits we offer:

- ▶ We combine the depth and breadth of skills of an industry-leading international organization with the personal touch of a smaller regional firm.
- ▶ Our ratio of partners to staff is one of the lowest in the profession.
- ▶ Our partners, directors, and managers are directly and personally involved in and concerned with the services provided to you. They do not rely on less experienced staff to address critical matters.

Firm qualifications and experience

A FIRM BUILT ON VALUES



BDO's culture and core values establish a set of standards embodied by our work, our relationships, and our professionals, the results of which are reflected in our accomplishments and recognition in the marketplace. With a reputation for quality and foundation built on timeless values, BDO is a sound choice both for clients and for those seeking rewarding professional careers.

WHAT WE ARE PROUD OF

- ▶ Alfred P. Sloan Awards for Business Excellence in Workplace Flexibility (winner, multiple locations, and multiple years)
- ▶ Alliance for Work-Life Progress, Work-Life Seal of Distinction (multiple years)
- ▶ BDO Counts! And 100 Good Deeds Volunteerism Programs
- ▶ Best and Brightest Companies to Work For (multiple years)
- ▶ Best Places to Work for Recent Grads, Experience, Inc.
- ▶ Diversity Leader, named by *Profiles in Diversity Journal*
- ▶ Nation's Best & Brightest Companies and Best & Brightest in Wellness
- ▶ Tax Adviser of the Year, *International Accounting Bulletin* (multiple years)
- ▶ Top Entry Level Employer by collegegrad.com
- ▶ Vault Accounting 50 List
- ▶ Working Mother 100 Best Company (multiple years)

Firm qualifications and experience

BDO NATIONAL INSTITUTE FOR GOVERNMENTAL AND NONPROFIT EXCELLENCE

BDO is proud to be **the only** national accounting firm with a strategic commitment to the public sector. That commitment has led to the development of the Institute, which specializes in meeting the needs of the nation's public sector.

The Institute also serves as a resource, studying and disseminating information pertaining to public sector accounting and business management. It also supports and collaborates with BDO offices around the country to develop innovative and practical accounting and operational solutions for the Public Sector practice. The Institute provides monthly in-person (Washington, D.C. area) or internet-based informational sessions for its clients and other interested parties in the latest aspects of issues impacting the public sector. The Institute also sponsors educational seminars locally or via webcasts on issues such as new Governmental Accounting Standards Board (GASB) implementation and compliance, and single audit compliance, and management and governance topics.

Many BDO professionals are recognized as key thought leaders within the public sector. Our professionals believe in the power of industry participation and in the importance of staying on top of new trends, issues, and regulations. Doing so requires membership in trade associations, presenting at industry conferences and seminars, and authoring articles in and serving as a resource for trade publications. **William Eisig**, the Managing Partner for BDO's Atlantic region and BDO's National Practice Leader for the Governmental and Nonprofit Practice, is the National Director for the Institute.

CONTRIBUTIONS TO REGULATORY MATTERS

BDO participation in regulatory and public policy affairs is extensive, involving BDO partners' activity at the highest levels across a wide range of bodies and groups, both nationally and internationally. BDO partners and members of its leadership team are active as respected commentators in the media and blogosphere.

In furtherance of this spirit, BDO's public sector group monitors the various projects at the GASB and provides ongoing information through newsletters, webinars, client specific trainings to keep our clients updated on what to expect in the future.

Patricia Duperron, a member of your engagement team, is also a recent past-member of the AICPA's *State and Local Government Expert Panel* which protects the public interest by bringing together knowledgeable parties in the state and local government industry to deliberate and come to agreement on key state and local government issues. The Expert Panel also updates the AICPA Audit Guide for State and Local Governments every year and is currently working on a new chapter for auditing benefit plans.

THE INSTITUTE'S SPONSORED LIVE AND WEBINAR EVENTS HAVE INCLUDED:

- ▶ Summit to End the Overhead Myth
- ▶ How to Safeguard Against Fraud and Embezzlement: Best Practices, Common Pitfalls, and Practical Strategies
- ▶ Fair Value Accounting- What You Need to Know
- ▶ Fraud and Its Effect on Organizations
- ▶ When Washington Politics Collide with Operations

Firm qualifications and experience

STATEWIDE AUDITING EXPERIENCE

WE UNDERSTAND YOUR NEEDS

BDO's Government Services professionals have an in-depth knowledge and understanding of applicable state and local government rules and regulations, federal and industry accounting and auditing standards and requirements, financial management rules and requirements, information technology system auditing standards, and reporting requirements. Our methodologies and program management approach are designed to deliver repeatable and reliable processes that help clients achieve their goals, facilitate communications, assure accurate and timely reporting, and enable effective operations.

BDO is a valued business advisor to approximately 2,000 organizations in the public sector. These include governmental and tax-exempt programmatic, membership, social welfare, charitable, educational, religious, cultural, and research organizations with asset sizes ranging from \$500,000 to approximately \$10,000,000,000. Our professionals deliver hands-on experience and technical skills to address each of our clients' distinctive needs. BDO's National Governmental and Nonprofit Practice and the National Institute for Governmental and Nonprofit Excellence (the "Institute") are housed in our office in McLean, Virginia.

As described further in our proposal, we have extensive experience in auditing activities and programs similar to the State. We have performed all of the required tasks and all aspects of the services outlined in the RFP for numerous government and tax-exempt entities. Our team of professionals offers the hands-on experience and technical skill you can rely upon to serve the distinctive needs of the State. We operate under a national set of systems and procedures. While we strongly encourage the individual character and close personal contact of our local offices, we also maintain a uniform standard approach to our technical disciplines. Our offices vary considerably in size but they do not vary whatsoever in their technical approach to their work. Thus, wherever clients are located, they receive the best service.

BDO is also an industry leader in providing Office of Management and Budget single audits to organizations that have federal funding. Our experience includes auditing compliance under numerous non-U.S. government awards, The World Bank, multilateral donor agreements, and federal appropriations. Based on our past successes and experience, we are prepared and are well-qualified to perform the State's financial statement audit and Single Audit, and prepare all of the reports required by the State in a coordinated and integrated manner that meets your needs for accurate reporting and prompt delivery.

Firm qualifications and experience

COLLABORATION WITH OUR PARTNER FIRMS

Brown Edwards and DHG, the subcontractors we have selected to support our performance of this engagement has unique strengths and abilities and will be integrated into our audit teams to perform the tasks described in the request for proposal. Collectively, the Team has a great deal of experience working on engagements similar to the State, we are very familiar with each other, and will be able to work as one cohesive unit.

This allows us to gain the benefit of our subcontractors' skills and experiences while performing close oversight and supervision of the work they perform. This is also critical to our ability to maintain our high standards of performance and allows us to ensure strict compliance with all work requirements for the engagement, as well as applicable accounting and performance standards applicable to performance of the request for proposal requirements. To guarantee timely identification of performance issues and developing trends, the subcontractors will be required to provide a weekly account of hours spent and tasks accomplished.

We will ensure that the subcontractors deliverables are subjected to their own quality control reviews while the work is in process, and BDO will conduct its own quality control review of the subcontractors work and project deliverables using our own rigorous quality control processes, as BDO will be the signing audit firm.

Our subcontractors will provide auditors and information systems specialists at all levels for this engagement.

More specifically, our subconsultants will provide the following services:

- ▶ Audit work with respect to discrete deliverables.
- ▶ Assistance in the following areas:
 - Planning
 - Information systems
 - Payroll testing
 - Disbursements and procurement testing
 - Grants management
 - Accruals and payables testing
 - Single audit compliance testing
- ▶ Performance of other functions in conjunction with finalizing the reports:
 - Financial reporting
 - Issue resolution
 - Wrap-up
- ▶ Attendance by a partner at the regularly scheduled State and status meetings.

Personnel from our subcontractor firms will be an integral part of our audit stages and their invaluable experience will be utilized in all phases of our process.

We will subcontract 20% of the audit work to our subcontractors. We are flexible and have the capability to include additional subcontractors, should the need arise, in order to meet your deadlines.

Firm qualifications and experience

ABOUT BROWN, EDWARDS & COMPANY, LLP

Brown Edwards is a regional accounting firm formed in 1967 through the merger of Fred P. Edwards Company and C. A. Brown & Company, whose histories date back to the 1920s. The firm has enjoyed significant growth since its formation, thanks to an unwavering commitment to our clients to provide the highest quality professional services in the industry and the attention and responsiveness they deserve and have come to expect.

With an average of 25 years of experience for partners and directors and ten years for senior managers, team members at Brown Edwards bring significant experience and knowledge to every client engagement. Each service area offers specialists in accounting, assurance, tax, and management advisory services to our clients. In addition, we have developed industry teams, such as our governmental, not-for-profit, higher education, health care, and financial institutions practice units, which are comprised of team members with in-depth experience and specialized training who spend substantially all of their professional life providing services exclusively to clients in those specific industries.

Our governmental and municipal practice is comprised of seven partners and three directors who devote substantial amounts of their time servicing state and municipal clients.

Brown Edwards is a member of BDO Alliance USA, and is a full service accounting and consulting firm with a substantial client base that includes numerous state, municipal, and federal government agencies, nonprofit organizations, colleges and universities, and commercial businesses. Organized in 1967, Brown Edwards has a history dating back to the 1920s. All aspects of Brown Edwards' service quality are monitored against their *5-Star Service Quality Standards*.

Brown Edwards is a certified public accounting firm licensed in the State of West Virginia, Virginia, Tennessee, North Carolina, District of Columbia, California, Illinois, Kentucky, Nebraska, New Jersey, Michigan, and South Carolina.

Brown Edwards is a member of the AICPA's Government Audit Quality Center and its Employee Benefit Quality Center. Key members of the engagement team are members of the Government Finance Officers Association (GFOA) and the Public Company Accounting Oversight Board (PCAOB), and local government team partners, directors, and senior associates have extensive experience with GFOA. All licensed key personnel, on which estimates of hours and staffing are presently based and included in this proposal, are in good standing with the applicable State Boards of Accountancy, State Licensing Boards, and the AICPA.

BROWN EDWARDS CHARLESTON

Effective January 1, 2018, Brown Edwards merged in the practice of Gibbons & Kawash (G&K) here in Charleston, WV. The addition of G & K adds a significant State and Local governmental practice to the already strong and significant practice of Brown Edwards.

In addition to assurance and tax, Brown Edwards offers high level advisory services such as consulting, business outsourcing solutions, valuation, forensic, and social security planning. It is our sole focus to provide our clients with industry leading service while giving them practical and actionable advice so they may fully attain their financial and operational goals. Our service team is exceptionally well suited to meet your needs because:

- ▶ Experience and commitment to our governmental practice ensures that your questions and concerns are addressed promptly.
- ▶ Experience and knowledge that is relevant to the financial, accounting, information technology, and other business considerations facing the State.
- ▶ Our people are active members and maintain a strong professional relationships with various governmental finance organizations.
- ▶ Team members meet or exceed minimum continuing professional education requirements, including the stringent requirements under GAO Yellow Book standards.



Firm qualifications and experience

ABOUT DIXON HUGHES GOODMAN, LLP



Dixon Hughes Goodman, LLP (DHG) is a CPA and advisory firm offering assurance, tax and advisory top 20 accounting and advisory firm headquartered in Charlotte, NC, we combine deep experience with a strong commitment to personal service. We have more than 2,000 professionals in 13 states and 250 partners and principals who direct these resources to your best advantage. We devote significant effort and resources to keeping ourselves and our clients abreast of new and evolving technical pronouncements, industry trends and federal, state and local laws. We are passionate about helping our clients succeed—and we do so through a resourceful approach to solving problems, providing solutions and helping our clients achieve their goals.

Dedicated client focus and relationships have been and always will be our touchstone. With DHG, you'll receive personalized service provided by a team of professionals who are eager to share their knowledge and experience with you. We draw on our extensive resources to combine comprehensive assurance, tax and advisory services. Since our founding, a commitment to our people has been at the heart of everything we do. We employ and retain best-in-class professionals with the goal of cultivating meaningful careers to best serve our clients.

You will be served locally by an industry-knowledgeable team. DHG is a registered vendor in the State of West Virginia and is qualified to practice as Certified Public Accountants in good standing with the West Virginia Board of Accountancy.

TRUSTED ADVISORS TO THE GOVERNMENTAL SECTOR

For more than 50 years, our professionals have served as trusted advisors to the public sector and governmental entities. We value the importance of helping our clients improve operational performance while helping to ensure compliance with laws, regulations and grant agreements.

DHG has followed the standards of GASB financial accounting and reporting for our state and local governmental clients since 1984, when GASB was founded. Additionally, for more than 20 years, DHG has routinely assisted governmental units in the successful completion of the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting. As a result, our professionals understand the complexities and unique reporting issues facing governmental entities today.

Our commitment to the governmental sector is demonstrated by the professionals we have brought together to form our firm's Governmental Services Group. By performing numerous governmental audits, Uniform Guidance audits, and successful implementations of GASB pronouncements, our Governmental Services Group has hands-on experience in all facets of governmental entities.

With a team that understands the complexities of governmental operations, we are able to provide effective and innovative solutions to problems which will enable the State of West Virginia to operate more efficiently and help meet your financial objectives.

Firm-wide, DHG has more than 20 members dedicated to the firm's governmental practice, as well as many more senior level staff with significant governmental experience that also work with other industries. Senior associates and associates typically are not dedicated to a specific industry, but the firm has a significant number of staff that have experience on governmental audit engagements.

With the constant pressures facing governmental entities today stemming from mounting financial pressures, government compliance and adoption of GASB pronouncements, it is more important than ever to have a team of professionals who knows the governmental sector inside and out. With our combination of professionals who have a proven track record in working in the governmental sector and service team members who are seasoned in the complexities of governmental compliance, we are confident that DHG can meet your requirement.

Firm qualifications and experience

INDUSTRY CREDENTIALS

SERVING THE PUBLIC SECTOR - WE KNOW YOU

BDO's National Government Practice professionals have an in-depth knowledge and understanding of applicable state and local government rules and regulations, federal and industry accounting and auditing standards and requirements, financial management rules and requirements, information technology system auditing standards and reporting requirements. Our methodologies and program management approach are designed to deliver repeatable and reliable processes that help clients achieve their goals, facilitate communications, assure accurate and timely reporting, and enable effective operations.

WE HAVE SIGNIFICANT EXPERIENCE AUDITING GOVERNMENT SIMILAR TO YOU

BDO is a leader in the industry in providing services that involves auditing a state or local government, managing system-wide audit engagements that include multiple agencies and departments, and providing system-wide technical accounting assistance with implementing new accounting standards. We have significant experience managing all aspects of both the financial statements and single audits. Through these audits, we have determined what works when managing the audit of such a large organization. Your service team has the experience managing other large governmental engagements to include the Government of the District of Columbia and the Government of the Virgin Islands. Our style of open communication, weekly status meetings and weekly reports ensures that significant delays and issues are timely reported to ensure that the engagement stays on schedule and those charged with management, and governance are informed.

We have extensive experience in auditing Governments similar to you. We also engage in efforts to design, direct, or recommend corrective action programs to assist governmental and other public sector agencies remediate deficient practices and establish effective accounting protocols, systems, and procedures. Many of these have been complex and comprehensive projects requiring coordination of multiple tasks for numerous entities within short timelines. We are, therefore, prepared and well-qualified to perform the required audit and prepare all of the reports required by the State in a coordinated and integrated manner that meets your needs for accurate reporting and timely delivery.

We believe that the Team presents a depth of experience, a diversity of service, and a dedication to client service that is unmatched.

BDO is poised to address your immediate and long-term service needs. We possess proven experience and depth of resources in resolving complex issues that may arise.

Brown Edwards has a broad base of experience performing audit services with many state and local government entities, as well as auditing experience with West Virginia State agencies.

The State of West Virginia will be served locally by an industry-knowledgeable team. DHG is a registered vendor in the State of West Virginia and is qualified to practice as Certified Public Accountants in good standing with the West Virginia Board of Accountancy.

Together, the Team has performed all of the required tasks and all aspects of the services outlined in the request for proposal for numerous government entities.

Firm qualifications and experience

INDUSTRY CREDENTIALS

ASSESSMENT OF CHALLENGES AND TRENDS FOR THE INDUSTRY

The budgetary constraints certainly have had a significant effect on governmental entities, which has created turbulent times both financially and programmatically.

While governmental organizations have been impacted by major structural changes in the economy, these structural changes are impacted by the following:

Demographic changes – including aging of the population, changes in ethnic composition, and regional population shifts – have affected both service demand and productivity of the existing revenue structure.

The growing importance of service, healthcare, information, and financial industries has had a dramatic effect.

The increasing income inequality resulting in a large part from the economic restructuring has increased the demand for a variety of governmental services, notably welfare and education.

The rising relative cost of energy and increasing environmental concerns are additional factors pushing governments to develop or adopt new technologies for cost-effective service provision.

Organizations are also faced with analyzing and developing new internal control environments as the Internet has become a quick and easy method of providing and accessing information.

These factors further affect governments through an impact on their policies, processes, procedures and internal controls, which are often neglected when organizations are in a reactive and responsive mode of operation. These issues have altered the fiscal environment in which government entities operate and there by influencing the behavior of governments.

Governmental entities will continue to be affected by these long-term trends. In today's competitive and increasingly complex environment, it takes sound structure, exceptional talent, and ample support to deliver high performance. BDO understands these market challenges and recognizes the importance of keeping various relevant segments at the forefront of your operational strategy and commits to supporting your current initiatives as well as offer further guidance to enhance the State's success.

Firm qualifications and experience

BREADTH OF EXPERIENCE

BDO offers a breadth of services tailored to meet your needs. Our core services include:

Assurance, Accounting and Financial Reporting

- ▶ Financial Audit
- ▶ Performance Audit
- ▶ Single Audit
- ▶ Audit Readiness Support and Remediation
- ▶ Accounting Procedures Design and Implementation
- ▶ Outsourced CFO Act Accounting Support
- ▶ Budget and Performance Integration
- ▶ Cost Accounting Advisory Services
- ▶ Financial Statement Compilation
- ▶ Loan and Securities Evaluation and Advisory Services

Inspector General Support Services

- ▶ Management and Evaluation of Use of Public Expenditures
- ▶ Audits and Reporting on Use of Public Expenditures
- ▶ Assessment of Internal Controls
- ▶ Forensic and Investigatory Projects
- ▶ Performance Audits and Reviews

Technology Governance and Portfolio Management

- ▶ Information Technology Security, Risk Evaluation, and Management
- ▶ General and Application Controls Internal Audit
- ▶ Information Technology and Business Process Alignment
- ▶ IT Controls Assessments/SSAE 16

Compliance, Risk Advisory, and Crisis Management

- ▶ Regulatory and Statutory Compliance Reviews
- ▶ Program and Contract Compliance Reviews
- ▶ Risk Assessment and Remediation
- ▶ Internal Control Audit
- ▶ Internal Control Design and Improvement
- ▶ OMB Program Review and Submissions
- ▶ Information Technology Controls and Audit/Evaluation
- ▶ Business Process Improvement and Reengineering
- ▶ Technology Audit and Support

Firm qualifications and experience

BREADTH OF EXPERIENCE

BDO offers a breadth of services tailored to meet your needs. Our core services include:

Enterprise Risk Management and Internal Audit

- ▶ Financial and Operational Audits
- ▶ Quality Assurance Reviews
- ▶ Risk Assessment
- ▶ Controls Optimization
- ▶ Strategic Partnering and Staffing
- ▶ Procurement, Vendor, Royalty, and Construction Audits
- ▶ Corporate Governance Assessments

Fraud Detection/Prevention, Investigations, and Litigation Support

- ▶ Fraud and Misconduct Risk Assessment
- ▶ Investigative Due Diligence
- ▶ Complex Damages Analysis
- ▶ Electronic Discovery (eDiscovery)
- ▶ Gap Analysis
- ▶ Benchmarking
- ▶ Forensic Data Analysis
- ▶ Intellectual Property Valuation
- ▶ Securities Litigation Services
- ▶ Fraud Awareness and Prevention
- ▶ Anti-Corruption Compliance and Investigations
- ▶ Large-Scale Data Recovery and Analysis



Firm qualifications and experience

CLIENT REFERENCES

Below is a selection of our Team's client references whom we invite you to contact regarding our technical abilities and quality of service:

Organization	Contact Name	Contact Number	Scope of Work
BDO USA, LLP			
Government of the District of Columbia	Timothy Barry	202-442-6433	Single Audit of District's \$4 billion of federal funds
Government of the U.S. Virgin Islands	Clarina Modeste-Elliot	340-714-9401	Financial & Single Audits
Dixon Hughes Goodman, LLP			
West Virginia Board of Risk and Insurance Management	Steve Schumacher	304-766-2646 x 107	Annual Audits
West Virginia Public Employees Insurance Agency	Jason Haught	304-558-7850	Annual Audits
Brown Edwards and Company, LLP			
West Virginia Board of Treasury Investments	Kara Hughes	304-340-1564	Audit, CAFR Preparation
West Virginia Lottery	Dean Patrick	304-558-0500	Annual Financial Audit Statement

Firm qualifications and experience

OUR EXPERIENCE WITH THE PUBLIC SECTOR LENDS PERSPECTIVE

REGULATORY ISSUES IN THE STATE'S FUTURE

NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS AND CURRENT PROJECTS	
GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions	Addresses reporting by state and local government for Other Postemployment Benefits (OPEB) and replaces GASB Statement No. 45. Similar to the requirements for pensions, governments will be required to report the net OPEB liability determined through an actuarial valuation. The required note disclosures and Required Supplementary Information are also similar to the pension requirements. The statement will be effective for the year ending June 30, 2018.
GASB Statement No. 81, Irrevocable Split-Interest Agreements	Applies when a government is the beneficiary of an irrevocable split-interest agreement, such as a charitable lead trust, remainder trust, or life-interests in real estate. When a government receives such resources they must recognize assets, liabilities and deferred inflows. The statement will be effective for the year ending June 30, 2018.
GASB Statement No. 83, Certain Asset Retirement Obligations	Applies to facilities other than landfills, such as sewage treatment facilities, coal-fired power plants and x-ray machines. The statement establishes criteria for determining the timing and recognition of a liability and corresponding deferred outflows. The liability should be based on the best estimate of the current value of expected outlays. The statement will be effective for the year ending June 30, 2019.
GASB Statement No. 84, Fiduciary Activities	The statement establishes criteria for identifying fiduciary activities and replaces the Agency Fund with a new Custodial Fund, which is used to report fiduciary activities that are not held in trust. The four types of fiduciary funds are (1) pension trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. The statement will be effective for the year ending June 30, 2020.
GASB Statement No. 85, Omnibus 2017	Addresses several practice issues that have been identified related to blending component units, reporting goodwill, measuring certain money market instruments, and several issues related to OPEB. The statement will be effective for the year ending June 30, 2018.

Firm qualifications and experience

OUR EXPERIENCE WITH THE PUBLIC SECTOR LENDS PERSPECTIVE

NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS AND CURRENT PROJECTS	
GASB Statement No. 86, Certain Debt Extinguishment Issues	Resolves the issue of how to record in-substance defeasance of debt when only existing resources are used. When cash or other existing resources are placed in an irrevocable trust to extinguish debt, it is considered to be in-substance defeasance, assuming all criteria are met. Payments to the escrow agent should be reported as debt service expenditures in governmental fund types. The difference between the carrying amount of the debt and the reacquisition price would not be deferred but instead reported as a separate line item in full accrual statements. The statement will be effective for the year ending June 30, 2018.
GASB Statement No. 87, Leases	The statement eliminates the distinction between operating and capital leases and will require recognition of certain lease assets and liabilities that are currently classified as operating leases. The statement will be effective for the year ending June 30, 2021.
GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements	Defines debt for purposes of footnote disclosure as a liability that arises from a contractual obligation to pay cash or other assets in one or more payments to settle an amount that is fixed as of the date the obligation is established. Pension and OPEB liabilities, leases and accounts payable are excluded but capital appreciation bonds and variable rate debt are included. Any unused lines of credit and any assets pledged as collateral must be disclosed. The statement will be effective for the year ending June 30, 2019.
GASB Exposure Draft, Accounting for Interest Cost During Period of Construction	<p>Interest costs incurred during construction should not be capitalized in financial statements using the economic resources measurement focus (business-type activities, proprietary funds) or in financial statements using the current financial resources measurement focus (governmental funds).</p> <p>Interest does not meet the definition of an asset or a deferred outflow and does not enhance the service capacity of an asset.</p> <p>The proposed statement is expected to be effective for years ending December 31, 2019.</p>

Collectively, we have encountered and helped our clients address a variety of issues over the years and helped governments and state agencies resolve them. For example, when GASB Statement No. 34 regarding governmental financial reporting became effective, we assisted several government clients in early implementation of the pronouncement. We provide advice to our governmental clients regarding emerging accounting issues and, with our assistance, many of these clients annually submit their CAFR to the Government Finance Officers Association (GFOA) and are awarded a *Certificate of Achievement for Excellence in Financial Reporting*.

Firm qualifications and experience

PEER AND DESK REVIEWS

We have a number of mechanisms in place to ensure that our professional services are performed to a high level of quality in accordance with policies and applicable professional and regulatory standards. These quality control procedures have served us well on all of our engagements and we intend to use the same, should we become the successful awardee. These mechanisms include:

INTERNAL REVIEWS

All offices follow a uniform audit process and are subject to various quality control reviews. While we strongly encourage the individual character and close personal contact of our local offices, we also maintain a uniform standard approach to our technical disciplines. The work of all offices is subject to an inspection performed on a cyclical basis ensuring that each office is inspected at least once every three years. These inspections of local offices are conducted by partners from other offices under the direction of the National Director of Quality Control. Overall results of the reviews are sent to the Chairman of the Board of Directors for formal reporting to the Board and to the National Director of Assurance. Our local office's specific quality control procedures include the following:

- ▶ **Pre-issuance review.** All reports are reviewed before issuance by our Concurring or Technical Director who, along with the engagement lead, has extensive experience in the industry. This provides assurance that our reports conform to the latest developments in professional standards. Specifically, these reviewers carefully analyze financial statements to search out possible accounting, auditing, or reporting problem areas, review audit work papers to obtain reasonable assurance that the engagement team addressed all critical areas, and provide additional assurance based on all the relevant facts and circumstances about which the concurring reviewer has knowledge, that audit risk has been restricted to a level acceptable to the Firm.
- ▶ **Assignment and training of personnel.** We schedule professionals only to engagements for which they have the necessary background and training.

- ▶ **Supervision.** Our engagement teams are subject to a "chain of supervision" over all the work performed. All audit work papers are reviewed by the person supervising the preparer of the work papers. The reviewers write review comments, as appropriate, for the preparers to clear. The reviewers have to agree with the manner in which such comments are cleared.
- ▶ **Engagement senior resources review.** Partners, directors, and managers assigned to engagements review the audit work papers and reports. Specifically, the managers and directors review all work papers supporting our reports and the engagement partners review work papers of critical audit areas as deemed appropriate.
- ▶ **Client management review.** Our engagement partner, director, and/or manager review all draft reports with client management and the oversight committee before finalizing the reports.

DESK REVIEWS

While we have had desk reviews in the past three (3) years, we are not aware of any resulting in disciplinary action.

EXTERNAL REVIEWS

BDO is a national certified public accounting firm and is a member of the Center for Public Company Audit Firms Peer Review Program of the AICPA and, as such, we are subject to external peer reviews. Additionally, we are subject to an annual PCAOB inspection.

Brown Edwards is a regional certified public accounting firm and is a member of the AICPA's Government Audit Quality Center and its Employee Benefit Quality Center, and as such, is subject to external peer reviews. Brown Edwards is also a member of the Public Company Accounting Oversight Board.

DHG is a national certified public accounting firm and is a member of the Center for Public Company Audit Firms Peer Review Program of the AICPA and, as such, we are subject to external peer reviews. Additionally, we are subject to an annual PCAOB inspection.

Peer review reports (which included reviews of governmental entities) for BDO, Brown Edwards, and DHG are included in the following pages.

Firm qualifications and experience

PEER REVIEW - BDO



Baker Tilly Vietnam Krause, LLP
 225 S Sixth St, Ste 2100
 Minneapolis, MN 55407-4661
 tel 612 376 4500
 fax 612 271 8900
 bakerTilly.com

QUALITY CONTROL MATERIALS REVIEW REPORT

To the Partners of BDO USA, LLP
 and the National Peer Review Committee

We have reviewed the system of quality control for the development and maintenance of the *BDO USA Audit Manual Version 2015.01 and the related FormsDoc Version 2014-01 and the Audit Process Tool (APT) Version 2.6.2.1000* (hereafter referred to as materials) of BDO USA, LLP (the provider) and the resultant materials applicable to non-SEC issuers in effect at March 31, 2016. Our quality control materials 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 provider is responsible for designing and complying with a system of quality control that provides reasonable assurance that the materials are reliable aids to assist users in conforming with the components which are integral to the professional standards that the materials purport to encompass. Our responsibility is to express an opinion on the design of the system, the provider's compliance with that system, and the reliability of the resultant materials, based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a Quality Control Materials Review are described in the standards at www.aicpa.org/orsummary.

Users of the materials and this report should carefully consider the scope of this review. They also should understand the intended uses and limitations of the materials as reflected in their user instructions and related information, as well as the level of explanatory guidance provided by the materials. Users of the materials are responsible for evaluating their suitability and implementing, tailoring, and augmenting the materials as appropriate. Therefore, the reliability of the materials is also dependent on the effectiveness of these actions and could vary from user to user. Further, there may be important elements of a quality control system in accordance with the Statements on Quality Control Standards that are not included in the materials that have been subject to this review.

In our opinion, the system of quality control for the development and maintenance of the *BDO USA Audit Manual Version 2015.01 and the related FormsDoc Version 2014-01 and the Audit Process Tool (APT) Version 2.6.2.1000* of BDO USA, LLP applicable to non-SEC issuers was suitably designed and was being complied with during the year ended March 31, 2016, to provide users of the materials with reasonable assurance that the materials are reliable aids. Also, in our opinion, the quality control materials previously referred to are reliable aids to assist users in conforming with the components which are integral to the professional standards the materials purport to encompass at March 31, 2016. Providers can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. BDO USA, LLP has received a peer review rating of *pass*.

Baker Tilly Vietnam Krause LLP

Minneapolis, Minnesota
 December 2, 2015

Firm qualifications and experience

PEER REVIEW - BROWN EDWARDS



A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pneps.com

System Review Report

To the Partners of Brown, Edwards & Company L.L.P.
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Brown, Edwards & Company L.L.P. (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2015. 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. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. 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 *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Brown, Edwards & Company L.L.P. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2015, 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*. Brown, Edwards & Company L.L.P. has received a peer review rating of *pass*.

Baton Rouge, Louisiana
August 27, 2015

Firm qualifications and experience

PEER REVIEW - DHG



6550 United Plaza Blvd., Ste. 1001 • Baton Rouge, LA 70809
225-922-4600 (Local) • 225-922-4611 (Fax) • pnpcpa.com

A Professional Accounting Corporation

Report on the Firm's System of Quality Control

To the Partners of
Dixon Hughes Goodman LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Dixon Hughes Goodman LLP (the firm) applicable to engagements not subject to PCAOB inspection in effect for the year ended February 28, 2017. 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

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. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

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.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under Uniform Guidance; audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As part of our peer review, we considered reviews by regulatory entities as communicated to the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Dixon Hughes Goodman LLP applicable to engagements not subject to PCAOB inspection in effect for the year ended February 28, 2017, 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*. Dixon Hughes Goodman LLP has received a peer review rating of *pass*.

Postlethwaite & Netterville

Baton Rouge, Louisiana
August 11, 2017



SECTION 4, SUBSECTION 4.1

Firm qualifications and experience

AUDITING STATE AND LOCAL GOVERNMENTS

The State of West Virginia will be served by leaders of the firm's dedicated National Government Practice. Our Practice has recently performed the financial statement audits, Single Audits, and prepared the Comprehensive Annual Financial Reports (CAFRs) for numerous state, municipal, regional, and federal government agencies.

Our national practice has performed the financial statement audit for the **Government of the Virgin Islands** and **Government of the District of Columbia**. The national practice has also led service engagements for the **Federal Deposit Insurance Corporation**, **Federal Housing Finance Agency** and has recently serviced the **U.S. Department of Homeland Security**, the **U.S. Department of Treasury**, and the **Export Import Bank of the U.S.**

Other members of our firm have worked with the **City of Grand Rapids, Kalamazoo County, Muskegon County, Kent County, Michigan**. Our Delaware office has provided audit and/advisory services to *the City of Wilmington, Diamond State Port Corporation, Wilmington Parking Authority, New Castle County, and Kent County, Delaware*.

Our personnel have worked with various municipal entities in **Anne Arundel County, Maryland, Montgomery County, Maryland** and **Prince George's County, Maryland**.

Our West Michigan and Anchorage, Alaska offices serve as auditors for over 50 governmental units, including state agencies, cities, and counties, such as **State of Alaska, Alaska Municipal Bond Bank Authority, Alaska Housing Finance Corporation, Alaska International Airport System, and the Municipality of Anchorage**.

Additionally and amongst others, members of our international network have serviced the **Municipality of San Juan, Puerto Rico Employees Retirement System, Puerto Rico Government Investment Trust Fund, Puerto Rico Municipal Finance Agency, and Puerto Rico Ports Authority**.

We are armed with significant knowledge to work with the State in meeting and achieving your project goals and objectives.

FOLLOWING IS A LISTING OF SOME OF OUR AUDIT EXPERIENCE:

- ▶ Capital Assets
- ▶ Central Coordination
- ▶ Convention Center
- ▶ Debt / Financing
- ▶ Economic Development
- ▶ Energy Production / Distribution
- ▶ Fiduciary Fund
- ▶ Financial Statement Review / Disclosures
- ▶ General Fund
- ▶ Grants Management
- ▶ Health / Medicaid
- ▶ Housing Finance
- ▶ Information Systems
- ▶ Lottery
- ▶ Municipal Utilities
- ▶ Nursing Homes
- ▶ Parks and Recreation
- ▶ Passenger Facility Charges
- ▶ Payroll
- ▶ Pooled Cash / Investments
- ▶ Port Authorities
- ▶ Procurement
- ▶ Proprietary Fund
- ▶ Public Schools
- ▶ Public Works
- ▶ Retirement Plans / OPEB
- ▶ Risk and Insurance
- ▶ Sports Commission
- ▶ Taxes and Revenue
- ▶ Tobacco Settlement
- ▶ Transportation
- ▶ Unemployment Compensation
- ▶ Universities
- ▶ Water/Sewer

Firm qualifications and experience

RELEVANT CLIENT CREDENTIALS - BDO

Our depth of resources will be further complemented with the extensive experience gained from performing hundreds of single audits for governmental and tax-exempt entities. BDO provides audits to numerous organizations which must comply with the Uniform Guidance. Over the past several years, our national office has performed hundreds of audits in compliance with the Uniform Guidance.

We have in-depth knowledge and experience with cost accounting standards, cost allowability and allocability, budgeting and forward pricing, and time reporting and labor distribution systems. In addition, we have assisted clients in developing their indirect cost rates and structuring their indirect cost pools.

These studies focus on establishing a structure to maximize the indirect cost recovery for the organization while ensuring that it complies with all government requirements.

BDO has also performed numerous in-depth reviews of clients' internal controls to assess whether controls required by government regulations are in place and identify areas where controls could be strengthened and procedures established to accomplish this goal.

Included below is a partial listing of the single audits of various size and magnitude which BDO has performed recently for other similar public jurisdictions.

GOVERNMENT-WIDE SINGLE AUDITS

- ▶ State of Alaska
- ▶ Alaska Aerospace Corporation
- ▶ Alaska Housing Finance Corporation
- ▶ Alaska International Airport System
- ▶ Alaska Mental Health Trust Authority
- ▶ Alaska Municipal Bank Authority
- ▶ Anchorage Community Development Authority
- ▶ City of Kenai
- ▶ City of Grand Rapids, Michigan
- ▶ City of Wyoming, Michigan
- ▶ City of Wilmington, Delaware
- ▶ Government of the District of Columbia
- ▶ Government of the U.S. Virgin Islands
- ▶ Kalamazoo County, Michigan
- ▶ Vicksburg Community Schools

ENTITY-WIDE SINGLE AUDITS

- ▶ Anne Arundel Community College
- ▶ Interurban Transit Partnership (City of Grand Rapids)
- ▶ Kentwood Public Schools
- ▶ Forest Hills Public Schools
- ▶ Ionia Public Schools
- ▶ Holland Public Schools
- ▶ Howard Community College
- ▶ Howard University
- ▶ Jenison Public Schools
- ▶ Virgin Islands Port Authority
- ▶ Virgin Islands Water and Power Authority

AGENCY LEVEL SINGLE AUDITS

- | | |
|--|---|
| <ul style="list-style-type: none"> ▶ D.C. Department of Transportation ▶ D.C. Department of Human Services ▶ D.C. Homeland Security / Emergency Management Agency ▶ D.C. Department of Housing and Community Development ▶ D.C. Department of Employment Services ▶ D.C. Metropolitan Police Department ▶ D.C. Child and Family Services Agency ▶ D.C. Office of the State Superintendent of Education | <ul style="list-style-type: none"> ▶ D.C. Public Schools ▶ D.C. Office of the Attorney General ▶ D.C. Department of Health ▶ D.C. Department of Health Care Finance ▶ D.C. Department of Disability Services ▶ D.C. Office on Aging ▶ D.C. Department of the Environment ▶ D.C. Department of Disability Services ▶ University of the District of Columbia |
|--|---|

Includes current and past engagements

Firm qualifications and experience

RELEVANT CLIENT CREDENTIALS - BDO

In addition, clients of the Team's senior level personnel who will lead your engagement have experience working with federal funding from the following federal agencies:

- ▶ Agency for International Development
- ▶ Department of Agriculture
- ▶ Department of Commerce
- ▶ Department of Defense
- ▶ Department of Education
- ▶ Department of Energy
- ▶ Department of Health and Human Services
- ▶ Department of Homeland Security
- ▶ Department of Housing and Urban Development
- ▶ Department of the Interior
- ▶ Department of Justice
- ▶ Department of Labor
- ▶ Department of State
- ▶ Department of Transportation
- ▶ Department of Treasury
- ▶ Environmental Protection Agency
- ▶ General Services Administration
- ▶ National Aeronautics and Space Administration
- ▶ National Endowment for the Arts
- ▶ National Endowment for the Humanities
- ▶ National Science Foundation
- ▶ Nuclear Regulatory Commission
- ▶ Social Security Administration

ABILITY TO SUPPORT THE STATE'S POSSIBLE FINANCING NEEDS

BDO currently serves almost 360 domestic publicly traded clients and more than 100 international publicly traded entities. We have assisted many of these entities not only with their ongoing SEC filings, but also with their public offerings, private placements, and other financing initiatives.

For example, from 2006 through today, BDO has participated in hundreds of public and private offerings. Proceeds from these offerings ranged from \$14 million to more than \$5 billion. In particular, BDO has the professional reputation to support the State, should the need arise, and ensure that it meets all of the requirements commensurate with project funding process. We are well accepted by, and have worked successfully on all types of offerings with, small regional underwriters, as well as most of the major underwriters in the world.

As such, we bring to this engagement our in-depth knowledge of public and private bond offerings.

Firm qualifications and experience

RELEVANT CLIENT CREDENTIALS - BROWN EDWARDS

The Charleston, WV location of Brown Edwards (including G&K) has a long tradition of providing the highest quality professional services to governmental and nonprofit clients:

▶ City of Charleston, West Virginia*	▶ West Virginia Economic Development Authority*
▶ Central West Virginia Regional Airport Authority*	▶ West Virginia Housing Development Fund*
▶ Kanawha County Commission*	▶ West Virginia Infrastructure and Jobs Development Council*
▶ Kanawha Valley Regional Transportation Authority*	▶ West Virginia Jobs Investment Trust*
▶ Kanawha County Regional Development Authority*	▶ West Virginia Lottery Commission*
▶ Region III Planning and Development Council*	▶ West Virginia Municipal Pension Oversight Board*
▶ Region VII Planning and Development Council*	▶ West Virginia Parkways Authority*
▶ School Building Authority of West Virginia*	▶ West Virginia Prepaid College and Tuitions Savings Plan*
▶ Tobacco Settlement Finance Authority of West Virginia*	▶ West Virginia Public Service Commission*
▶ West Virginia Affordable Housing Trust Fund*	▶ West Virginia Regional Jail and Correctional Facility Authority*
▶ West Virginia Alcohol Beverage Control Administration*	▶ West Virginia Solid Waste Management Board*
▶ West Virginia Board of Treasury Investments*	▶ West Virginia State Rail Authority*
▶ West Virginia Consolidated Public Retirement Board*	▶ West Virginia Water Development Authority*
▶ West Virginia Department of Transportation, Division of Highways*	▶ West Virginia Water Pollution Control Fund*
▶ West Virginia Drinking Water Treatment Revolving Loan Fund*	▶ West Virginia Racing Commission*

Includes current and past engagements

* Engagements with the State of WV from the G&K Charleston office (now Brown Edwards), for the past three years

Firm qualifications and experience

RELEVANT CLIENT CREDENTIALS - BROWN EDWARDS

Brown Edwards has provided technical assistance to the following agencies in connection with obtaining the GFOA Certificate of Achievement for Excellence in Reporting:

▶ City of Charleston, West Virginia	▶ West Virginia Board of Treasury Investments
▶ West Virginia Department of Transportation, Division of Highways	▶ West Virginia Parkways Authority
▶ West Virginia Lottery Commission	▶ West Virginia Consolidated Public Retirement Board
▶ West Virginia Housing Development Fund	▶ West Virginia Prepaid College or Tuition Savings Plan
▶ City of Manassas, Virginia	▶ Town of Colonial Beach, Virginia
▶ Town of Blacksburg, Virginia	▶ Town of Vinton, Virginia
▶ City of Winchester, Virginia	▶ City of Danville, Virginia
▶ County of Amherst, Virginia	▶ County of Montgomery, Virginia

Firm qualifications and experience

RELEVANT CLIENT CREDENTIALS - DHG

DHG has a long history of providing audit, tax and consulting services to a significant number of municipal and governmental entities. DHG's clients have included city and county governments, public schools, quasi-governmental agencies, boards, authorities and commissions, among others. The client listed below represent a partial listing of governmental clients our firm provides services:

▶ Chesapeake Airport Authority	▶ Newport News Public Schools
▶ Craig County	▶ Peninsula Airport Commission
▶ County of Dinwiddie	▶ Southeastern Public Service Authority
▶ Dinwiddie Airport and Industrial Authority	▶ Town of Wakefield
▶ Dinwiddie County Public Schools	▶ Virginia Board of Accountancy
▶ Economic Development Authority of the City of Richmond	▶ Virginia Commercial Space Flight Authority
▶ Economic Development Authority of the City of Newport News	▶ Virginia Commission for Alcohol Safety Program (24 Programs)
▶ Economic Development Authority of the County of James City	▶ Virginia Peninsula Regional Jail Authority
▶ Fort Monroe Authority	▶ West Virginia Board of Risk and Insurance Management
▶ Greater Richmond Transit Company	▶ West Virginia Offices of the Insurance Commissioner
▶ Hampton City Schools' Activity Funds	▶ West Virginia Public Employees Insurance Agency
▶ Henrico County School Activity Funds	▶ West Virginia Retiree Health Benefit Trust Fund
▶ James City County	▶ Williamsburg Area Transit Authority
▶ James City County Service Authority	▶ Williamsburg/ James City County Schools
▶ Middle Peninsula Juvenile Detention Center	



SECTION 4, SUBSECTION 4.2

Audit team qualifications and experience

STAFFING APPROACH

OVERVIEW

Success begins and ends with the engagement team and its management. Providing our clients with the highest level of professional service and ensuring their satisfaction with our performance is among our primary objectives. Our ability to select the right team of professionals to serve our clients has been a critical element of our past success.

We recognize the complexity that surrounds the State's operations and have developed our plan for conducting the services accordingly. All our audits are led by experienced partners and directors who are heavily involved in the engagement and staffed by professionals with the appropriate skill level and industry knowledge matched to our client's operations.

To stay agile and flexible, we have cut out needless hierarchies and bureaucracy, affording the State and the Team direct access to senior technical and executive leadership. This translates to swift resolution of issues or questions, open communication channels, and enhanced service delivery.

The Team prides itself on its reputation for a hands-on, service-oriented business philosophy and demonstrated commitment to quality, reliability, and responsiveness to client needs. Our philosophy is to provide the State with a business advisor who is available year-round to assist you and our approach emphasizes a thorough process.

The team of professionals we have assembled has significant experience with state governments, public sectors, retirement systems, and compliance requirements. Therefore, we understand what you do and the systems and controls that support your operations.

We plan on establishing a "central" team which will be the overall operational and focal team and will be involved in the statewide audit coordination, scheduling, assignments, communication, review, and reporting phases. The central team will review any past issues, conduct a risk assessment, and then assign various teams to oversee key elements of the engagement. We also plan on integrating into the team information systems specialists to review the systems in place. In all our teams, the key factor will be that a partner/director and manager will be leading the way throughout the engagement.

Your client service team is comprised of our technical professionals in public sector accounting, who have dealt with complex issues unique to the industry and who make it their business to respond to requests for assistance. Senior management will be actively involved in project planning, identifying key issues, developing strategy, and day-to-day project execution.

Engagement staff will consist of professionals with prior successful experience on similar projects that will be dedicated solely to the engagement during the project's critical phases. Our engagement work plan will be developed to ensure that each deadline is met. Reviews will be performed on-site during fieldwork so that any questions or issues can be addressed and resolved on a timely basis.

Audit team qualifications and experience

STAFFING APPROACH

STREAMLINED STRUCTURE, DIRECT ACCESS

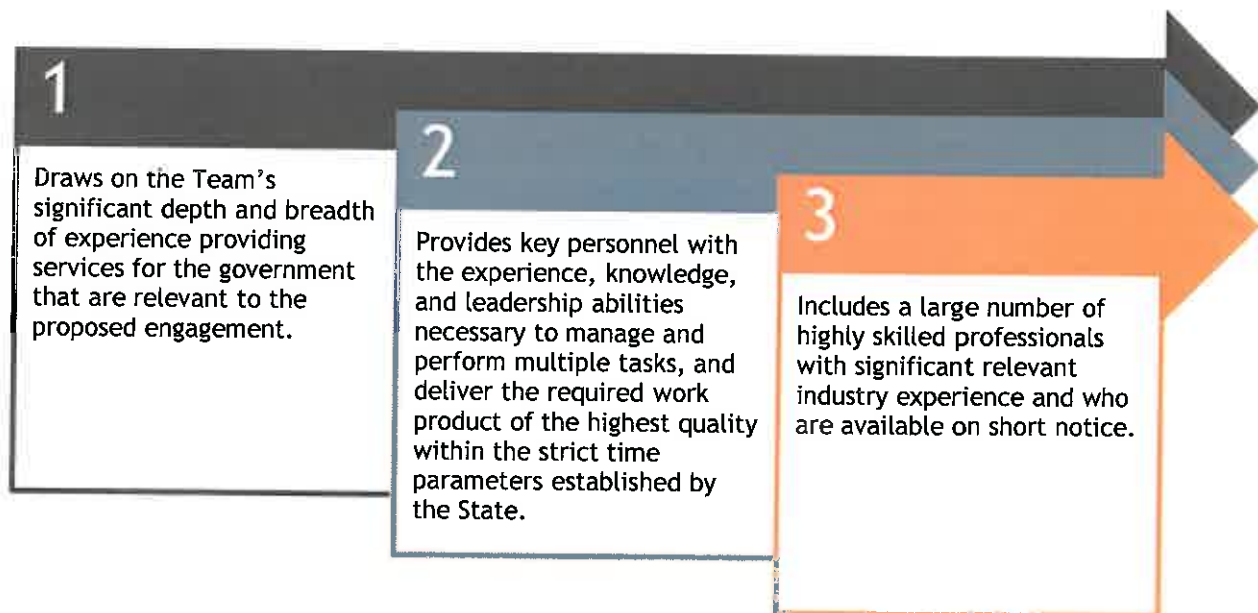
To stay agile and flexible, we have cut out needless hierarchies and bureaucracy, affording the State and your client service team direct access to senior technical and executive leadership. This translates to swift resolution of issues or questions, open communication channels, and enhanced service delivery.

Decision making at BDO filters down to the local office and, most importantly, into the hands of your client service professionals. We recognized long ago that our clients need prompt and decisive answers to their questions and providing that kind of service requires strong people at the engagement management level. The ability to make local decisions is balanced with our strong quality control program that helps ensure all significant decisions are reviewed and approved by the appropriate technical personnel.

As such, the State will experience, first-hand, our client service philosophy. We combine the vast abilities of a large, international organization with a personal touch and significant partner/director involvement. One of the most important services we provide our clients is monitoring their needs on a continual and ongoing basis. This begins at the staff level and progresses all the way to the partners/directors in-charge of your engagement.

We pay close attention to establishing an engagement team that has the necessary experience and expertise to provide superior service, a team that works well with the State's management and each other, and has the enthusiasm and commitment to get the job done.

To perform and manage the engagement, we have developed an organizational structure that provides the following benefits:



Audit team qualifications and experience

STAFFING APPROACH

COMMITMENT TO CONTINUITY AND QUALITY OF STAFF

We believe there are significant benefits to BDO and to our clients in maintaining diversity and quality of staffing, and we do whatever we can to achieve that objective. Our historic turnover has been considerably lower than industry standards. Because of the benefits to both BDO and to our clients, we do not accept the theory that high turnover in our profession is inevitable.

- ▶ We believe that our rates of turnover will continue to be lower than industry standards due to:
- ▶ Our focus on a better work-life balance for our professionals;
- ▶ Our lower staff to partner ratio, which facilitates greater personal interaction between staff and partners;
- ▶ Our high growth rate, which translates to greater career opportunities for our professionals;
- ▶ Our entrepreneurial culture, which allows us to be creative in tailoring career opportunities and compensation to individual needs; and
- ▶ Our distributed decision-making, which translates to empowering our professionals locally.

While some staff turnover is inherent in the public accounting profession, our close partner involvement minimizes the impact to our clients. The hallmark of BDO's client service remains the same – to provide active, personal, and high level partner involvement.

Further, as a matter of policy, our BDO offices do not require systematic staff rotation, eliminating the concern about repeated learning curves. It is our goal, however, to foster career growth, encouraging staff members to take on increasing levels of professional responsibility within the scope of each engagement. As promotions occur, we try to maintain staff assignments within the engagement team in order to assure the client of continuity and consistency.

NOTIFICATION OF CHANGES IN KEY PERSONNEL

As indicated earlier, we understand the benefits to be gained both for our clients and our own team in maintaining a consistent senior project team and we make every effort to achieve continuity. Planning for staff availability is an essential element in the operational processes of our business and we can confirm that the team outlined in this document is the team you will see and work with for the duration of this assignment.

We recognize that on occasions team changes are inevitable. Should this arise, we will discuss the options with you and enable you to meet the potential new team members in advance. We will ensure any new resources are appropriately experienced and fully briefed. Any time spent briefing the new team member would, of course, be at our cost.

In addition, if there are major (50%) changes to the audit staff during the audit, BDO shall provide the names along with the experience and qualifications of the replacement staff to the COTR and the appropriate auditee personnel with three (3) days of the change for approval.

The Greater Washington, D.C. office has received the award for "Workplace Excellence Seal of Approval" every year since 2006 as recognition of our innovative employee-centered programs, which are aligned with enhancing recruitment and retention of our highly qualified personnel.

Audit team qualifications and experience

STAFFING APPROACH

ENGAGEMENT ROLES AND RESPONSIBILITIES

As is true for all of our engagements, our performance of the State's audits will be led by experienced partners / directors who will be heavily involved in the engagement, and staffed by professionals with the appropriate skill levels and industry knowledge to perform the requirements in an exemplary manner. Prior engagements rendering financial statement and compliance audit services to governmental entities have given us substantial experience in engagement planning and execution.

ENGAGEMENT PARTNERS AND DIRECTORS

The engagement partners/directors will maintain an intimate knowledge of the engagement – its objectives, requirements, and processes – so that the management review and deliverables can be completed in a timely manner. They will perform the reviews and will be working actively with you and the engagement team to ensure the success of the engagement. They will also be available to assist the engagement team in resolving technical issues.

QUALITY CONTROL REVIEWER

The Quality Control Reviewer will ensure compliance of the audit with various applicable standards developed by the AICPA and *Government Auditing Standards* issued by the Government Accountability Office, and provide additional support throughout the engagement. If management review is determined deficient, the Quality Control Reviewer will consult with the engagement partners/directors to determine how to correct the noted deficiency. The managers responsible for the fieldwork will correct the deficiency.

SENIOR MANAGERS AND MANAGERS

Senior Managers and Managers will assist the engagement partners and directors by directly supervising the audit teams. These individuals will be primarily responsible for compliance with applicable regulations and applicable auditing standards. The senior managers and managers will perform on-site reviews, as well as office reviews. In addition, the senior managers and managers will ensure that the audit is completed promptly in accordance with the scheduled completion dates.

SENIORS AND STAFF

Audit seniors and staff will have experience in performing audits of governmental entities and internal control and compliance reviews. Audit seniors will also have the technical skills to perform any of the audit steps independently, as well as conduct entrance and exit conferences. Both groups will be on-site daily to coordinate daily requests and oversee the teams, as applicable.

Henry Mosley, Chief Financial Officer
Washington Convention Center

"The audit team exhibited enormous amount of professionalism throughout the audit, especially when interacting and communicating with the accounting staff."

Audit team qualifications and experience

STAFFING APPROACH

INTERACTION WITH THE STATE'S MANAGEMENT AND GOVERNANCE

Keeping management current on financial accounting, reporting, and regulatory and governance developments is one of our key goals in exceeding client service expectations. We believe this is beneficial from a number of perspectives, including continuous improvement of the quality of financial accounting and reporting, and of the efficiency and effectiveness of our audits through increased and productive communication and interaction. Our proactive approach to your audit services will result in the following proposed forms of communication:

- ▶ **A customized communication protocol is developed with each client.** We implement what works best for you. Informal meetings (e.g., meetings) are set up outside the main audit timing to stay abreast of the organization and changing service needs.
- ▶ **Entrance, exit, and progress reporting conferences.** We encourage regular meetings to ensure that we contribute meaningful ideas, strategies, and plans to address your financial challenges. Such substantive and frequent contact makes it possible to define and prioritize goals, define timetables, and designate responsibility to appropriate individuals.
- ▶ **Advance planning** of the audit process to ensure there are no surprises, providing peace of mind for the State's management team.
- ▶ **A true business advisor.** Work with management and the Oversight Committee to provide insight into how other similar organizations are acting on the latest accounting pronouncements and operational issues.

We also understand that your staff has schedules and other matters to deal with, and that organizations must conduct business with minimum disruption. Accordingly, it is our policy to schedule meetings in advance to keep the State informed of the progress being made on the audit. We will discuss areas critical to the management of your organization and focus our attention on those areas.

Audit team qualifications and experience

ASSISTANCE FROM SPECIALISTS

BDO has established consultation procedures that are effective and efficient. Our specialists are heavily integrated into the audit approach and are frequently consulted by our governmental clients. If an issue cannot be resolved within the immediate engagement team of partner, quality control reviewer, director, and manager, the engagement director discusses it first with the consulting partner if it is the type of engagement for which a consulting partner is assigned (e.g., highly complex organization or issues and specialized industry). If further consultation is needed or if the engagement does not require the assignment of a consulting partner, the matter is discussed with the practice office required Technical Director. Further need for consultation would require the involvement of a National Assurance, Director - Public Sector and then the National Director of Accounting, National Director of Audit Policy, or National Director of Assurance. An example of aspects of the engagement which may require the service of specialists or involve consultation outside the engagement team is as follows:

- ▶ Evaluation of information systems internal control and security.
- ▶ Actuarial assistance in evaluating the adequacy of the compensation program liabilities.
- ▶ Assistance in evaluating the adequacy of the Medicaid liability.

BDO has assembled a team of professional Information Systems (IS) auditors, situated in metropolitan locations across the country. These experienced technical auditors provide specialized information systems audit services to all our clients. Our IS audit professionals have in-depth skills in a wide variety of computer systems and broad experience in many industries.

All of our specialists will work closely with and at the direction of the engagement team.

To support the State's audits, members of the IS Assurance group will assist auditors by providing an assessment of general control risks in the State's information systems environment. These risk assessments will enable auditors to understand the impact of specifically identified risks on their audit and the potential to place reliance on controls in the State's environments. The shift to a control reliance strategy can reduce the overall audit effort and improve the level of audit assurance.

Our IS Assurance group can also support the auditors by providing risk assessments and tests of computerized application controls in the State's automated accounting systems. Tests of automated application controls include the use of Computer Assisted Audit Techniques (CAATs) such as test deck utilization, real-time data inquiry and analysis, or source code inspection. Like the general control risk assessments, these control related activities will enable financial auditors to perform tests of controls in automated (i.e., paperless) environments and potentially reduce less efficient audit procedures and spread audit procedures more effectively between interim and year-end work.

Our IS Assurance team members possess a variety of industry recognized credentials. Certifications that are associated with our team members include the Certified Public Accountant (CPA), Certified Information Systems Auditor (CISA), Certified Information Systems Security Professional (CISSP), Certified Information Security Manager (CISM), Certified Internal Controls Auditor (CICA), and Certified Fraud Examiner (CFE). Further, all of our IS Assurance team members are also responsible for audits of SEC-registered clients who are required to comply with the Sarbanes-Oxley Act of 2002. While we recognize that the State is not required to comply with the Act, we are poised to provide you constructive feedback for best practice recommendations based on that framework.

Audit team qualifications and experience

STAFFING APPROACH

Below, please find our allocation of senior level personnel with respect to the State's engagement. Our complete biographies are in the following pages.

BDO	Engagement role	Degree(s)	CPA	State of WV registered or licensed	Relevant industry experience
Kurt Miller	Director, Engagement Lead	B.S.B.A Accounting	X	X	X
William Eisig	Managing Partner, Atlantic Region	B.S., Accounting	X		X
Lee Klumpp	Partner	B.S. Accounting	X		X
Patricia Duperron	Director, State and Local Government	B.B.A., Accounting	X		X
Johnson Wong	SOC Engagement Partner	B.S. Management-Financial Systems			X
Andy Afuang	Assurance Director	B.S. Accountancy	X		X
John Griffin	Assurance Senior Manager	B.S. Accounting	X		X
Lorelie Vergara	Assurance Manager	B.S. Accountancy			X
Brown Edwards	Engagement role	Degree(s)	CPA	State of WV registered or licensed	Relevant industry experience
Robert Adams	Partner, Engagement Lead	B.B.A., Business Administration	X	X	X
Chris Banta	Partner	B.S., Accounting	X		X
Norman Yoder	Partner	B.B.A., Accounting	X		X
Anthony Carpenter	Senior Manager	B.B.A., Business Administration	X	X	X
Clarence Rhudy	Senior Manager	B.S., Accounting and Finance	X		X
Staunton Gorrell	Senior Associate	B.B.A., Finance	X	X	X
DHG	Engagement role	Degree(s)	CPA	State of WV registered or licensed	Relevant industry experience
Rick Slater	Managing Partner	B.S., Accounting	X	X	X
Norman Mosrie	Assurance Partner	B.B.A, Accounting	X	X	X

KURT MILLER, CPA / BDO USA

Firm position Director

Years of experience 30+

Education B.S.B.A., Accounting, West Virginia University

Experience overview

Mr. Miller is an Assurance Director with more than 30 years of experience in public accounting serving a diverse group of clients. His responsibilities also include all phases of financial and single audits, analyzing internal controls and policies, development of an audit plan and programs, supervision of personnel, technical research, reviewing financial statements, and providing recommendations for improving operations.

Relevant experience

Mr. Miller's extensive experience includes:

- ▶ Auditing of a wide variety of governmental and tax-exempt organizations, including state and local governments, schools, public utilities, associations, foundations, membership organizations, healthcare organizations, professional societies, country clubs and employee benefit plans.
- ▶ Significant expertise handling governments with multiple departments, agencies and component units.
- ▶ Compliance auditing for organizations receiving significant federal funding from many different agencies in accordance with the Uniform Guidance.
- ▶ Assisting several states and local governments with submitting their reports to the Government Finance Officers Association for their Certificate of Excellence in Financial Reporting Program.
- ▶ Over 100 presentations in the past five years to audit committees and Boards of Directors.
- ▶ Contributing author of the AICPA - State and Local Government Training Program.
- ▶ **Governmental and Single Audit.** Mr. Miller has experience in federal programs and single audit compliance. He instructs frequently at local and national firm seminars. He provides updates to clients, staff, and the profession on new developments that affect financial and single audit reporting.
- ▶ **Government of the Virgin Islands.** Mr. Miller is integrally involved in the Government's financial statement and single audit. He functioned as a Director which involved responsibilities in all phases of the audit process, including overall project management, supervision of key personnel and review of the reports. The Government's single audit consisted of reviews of activities performed by agencies participating in 16 major federal programs, including those sponsored by the Department of Education, Health and Human Services, and Labor. Mr. Miller has extensive knowledge of Medicaid provider programs and claims and is involved in supervising and review of the Virgin Islands Medicaid Program.
- ▶ **Government of the District of Columbia.** As a Lead Single Audit Director of the Departments of Transportation, Homeland Security, Housing and Community Development, Employment Services and the University of the District of Columbia; Mr. Miller is responsible for the performance of all audit services performed by BDO relate to the single audit to include reporting, findings and corrective action review.
- ▶ **Virgin Islands Port Authority.** Mr. Miller provided technical support and quality review of the financial statement and single audits.

KURT MILLER, CPA / BDO USA

Professional licenses, memberships, and CPE

Professional Licenses

Licensed CPA, West Virginia, District of Columbia, Maryland, and Virginia

Professional Memberships

West Virginia University School of Business Accounting Advisory Council Member

Virginia Association of Certified Public Accountants

Virginia Government Finance Officers Association (VGFOA)

American Institute of Certified Public Accountants

Greater Washington Society of Certified Public Accountants

Published co-authored article that won the National Contract management Association (NCMA) 2009 Charles J.

Delaney Memorial Award as article of the year for "The Rising Trends of Government Contracting by "Nonprofits"

Continuing Professional Education (2016-2017)

441 total hours - CPE Transcripts are available upon request

WILLIAM EISIG, CPA / BDO USA

Firm position Managing Partner

Years of experience 25+

Education B.S., Accounting, University of Maryland

Experience overview

Mr. Eisig oversees 10 BDO offices as the Atlantic Managing Partner including the Greater Washington, D.C. office, where he oversees almost 1,100 professionals from Philadelphia through the Carolinas. He is responsible for all aspects of office operations including managing Audit, Tax, Regional Strategy, Recruiting, Human Resources, Business Development, Finance, and Information Technology.

In addition to overseeing the Atlantic region, Mr. Eisig serves BDO USA as the Audit Department representative for the firm's Information Technology Advisory Council. From 2009 through 2016 he was BDO USA's designated Audit Quality Partner for the American Institute of Certified Public Accountants (AICPA) Government Audit Quality Center. He is well-known for his knowledge and experience with federal funding issues, foundations, associations, public charities, joint-costs and allocation of expenses, financial reporting and numerous other issues impacting nonprofits and was a part of the AICPA Committee who wrote the AICPA's guidance on auditing entities that receive federal funding (sampling and compliance findings).

His responsibilities also include all phases of financial and compliance audits, analyzing internal controls and policies, development of audit plans and programs, supervision of personnel, technical research, reviewing financial statements, and providing recommendations for improving operations. Mr. Eisig has significant expertise handling governmental component units and organizations with multiple for-profit and nonprofit subsidiaries.

Mr. Eisig has done a significant amount of teaching and training for a variety of groups and is the co-author of the ASAE publication, Association Audits from A to Z. He has presided over 150 presentations in the past five years to Audit Committees and Boards of Directors.

Relevant experience

Among others, Mr. Eisig has served a wide variety of public sector organizations, including state and local governments (**Government of the Virgin Islands, Government of the District of Columbia, Virgin Islands Water and Power Authority, Virgin Islands Port Authority**), school systems (**Prince George's County Public Schools, District of Columbia Public Schools**), associations, foundations, membership organizations, professional societies, and universities and colleges (**Anne Arundel Community College**). He has performed compliance auditing for organizations receiving significant federal funding from many different agencies in accordance with OMB Circular A-133 and has audited a wide variety of employee benefit plans. He has consulted with clients on internal control reviews, GASB and FASB compliance, business process reengineering, fraud investigations, budgeting, forecasts and projections, audits by federal and private grantors, indirect cost studies, mergers and due diligence, fulfillment house operations, cash flow management, and alternate revenue streams.

Mr. Eisig is well versed in the accounting and auditing concepts covering the following areas: economic development and regulation, public safety and justice, public education systems, human support services, public works, and public transportation. He also has an in-depth knowledge of governmental fund financial statements, proprietary funds, fiduciary funds, and presentation/inclusion of component units.

Government of the District of Columbia. As the lead partner in-charge of BDO's activities for the District, Mr. Eisig was responsible for the scheduling and performance of all audit services performed by BDO. In addition to supervising the audit teams and directing the overall engagement performance, he also oversaw the preparation of financial statements and recommendations regarding the District's internal controls. He was the primary point of contact for the engagement and led various meetings and discussions with key District officials from the Inspector General's Office, the Mayor's Office, and the CFO's Office. These meetings also included representatives from the U.S. Government Accountability Office.

WILLIAM EISIG, CPA / BDO USA

Mr. Eisig has extensive knowledge of Medicaid provider programs and claims and was involved in supervising and reviewing the District’s Medicaid program. He also has an in-depth understanding of third party liability calculations, nursing home reimbursements, Medicaid recordkeeping and documentation, audits of Medicaid cost reports, claims disallowances, and other related issues. He was also integrally involved in overseeing the audit process over the District’s procurement system. This involved extensive reviews of statutes, directives, and orders governing procurement actions. He was further responsible for the oversight and establishment of quality control over the audit processes covering the District’s various component units/funds. As such, Mr. Eisig maintains an active knowledge of these varied business operations. Among others, examples of component/funds include the following:

- ▶ Water and Sewer Operations
- ▶ Sports, Entertainment, and Convention Center Operations
- ▶ Housing Finance, Development, and Debt Operations
- ▶ University of the District of Columbia
- ▶ Lottery and Games
- ▶ Pension Trust Funds, including the District of Columbia’s pension plans for its police and firefighters and its teachers

Mr. Eisig has also serviced an operational review of the District’s Office of Finance and Treasury. The focus of this review was to identify opportunities for process redesign, assess the internal control structure, and develop recommendations which would result in efficient and timely reconciliations of bank and investment accounts. For other audits of schools of higher learning, he has developed considerable experience and in-depth knowledge of tuition revenue, enrollment audits, amounts due from students, student loans, scholarship discounts and allowances, and auxiliary enterprise revenues (i.e. bookstore, dining services, and athletics).

Professional licenses, memberships, and CPE

Professional Licenses

Licensed CPA, Maryland, the District of Columbia, and Virginia

Professional Memberships

American Institute of Certified Public Accountants
 American Society of Association Executives
 Greater Washington Board of Trade Board of Directors
 Maryland Association of Certified Public Accountants
 SmartCEO Magazine CPA Innovator of the Year
 Virginia Society of Certified Public Accountants

Continuing Professional Education (2016-2017)

327.5 total hours - CPE Transcripts are available upon request

LEE KLUMPP, CPA / BDO USA	
Firm position	Partner
Years of experience	20+
Education	B.S., Accounting, University of Maryland
Experience overview	
<p>Mr. Klumpp is a Partner with BDO and has over 20 years of experience serving the nonprofit and government industries.</p> <p>Mr. Klumpp completed a two-year Fellowship with the Financial Accounting Standards Board (FASB) in Norwalk, CT. During his fellowship, he led the FASB's project to reexamine existing standards for financial statement presentation by nonprofit entities, focusing on improving the net asset classification requirements and information provided in financial statements and notes about liquidity, financial performance, and cash flows. He also focused on various FASB agenda projects and emerging practice issues that focused on nonprofit.</p>	
Relevant experience	
<p>Mr. Klumpp's relevant experience includes:</p> <ul style="list-style-type: none"> ▶ Auditing of a wide variety of tax-exempt organizations including state and local governments (Government of the District of Columbia, Government of the Virgin Islands, State of Maryland, Howard University), associations, foundations, membership organizations, professional societies, and various others (American College of Cardiology, World Wildlife Fund, United Way Worldwide). ▶ Working with organizations in the governmental and nonprofit community with international, multiple divisions, reporting units, and nonprofit and for-profit entities. ▶ Significant expertise in compliance auditing of organizations receiving federal financial funding in accordance with the Uniform Guidance. ▶ Presenting audit reports and management letters to boards of directors and audit committees. ▶ Researching, writing, and disseminating information related to recent accounting and auditing pronouncements promulgated by the FASB, the Government Accounting Standards Board (GASB), the Office of Management and Budget (OMB), the Government Accountability Office (GAO), the AICPA's Auditing Standards Board, and others that provide guidance for the nonprofit and government industries. ▶ Providing consultation to BDO engagement teams and our alliance firm network around the country on various financial, accounting, auditing, and reporting issues related to nonprofit and government organizations. Additionally, Lee provides assistance to our international offices on various topics and issues for their nonprofit and government clients with focus on foreign sub-recipients of funds from United States federal agencies. ▶ Preparing and presenting speeches, seminars, and webinars on various accounting, auditing, internal control, governance, financial reporting, and Single Audit issues and topics around the country. 	
Professional licenses, memberships, and CPE	
<p>Professional Licenses Licensed CPA, Maryland and Virginia</p>	
<p>Professional Memberships American Institute of Certified Public Accountants (National Instructor for various Nonprofit and Governmental accounting and auditing topics, Ethics Committee's Technical Standards Subcommittee Member) Congressional Awards Foundation (Board of Directors) Financial Accounting Standards Board's Nonprofit Resource Group (Member) Greater Washington Society of Certified Public Accountants' Board of Directors</p>	
<p>Continuing Professional Education (2016-2017) 722.5 total hours - CPE Transcripts are available upon request</p>	

PATRICIA DUPERRON, CPA / BDO USA

Firm position Quality Control Director

Years of experience 20+

Education B.B.A., Accounting, University of Michigan

Experience overview

Ms. Duperron has over 20 years of experience in public accounting and has worked extensively with state and local governments, townships, cities, counties, schools, and other governmental entities, as well as various businesses and nonprofit organizations.

She also has vast experience with transit authorities, public utilities, airports, convention/arena authorities, biosolids authorities, governmental pension plans, and various tax increment financing authorities.

Ms. Duperron is the technical A & A lead for BDO's National Public Sector Industry Group. She is also a member of the AICPA's State and Local Government Expert Panel and a member of the Michigan Department of Education's (MDE) A-133 Referent Group which annually reviews and updates the Michigan School Auditing Manual and the MDE GASB 68 Implementation Committee for school districts to help with implementation issues.

Relevant experience

Ms. Duperron's relevant experience includes:

- ▶ Auditing of a wide variety of tax-exempt organizations including state and local governments (**Kalamazoo County, Kent County, City of Grand Rapids, City of Wyoming**), public school systems (**Coopersville Public Schools, Holland Public Schools, Ionia Public Schools, Jenison Public Schools, Kentwood Public Schools, and Forest Hills Public Schools**), associations, foundations, membership organizations, professional societies, and various others (**Gerald R. Ford International Airport, Algoma Township, Grand Rapids / Kent County Convention Arena Authority, Interurban Transit Partnership (the Rapid), Kent County CMH Authority, and Michigan Transit Pool**).
- ▶ Significant experience reviewing annual reports submitted to the Association of School Business Officials for the Certificate of Excellence in Financial Reporting Program.
- ▶ Assisting several cities and counties with submitting their reports to the Government Finance Officers Association for their Certificate of Excellence in Financial Reporting Program.
- ▶ Reviewing various governmental reports for several of BDO's offices and alliance firms across the country to ensure consistency and compliance with reporting requirements.

Federal Programs and Single Audit Compliance. Ms. Duperron also has experience in federal programs and Single Audit compliance and is the leader of the Governmental Services Group in West Michigan. She instructs annually at local and national firm seminars. At two national seminars each year, she provides an update regarding new developments from GASB, OMB, and other pronouncements that affect governmental accounting, auditing, and reporting. She also conducts a half-day session for her local office each year to provide the GASB/OMB update, as well as a school auditing update.

Governments. Ms. Duperron served as the Quality Control and Concurring Director for five consecutive years for the **Government of the District of Columbia**, and has functioned in a similar role for the **Government of the Virgin Islands**.

Professional licenses, memberships, and CPE

Professional Licenses
Licensed CPA, Michigan

Professional Memberships
American Institute of Certified Public Accountants
Michigan Association of Certified Public Accountants
Government Finance Officers Association
Certificate of Achievement, Completion of the AICPA's 64 hour Governmental Accounting and Auditing Program
Michigan School Business Officials

Continuing Professional Education (2016-2017)
126.5 total hours - CPE Transcripts are available upon request

JOHNSON WONG, CISA / BDO USA

Firm position Partner, Information Systems

Years of experience 15

Education B.S., Management, Financial Systems, Rensselaer Polytechnic Institute

Experience overview

Mr. Wong is a partner with BDO and is responsible for managing the IS Assurance practice for the Northeast and Greater Washington D.C. regions. Mr. Wong has more than 15 years of experience in information systems and evaluating internal controls. His areas of specialty include internal control reviews and analysis, information systems auditing, Sarbanes-Oxley compliance reviews, operational and compliance audits, security reviews, corporate and IT governance, process improvement through re-engineering and technology changes, HIPAA security reviews, and information systems consulting.

Mr. Wong is also responsible for delivering SSAE 16 and ISAE 3402 as well as SOC 2/3 attestation services for service organizations in the financial services, cloud services, hosted application, data center hosting, health care, and telecommunications industries.

Relevant experience

For the past several years, Mr. Wong has focused heavily on the evaluation of internal controls for financial institutions and public sector organizations. The evaluation of internal controls focuses on the significant transaction streams as well as the underlying IT environment. The internal control audit methodology is COSO-based, taken from the perspective of business risks. Internal control evaluations over business processes focus on the "what can go wrong scenarios" and evaluate manual and automated control activities, while evaluating each transaction stream from all points of potential misstatement. Furthermore, it allows us to identify procedural issues and provide insight for process optimization.

- ▶ **Government Audits.** For five years, Mr. Wong was responsible for the evaluation of internal controls in support of the annual Comprehensive Annual Financial Reports and single audits for the Government of the District of Columbia and the Government of the Virgin Islands. This endeavor analyzed the internal controls around each major class of transaction for proper internal controls across the various agencies. In addition, the internal controls around the IT environment, consisting of over 30 significant financial applications and underlying system software, were evaluated with a heavy focus on program change management and logical access to data. Findings in these areas were evaluated for compliance against government standards, as well as its impact to the financial statement audit. Mr. Wong also oversaw procedures for the District over the post implementation and segregation of duties reviews for its PeopleSoft implementation.
- ▶ **Compliance and Performance Audits of Financial Institutions.** Mr. Wong has conducted and supervised performance audits of government regulatory agencies, including the Federal Deposit Insurance Corporation, pursuant to the requirements as defined by Generally Accepted Government Auditing Standards. Specifically, these have included testing performance/compliance with specific program requirements. Mr. Wong was responsible for evaluating the data integrity of reporting and IT internal controls while performing audits of the FDIC's Franchise Marketing program.
- ▶ **Domestic and International Banking.** Mr. Wong has performed and managed the evaluation of IT controls for a handful of domestic and international (Fast East) banks. These reviews were focused strictly on the IT environment in areas such as program change management and logical access to data controls. Various methodologies and approaches were taken based on the relationship with parent banks (if applicable), outsourced third party systems and applications, and interfaces with third party vendors.
- ▶ **Compliance Performance Audits.** For the past several years, Mr. Wong has been responsible for the compliance and operational audits for one of the largest health care providers in the U.S. This evaluation focused on the achievement of various financial metrics, compliance with controls and contracts, and achievement of various performance metrics based on defined agreements. Areas of non-compliance were evaluated for its impact on financial payouts and incentives. In addition, process improvements and/or best practices were communicated to improve the processing environment.

JOHNSON WONG, CISA / BDO USA

Professional licenses, memberships, and CPE

Professional Licenses

Certified Information Systems Auditor (CISA)

Certified Information Security, Manager

Professional Memberships

Information Systems Audit & Control Association, Member

Continuing Professional Education (2016-2017)

149 total hours - CPE transcripts are available upon request

ANDY AFUANG, CPA / BDO USA	
Firm position	Director
Years of experience	12
Education	B.S., Accountancy, Philippine School of Business Administration
<i>Experience overview</i>	
<p>Mr. Afuang is a Director with BDO’s Assurance Division with extensive experience in several industries, including government, tax-exempt, real estate, hospitality, manufacturing, pharmaceuticals, telecommunications, and construction.</p> <p>In 2003, he relocated to the United States from the Philippines. Prior to joining BDO, he worked at PricewaterhouseCoopers in Singapore for two years. He also worked at a national firm in the Philippines for five years.</p> <p>Among others, his representative clients include the <i>Government of the District of Columbia, United Way Worldwide, Howard University, and the Pacific Institute for Research and Evaluation.</i></p>	
<i>Relevant experience</i>	
<p>Mr. Afuang’s relevant experience includes:</p> <ul style="list-style-type: none"> ▶ Experience in compliance auditing of organizations receiving federal financial funding in accordance with Uniform Guidance. ▶ Planning, performing, and supervising a wide variety of financial statement and pension plan audits. ▶ Analyzing internal controls and policies. ▶ Working with organizations with multiple tax-exempt and for-profit entities. ▶ Government of the District of Columbia. Mr. Afuang has experience in auditing various debt instruments as they are issued by government agencies to finance, refinance, and reimburse for development projects (i.e., general obligation bonds, tax increment financing notes, tobacco bonds, revenue bonds, and qualified zone academy bonds). <p>Mr. Afuang also has experience reviewing and auditing various client initiatives that oversee economic development, revitalization, and renovation. He was involved in auditing various lease agreements and analyzing their presentation in financial reports. As such, he brings knowledge of equipment financing programs, lease purchase arrangements, capital leases, and operating leases.</p> <p>With respect to Single Audits, he maintains a working knowledge of the many different Department of Health and Human Services and Department of Education grants and programs. Mr. Afuang has audited the complex Medicaid program for the District for many years.</p> <p>Mr. Afuang also functioned as part of the Central team on the District engagement. As such, he worked closely with the engagement partners in monitoring the status of the engagement and assisted in ensuring that the reporting mechanisms were conducted in a timely manner.</p>	
<i>Professional licenses, memberships, and CPE</i>	
<p>Professional Licenses Licensed CPA, Virginia</p>	
<p>Professional Memberships American Institute of Certified Public Accountants</p>	
<p style="color: red;">Continuing Professional Education (2016-2017) 433.5 total hours</p>	

JOHN GRIFFIN, CPA / BDO USA	
Firm position	Senior Manager
Years of experience	17
Education	B.S., Accounting, University of Maryland
Experience overview	
<p>Mr. Griffin is a Senior Manager with BDO's Assurance Division who has performed all aspects of engagements, including audit fieldwork, drafting financial statements, and supervision of staff. He has more than 17 years of experience and was an audit senior manager with a local firm in Bethesda, Maryland for four years prior to joining BDO USA, LLP. Some of the clients that he has worked with include: <i>Government of the District of Columbia, Anne Arundel Community College, United States Naval Institute, National 4-H Council, National Public Radio, and the Washington Educational Telecommunications Association (WETA).</i></p>	
Relevant experience	
<p>Mr. Griffin's relevant experience includes:</p> <ul style="list-style-type: none"> ▶ Reviewing systems for compliance with various governmental granting agencies including the Uniform Guidance. ▶ Various phases of financial statement audits including planning, performing, and reviewing audit field work. ▶ Preparation of financial statements, including referred disclosures to ensure they are in accordance with Generally Accepted Accounting Principles and other regulatory requirements. ▶ Presenting audit reports and business advisory letters to audit committees. ▶ Government of the District of Columbia. Mr. Griffin has experience with single audits and has assisted in managing the disability compensation plan audit of the District. As such, he brings audit knowledge of compensation for lost wages, medical expenses, rehabilitation expenses, work-related injuries, and the review and analysis of actuarially determined liabilities for financial statement inclusion. <p>Mr. Griffin was also involved with both the Single and CAFR Audits of the University of the District of Columbia. He maintains a working knowledge of student financial aid and the respective Uniform Guidance compliance requirements.</p> <p>Mr. Griffin has led his audit teams in working through tuition revenue, enrollment audits, and amounts due from students, student loans, scholarship discounts and allowances, and auxiliary enterprise revenues (i.e., bookstore, dining services, and athletics).</p>	
Professional licenses, memberships, and CPE	
<p>Professional Licenses Licensed CPA, Virginia and Maryland</p>	
<p>Professional Memberships American Institute of Certified Public Accountants</p>	
<p>Continuing Professional Education (2016-2017) 458.5 total hours - CPE Transcripts are available upon request.</p>	

LORELIE VERGARA, CPA / BDO USA

Firm position Manager

Years of experience 13

Education B.S., Accountancy, Polytechnic University of the Philippines

Experience overview

Ms. Vergara is a Manager with BDO's Assurance Division and has over 13 years of extensive experience in several industries, including government, nonprofit, private associations, private schools and universities, publishing, and retirement plans. Ms. Vergara has served the following organizations: Government of the Virgin Islands, Government of the District of Columbia, Wesley Theological Seminary, Henry Jackson Foundation, and National Democratic Institute.

Relevant experience

Ms. Vergara's relevant experience includes:

- ▶ Reviewing systems for compliance with various governmental granting agencies and performing audits in accordance with Uniform Guidance.
- ▶ Planning, performing, and supervising financial statement and employee benefit plan audits.
- ▶ Significant experience leading engagement teams in auditing a variety of entities that administer federal funds to various organizations.
- ▶ Analyzing internal controls and policies, reviewing accounting policies and procedures manuals, and suggesting value added improvements.

Preparing financial statements, including required disclosures to ensure that they are in accordance with generally accepted accounting principles and other regulatory requirements.

Government of the U.S. Virgin Islands. Ms. Vergara is instrumental in the financial report and reconciliation of the financial statement components. She serves as manager for the territory's single-audit and has significant experience with major program selection, Department of Health and Human Services, Department of Agriculture and Education.

Government of the District of Columbia. Ms. Vergara has serviced the District's Single Audits and has significant experience working with Department of Health and Human Services grants, including the various HIV-related programs. As such, she maintains a working knowledge of eligibility requirements, level of effort and earmarking analyses, and reporting mechanisms, along with the required testing techniques.

As part of the CAFR engagement, Ms. Vergara was the lead accountant servicing the Office of Tax and Revenue, which results in a working knowledge of the following revenue streams: property taxes; sales and use taxes; income and franchise taxes; and gross receipts taxes. Ms. Vergara is also knowledgeable of and has experience in working with Business Improvement Districts and various economic tax incentives. She has also carried out the audit process over the grants management effort, the financial reporting phase, and the University of the District of Columbia.

Professional licenses, memberships, and CPE

Professional Memberships

Filipino American Institute of Accountants of Metro D.C., Inc.
Philippine Institute of Certified Public Accountants

Continuing Professional Education (2016-2017)

241.5 total hours - CPE Transcripts are available upon request.

ROBERT ADAMS, CPA, CGMA / BROWN EDWARDS	
Firm position	Partner
Years of experience	20+
Education	B.B.A., Business Administration, West Virginia Wesleyan College
<i>Experience overview</i>	
<p>Mr. Adams has over 20 years of experience in public accounting, and is a director of assurance services for the Charleston, West Virginia office.</p> <p>Mr. Adams has extensive experience in financial reporting, accounting, internal control, auditing, review, compilation, agreed upon procedures and other professional services for the following entity types:</p> <ul style="list-style-type: none"> ▶ Various state and local governmental agencies ▶ Nonprofit organizations ▶ Closely-held businesses and public sector entities including: <ul style="list-style-type: none"> • Real estate • Hospitality • Manufacturing • Retail • Wholesale • Media <p>Mr. Adams is the AICPA's Governmental Audit Quality Center and the Charleston Director assigned to the Center.</p>	
<i>Professional licenses, memberships, and CPE</i>	
<p style="color: #800000;">Professional Licenses</p> <p>Licensed CPA, West Virginia</p>	
<p style="color: #800000;">Professional Memberships</p> <p>American Institute of Certified Public Accountants West Virginia Society of Certified Public Accountants Government Finance Officers Association Chartered Global Management Accountant West Virginia Kids Count, Board Member Multiple local church leadership committees</p>	
<p style="color: #800000;">Continuing Professional Education (2015-2017)</p> <p>217.5 total hours - CPE Transcripts are available upon request.</p>	

NORMAN YODER, CPA / BROWN EDWARDS	
Firm position	Partner
Years of experience	19
Education	B.B.A., Accounting, James Madison University
<i>Experience overview</i>	
<p>Mr. Yoder serves as a primary partner or concurring reviewer of some of the firm’s largest engagements. He is the area coordinator in the Lynchburg office.</p> <p>Mr. Yoder is an active member of the firm’s peer review services team, and serves on the firm’s accounting and auditing committee.</p> <p>Mr. Yoder’s expertise includes audits of governmental entities, nonprofit organizations, closely-held businesses, and health care providers.</p> <p>His experience also includes:</p> <ul style="list-style-type: none"> ▶ share based compensation ▶ deferred compensation agreements ▶ business combinations (acquisition accounting) ▶ goodwill and intangible assets ▶ internal control consulting <p>Mr. Yoder has been recognized as a “Super CPA” by Virginia Business magazine.</p>	
<i>Professional licenses, memberships, and CPE</i>	
<p style="color: #A52A2A;">Professional Licenses</p> <p>Licensed CPA, Virginia</p>	
<p style="color: #A52A2A;">Professional Memberships</p> <p>American Institute of Certified Public Accountants Virginia Society of Certified Public Accountants</p>	
<p style="color: #A52A2A;">Continuing Professional Education (2015-2017)</p> <p>177.5 total hours - CPE Transcripts are available upon request.</p>	

CHRIS BANTA, CPA, CFE / BROWN EDWARDS	
Firm position	Partner
Years of experience	18
Education	B.S., Accounting, Virginia Tech
<i>Experience overview</i>	
<p>Mr. Banta is a partner with oversight responsibility of the municipal practice. He is a partner in the Roanoke office specializing in municipalities, electric cooperatives, nonprofit organizations, and HUD properties.</p> <p>Mr. Banta coordinates the compliance auditing aspect of the annual audits of municipal and nonprofit clients, single audit compliance, FAA compliance, RUS compliance, and NTD reporting compliance.</p> <p>Mr. Banta is a member of Brown Edwards' peer review services team and a certified fraud examiner, providing internal control reviews, fraud examinations, forensic accounting services, and litigation support services</p> <p>Mr. Banta was previously named a "Super CPA" in the Government and Nonprofits area of practice in the Virginia Business magazine.</p>	
<i>Professional licenses, memberships, and CPE</i>	
Professional Licenses	
Licensed CPA, Virginia	
Professional Memberships	
American Institute of Certified Public Accountants Virginia Society of Certified Public Accountants Government Finance Officers Association Virginia Government Finance Officers Association National Society of Accountants for Cooperatives Association of Certified Fraud Examiners Grandin Theatre Foundation, past treasurer and also former president Virginia Museum of Transportation, current board member and treasurer Kiwanis Club of Roanoke, member, and serving as chair of the Career Technical Education Scholarship Committee Boys and Girls Club of Southwest Virginia, finance committee member	
Continuing Professional Education (2015-2017)	
176 total hours - CPE Transcripts are available upon request.	

CLARENCE RHUDY, JR., CPA, CISA, CITP / BROWN EDWARDS	
Firm position	Senior Manager
Years of experience	16
Education	M.A., Accountancy, Lynchburg College B.S., Accounting and Finance, Concord University
<i>Experience overview</i>	
<p>Mr. Rhudy is a information technology specialist in the Roanoke office with over 14 years of experience in public accounting experience in programming, classroom training, automation, and utilization of information technology and controls in the work place with our firm and with other organizations.</p> <p>Mr. Rhudy worked closely with various organizations prior to and since joining Brown Edwards to achieve more effective and efficient use of technology, including IT assessments for various organizations including, local governments and Sarbanes-Oxley (SOX) compliance both as a consultant and an auditor.</p> <p>Mr. Rhudy has experience performing information technology assessments for private industry, local government, financial institutions, and colleges and universities</p>	
<i>Professional licenses, memberships, and CPE</i>	
<p style="color: #800000;">Professional Licenses Licensed CPA, Virginia</p>	
<p style="color: #800000;">Professional Memberships American Institute of Certified Public Accountants Information Systems Audit and Control Association Certified Information Technology Professional Certified Information Systems Auditor A+ and Network + certifications, Member of Comptia</p>	
<p style="color: #800000;">Continuing Professional Education (2015-2017) 219 total hours - CPE Transcripts are available upon request.</p>	

ANTHONY CARPENTER, CPA / BROWN EDWARDS	
Firm position	Senior Manager
Years of experience	10+
Education	B.B.A., Business Administration, West Virginia State University
<i>Experience overview</i>	
<p>Mr. Carpenter is a senior manager in the Charleston, WV office with over 10 years of experience in public accounting with a concentration in accounting and assurance services.</p> <p>Mr. Carpenter primarily works with state and local governmental agencies, non-profit organizations, closely held businesses, and retirement plans.</p>	
<i>Professional licenses, memberships, and CPE</i>	
Professional Licenses	
Licensed CPA, West Virginia	
Professional Memberships	
American Institute of Certified Public Accountants West Virginia Society of Certified Public Accountants Leadership Kanawha Valley, Class of 2016 Emerging Leaders Academy, Class of 2020	
Continuing Professional Education (2015-2017)	
166 total hours - CPE Transcripts are available upon request.	

STAUNTON GORRELL, CPA / BROWN EDWARDS	
Firm position	Senior Associate
Years of experience	5+
Education	B.B.A., Finance, James Madison University
<i>Experience overview</i>	
<p>Mr. Gorrell is senior associate in the Charleston, West Virginia office with over five years of experience in public accounting with a concentration in accounting and assurance services.</p> <p>Mr. Gorrell primarily works with state and local governmental agencies, nonprofits, and closely businesses.</p>	
<i>Professional licenses, memberships, and CPE</i>	
Professional Licenses	
Licensed CPA, West Virginia	
Professional Memberships	
American Institute of Certified Public Accountants West Virginia Society of Certified Public Accountants Edgewood Country Club, Member	
Continuing Professional Education (2015-2017)	
148 total hours - CPE Transcripts are available upon request.	

NORMAN MOSRIE, CPA / DIXON HUGHES GOODMAN, LLP	
Firm position	Partner
Years of experience	30+
Education	B.B.A., Accounting, Marshall University
<i>Experience overview</i>	
<p>Norman serves as Assurance Services Market Leader for the Western Mid-Atlantic market focusing in the areas of government, not-for-profits, healthcare and insurance. A certified healthcare financial professional, Norman was previously a partner with a Big Four firm, where he worked for 24 years.</p> <p>Norman has also been involved with providing a wide variety of audit and business advisory services to governmental clients, including having served as the coordinating partner on the State of West Virginia’s Single Audit for many years, as well as currently serving various other governmental financial statement audits including the WV Board of Risk and Insurance Management, the WV Public Employees Insurance Agency and the WV Retiree Health Benefit Trust Fund.</p> <p>He has significant experience performing audits in accordance with GAS and the Uniform Guidance. A GFOA special review committee member, Norman has also assisted clients in filing for the GFOA Certificate of Achievement for Excellence in Financial Reporting, and has developed and led government and Single Audit training programs at the local, area, and national levels. Norman has a good working relationship with the GASB staff which is helpful facilitating consultations with GASB on technical questions, if necessary.</p>	
<i>Professional licenses, memberships, and CPE</i>	
<p>Professional Licenses Licensed CPA, West Virginia and New York</p>	
<p>Professional Memberships American Institute of Certified Public Accountants (AICPA), Former Council Member, Healthcare Expert Panel Chairman, National Healthcare Conference Chairman, Alternative Investments Task Force Member West Virginia Society of Certified Public Accountants (WVSCPA), Past President and Board of Directors Charleston Chapter of WVSCPAs, Past President Financial Accounting Standards Board (FASB), Former Not-for-Profit Advisory Committee Government Finance Officers Association, Special Review Committee Member Healthcare Financial Management Association, Principles and Practices Board Member</p>	
<p>Continuing Professional Education (2015-2017) 338 total hours - CPE Transcripts are available upon request.</p>	

Audit team qualifications and experience

STAFFING APPROACH

COMMITMENT TO DIVERSITY, CONTINUITY, AND QUALITY OF STAFF

We believe there are significant benefits to the Team and to our clients in maintaining diversity and quality of staffing, and we do whatever we can to achieve that objective. The Team's historic turnover has been considerably lower than industry standards. Because of the benefits to both the Team and to our clients, we do not accept the theory that high turnover in our profession is inevitable.

We believe that our rates of turnover will continue to be lower than industry standards due to:

- ▶ Our focus on a better work-life balance for our professionals.
- ▶ Our lower staff to partner ratio, which facilitates greater personal interaction between staff and partners.
- ▶ Our high growth rate, which translates to greater career opportunities for our professionals.
- ▶ Our entrepreneurial culture, which allows us to be creative in tailoring career opportunities and compensation to individual needs.
- ▶ Our distributed decision-making, which translates to empowering our professionals locally.

While some staff turnover is inherent in the public accounting profession, our close partner involvement minimizes the impact to our clients. The hallmark of our client service remains the same – to provide active, personal, and high level partner involvement in all of our engagements.

It is our goal, however, to foster career growth, encouraging staff members to take on increasing levels of professional responsibility within the scope of each engagement. As promotions occur, we try to maintain staff assignments within the engagement team in order to assure the client of continuity and consistency.

NOTIFICATION OF CHANGES IN KEY PERSONNEL

As indicated earlier, we understand the benefits to be gained both for our clients and our own team in maintaining a consistent senior project team and we make every effort to achieve continuity. Planning for staff availability is an essential element in the operational processes of our business and we can confirm that the team outlined in this document is the team you will see and work with for the duration of this assignment.

We recognize that on occasions team changes are inevitable. Should this arise, we will discuss the options with you and enable you to meet the potential new team members in advance. We will ensure any new resources are appropriately experienced and fully briefed. Any time spent briefing the new team member would, of course, be at our cost.

In addition, if there are any substitution of key personnel after the first year, the Team shall provide written notice at least fourteen (14) calendar days in advance.

- ▶ Engagement partners, directors, managers, other supervisory staff, and specialists may be changed if those individuals leave the firm, are promoted, or assigned to another office, provided replacements have substantially the same or better qualifications or experience. These personnel may also be changed for other reasons with the prior written consent from the State. The State will be informed in writing of these changes and will have the right to approve/reject replacements based upon their qualifications, experience, or performance.

Audit team qualifications and experience

STAFFING APPROACH

TEAM ACCESSIBILITY AND INTERACTION

Senior management will be actively involved in project planning, identifying key issues, developing strategy, and day-to-day project execution. Our partners, directors, and managers represent approximately 30% of the total time spent on your engagement. This means that our senior resources are more involved in serving you. The engagement work plan will be developed to ensure that each deadline is met. Reviews will be performed on-site during fieldwork so that any questions or issues can be addressed and resolved on a timely basis. We find that the partner/director review of our staff's work at our clients' offices minimizes the time spent in the review process, increases the supervision of our staff, results in fewer hours, increases the partners' understanding of the issues, and, most important, provides opportunity for increased partner-client interaction.

The State will be a valuable client to the Team and will receive the full attention of our senior personnel. We are also very interested in meeting with your staff and governance. We feel this is a very important interaction and are well versed in communicating financial results.

Commitment to year-round accessibility

BDO's approach to client service rests on the principle that successful professional relationships are built on close communication. Equally important is the participation of service team members who understand your organization. These two factors – **communication and experience** – will ensure the timely delivery of efficient professional services to the State. Your complete client service team is available to consult with the State throughout the year, whenever questions or issues arise. Day-to-day contact between the professional staff at the State and your engagement team ensures that the audit is efficient, focused appropriately on risk areas, and functioning to keep management well informed.

We encourage regular meetings to ensure that we contribute meaningful ideas, strategies, and plans to address your financial challenges. Such substantive and frequent contact makes it possible to define and prioritize goals, define timetables, and designate responsibility to appropriate individuals.

The State will have continuous access to our experienced service team and our National technical and industry practitioners. We strive to ensure our client relationships remain vibrant and proactive throughout the year not just during the audit engagement. We believe in getting to know and understand our clients and the challenges they face throughout the year as it truly enables us to serve our clients that much more effectively and efficiently.



SECTION 4, SUBSECTION 4.3

Public sector auditing experience

ENGAGEMENTS OF SIMILAR SIZE AND SCOPE

GOVERNMENT OF THE DISTRICT OF COLUMBIA	
Type of project	Single Audit
Hours	10,000 for the single audit
Project goals and objectives	<p>BDO has performed the single audit for the years ended September 30, 2015 and 2016.</p> <ul style="list-style-type: none"> ▶ Smoothly transition the audit from a Big 4 firm. ▶ Entrance conference to be held at all Agencies. ▶ Provide weekly status reports to management and governance of the District. ▶ Draft of all finding to the agencies by May 15. ▶ Exit conferences and completion (drop pencils) of fieldwork at all Agencies by May 31. ▶ Present draft of single audit report by June 15. ▶ Issue single audit report by June 30.
How BDO met project goals and objectives.	<p>Members of the Team that will be assigned to perform our engagement for the State were engaged to audit the Government of the District of Columbia (the District) for two years. As part of this engagement, BDO USA, LLP performed an audit of the District's single audit.</p> <ul style="list-style-type: none"> ▶ Upon award of the contract, BDO reviewed the prior auditors work papers and smoothly transitioned the audit minimizing the burden of changing auditors for management. ▶ Entrance conferences were held at all Agencies being audited. ▶ Weekly Status reports were provided each week to management and the governance of the District. Additional meetings were held to resolve noted issues in a timely manner ensuring completion of the tasks on schedule. ▶ Draft of all findings were provided to Agency personnel as timely as possible. Audit teams met with Agency personnel to discuss findings and resolve outstanding issues, review additional information and work with Agency personnel to eliminate findings where possible. ▶ All Agencies received drafts of their findings by the schedule date with one week to respond in writing. ▶ All exit conferences were held and field was completed by May 31. ▶ Draft of the single audit report was presented to management and the governance of the District by the set deadline. ▶ BDO issued the single audit reports each year on June 29.

Public sector auditing experience

ENGAGEMENTS OF SIMILAR SIZE AND SCOPE

GOVERNMENT OF THE DISTRICT OF COLUMBIA			
How BDO met project goals and objectives	<p>The Government of the District of Columbia (The District) re-appointed BDO, in partnership with an alliance firm as its single audit service provided starting in fiscal year 2015. In fiscal years 2005-2009, BDO was engaged by the State to audit the CAFR and the single audit reports. As part of this 30,000 hour engagement we audited the District's CAFR and performed the single audit. The financial reporting entity included the primary government, which consisted of approximately 100 agencies, boards, commissions, and other departments along with numerous component units. The CAFR was submitted to the Congress of the United States, the President of the United States, the Mayor of the District, and the Council of the District. The District's CAFR has a Congressionally mandated deadline which is only four months after its fiscal year end.</p> <p>The District expends nearly \$4.0 billion in federal funding that is subject to an audit under the Uniform Guidance. In connection with our single audit we issue the following auditor opinions:</p> <ul style="list-style-type: none"> ▶ Independent Auditor's Report on the Schedule of Expenditures of Federal Awards. ▶ Independent Auditor's Report on compliance for Each major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance. 		
Project performance location	8401 Greensboro Drive, Suite 800, McLean, VA 22102		
Project managers (engagement partners)	<p>Name: William Eisig, Engagement Lead Partner Phone: 703-336-1401 Email: weisig@bdo.com</p>	<p>Name: Jason Aldridge, Engagement Partner Phone: 703-336-1405 Email: jaldridge@bdo.com</p>	<p>Name: Kurt Miller, Engagement Director Phone: 703-336-1510 Email: kmiller1@bdo.com</p>
Principal client contact	<p>Name: Timothy Barry Phone: 202-442-6433 For more information visit: https://cfo.dc.gov/page/single-audit-reports</p>		
Continuing education	For information on the continuing education of senior audit staff, partners, managers, and supervisors, please see the detailed team member bios in section 4.2 of this proposal.		

Public sector auditing experience

ENGAGEMENTS OF SIMILAR SIZE AND SCOPE

GOVERNMENT OF THE U.S. VIRGIN ISLANDS	
Type of project	Financial Statement Audit, Single Audit
Hours	15,000 hours to complete the engagement
Project goals and objectives	<p>BDO has performed the financial statements and single audit for the years ended September 30, 2014, 2015 and 2016.</p> <ul style="list-style-type: none"> ▶ Smooth transition of the State audit from a Big 4 firm. ▶ Firm with Statewide audit experience. ▶ Qualified Specialists or outside consultants. ▶ Qualified Partners, managers and seniors. ▶ Reduce the time for issuance of the audit reports to achieve June 30th by fiscal year 2016.
How BDO met project goals and objectives	<p>The Government of the Virgin Islands (the Government) appointed BDO, in partnership with our alliance firm and subcontractor, as its service provider starting in fiscal year 2014. As part of this engagement, we perform an audit of the Government's basic financial statements, a single audit in accordance with the Uniform Guidance, and quarterly agreed-upon procedures. The financial reporting entity includes the primary government, consisting of numerous agencies and departments.</p> <ul style="list-style-type: none"> ▶ Upon award of the contract BDO reviewed the prior auditors work papers and smoothly transitioned the audit minimizing the burden of changing auditors for management. ▶ BDO has audited the Government and was able to bring proven project management skills to the audit to ensure a smooth, timely and quality audit within the timeline set by the management. The personal communication of all team members and regular status reports ensured that the engagements were on schedule. <ul style="list-style-type: none"> • BDO has supplemented its audit team with industry leading specialists and outside consultants to audit the following areas: • BDO Valuation Specialists related to valuation of assets. • Outside engineering firm to assist with the validation of the landfill closure liability. • Internal specialist and outside actuaries to assist with auditing the liabilities related to pension, other post-employment benefit, and work compensation. ▶ BDO's experienced audit teams monitor the daily actives as the engagements progress resolving technical and accounting issues in a timely manner. Over thirty percent of the engagement budget is allocated to partners, directors or managers. This ensures our clients are getting timely responses. ▶ BDO reduced the lead times for issuance the audit reports and met all management and governance set deadlines. ▶ We conduct a comprehensive assessment of the general controls over the IT systems and review of the internal control processes surrounding significant activities. ▶ We communicate and consult throughout the engagement via our periodic status meetings with the Commissioner of Finance and the Virgin Islands Office of Management and Budget.

Public sector auditing experience

ENGAGEMENTS OF SIMILAR SIZE AND SCOPE

GOVERNMENT OF THE U.S. VIRGIN ISLANDS			
How BDO met project goals and objectives	<p>▶ Our audit also encompasses oversight of the financial statements for the following organizational units which issue separate reports: Virgin Islands Public Finance Authority, Tobacco Settlement Financing Corporation, Virgin Islands Housing Authority, Virgin Islands Port Authority, Virgin Islands Water and Power Authority, Virgin Islands Government Hospital and Health Facilities Corporation, University of the Virgin Islands, Virgin Islands Economic Development Authority, Magens Bay Authority, Virgin Islands Housing Finance Authority, Virgin Islands Public Television System, Virgin Islands Waste Management Authority, University of the Virgin Islands Research and Technology Park, and Employees' Retirement System of the Government of the Virgin Islands.</p>		
Project performance location	8401 Greensboro Drive, Suite 800, McLean, VA 22102		
Project managers (engagement partners)	<p>Name: William Eisig, Engagement Lead Partner Phone: 703-336-1401 Email: weisig@bdo.com</p>	<p>Name: Neena Masih, Engagement Partner Phone: 703-336-1505 Email: nmasih@bdo.com</p>	<p>Name: Kurt Miller, Engagement Director Phone: 703-336-1510 Email: kmiller1@bdo.com</p>
Principal client contact	<p>Name: Clarina Modeste-Elliot Phone: 340-714-9401 For more information visit: http://www.usvipfa.com/Home/FinancialStatements and www.usvifinance.info</p>		
Continuing education	For information on the continuing education of senior audit staff, partners, managers, and supervisors, please see the detailed team member bios in section 4.2 of this proposal.		

Public sector auditing experience

ENGAGEMENTS OF SIMILAR SIZE AND SCOPE

THE VIRGIN ISLANDS WATER AND POWER AUTHORITY	
Type of project	Financial Statement Audit, Single Audit
Hours	Approximately 2,000 hours to complete this engagement
Project goals and objectives	<p>BDO has performed the financial statements and single audit services for the years ended June 30, 2013, 2014, 2015, and 2016,</p> <ul style="list-style-type: none"> ▶ Smoothly transition the State audit from a Big 4 firm. ▶ Firm with experience auditing utility clients ▶ Qualified partners, managers and seniors. ▶ Timely financial reporting with management set deadlines.
How BDO met project goals and objectives	<p>The Virgin Islands Water and Power Authority (the Authority) appointed BDO as its service provider in 2013, with BDO collaborating with an alliance firm in 2014 as the Authority's service providers. The Authority owns, operates, and maintains an electric generation and distribution system and a water production and distribution system. The audit of these systems covers operating revenues generated from regulated water and electric sales, federal and capital grants, review of capital assets and improvements, regulatory assets, and various debt instruments.</p> <ul style="list-style-type: none"> ▶ Upon award of the contract BDO reviewed the prior auditors work papers and smoothly transitioned the audit minimizing the burden of changing auditors for management. ▶ BDO knows utilities and have audited numerous public utility clients. ▶ BDO brought industry experienced team members to the engagement that understood how public utilities operated allowing for an efficient audit. ▶ BDO have structured the audit engagement being flexible to client changes but ensuring that the financial statements have been issued by set deadlines. ▶ We conduct a comprehensive assessment of the general controls over the IT systems and review the internal control processes surrounding the significant activities. ▶ We issue an Independent Auditor's Report on Compliance. ▶ Members of the Team have worked with the Authority in issuing a special assignment report regarding a depreciation assessment of the Authority's capital assets, which is mandated by the Public Service Commission every five years. ▶ Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. ▶ Independent Auditor's Report on Compliance for Each major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance. <p>The audit team has been active in providing audit results that highlight opportunities for progress in achieving the Authority's mission and financial reporting goals.</p>

Public sector auditing experience

ENGAGEMENTS OF SIMILAR SIZE AND SCOPE

THE VIRGIN ISLANDS WATER AND POWER AUTHORITY	
Project performance location	8401 Greensboro Drive, Suite 800, McLean, VA 22102
Project managers (engagement partners)	Name: William Eisig, Engagement Lead Partner Phone: 703-336-1401 Email: weisig@bdo.com
Principal client contact	Name: Cherise V. Tucker, Comptroller Phone: 340-774-3552 For more information visit: www.viwapa.vi/news/FinancialReports.aspx
Continuing education	For information on the continuing education of senior audit staff, partners, managers, and supervisors, please see the detailed team member bios in section 4.2 of this proposal.

Public sector auditing experience

ENGAGEMENTS OF SIMILAR SIZE AND SCOPE

WEST VIRGINIA LOTTERY, CHARLESTON, WEST VIRGINIA			
Type of project	Annual financial audit statement		
Hours	More than 500 hours to complete this engagement		
Project goals and objectives	<ul style="list-style-type: none"> ▶ Issue an Independent Auditor’s Report on the Financial Statements of the Lottery. ▶ Issue an Independent Auditor’s Report on Internal Control over Financial Reporting and On Compliance and Other Matters based on an audit of financial statements. ▶ Provide preparation assistance and review of the Lottery’s Comprehensive Annual Financial Report or CAFR for submission to the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting (which has been earned with every submission). 		
How Brown Edwards met project goals and objectives	<p>Brown Edwards, through its merger with Gibbons Kawash, has audited the West Virginia Lottery (the “Lottery”) for more than 20 years. These audits were conducted in accordance with auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> established by the Comptroller General of the United States.</p> <p>The Lottery is a special purpose entity engaged in business type activities with responsibility for operating the state-wide lottery. The Lottery has total assets of over \$230 million and total revenues in excess of \$1.1 billion.</p> <p>The performance of this engagement requires approximately five team members (directors, managers, senior auditors, and staff auditors) and over 500 personnel hours.</p>		
Project performance location	Charleston, West Virginia		
Project managers (engagement partners)	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;"> <p>Name: Robert (Rob) E. Adams, Partner Phone: 304-343-4188 Email: readams@becpas.com</p> </td> <td style="width: 50%;"> <p>Name: Anthony Carpenter, Senior Manager Phone: 304-343-4188 Email: acarpenter@becpas.com</p> </td> </tr> </table>	<p>Name: Robert (Rob) E. Adams, Partner Phone: 304-343-4188 Email: readams@becpas.com</p>	<p>Name: Anthony Carpenter, Senior Manager Phone: 304-343-4188 Email: acarpenter@becpas.com</p>
<p>Name: Robert (Rob) E. Adams, Partner Phone: 304-343-4188 Email: readams@becpas.com</p>	<p>Name: Anthony Carpenter, Senior Manager Phone: 304-343-4188 Email: acarpenter@becpas.com</p>		
Principal client contact	<p>Name: Dean Patrick, Deputy Director Phone: 304-558-0500</p>		
Continuing education	For information on the continuing education of senior audit staff, partners, managers, and supervisors, please see the detailed team member bios in section 4.2 of this proposal.		

Public sector auditing experience

ENGAGEMENTS OF SIMILAR SIZE AND SCOPE

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS, CHARLESTON, WEST VIRGINIA			
Type of project	Annual financial audit statement		
Hours	More than 500 hours to complete this engagement		
Project goals and objectives	<ul style="list-style-type: none"> ▶ Issue an Independent Auditor’s Report on the Financial Statements of the WV Board of Treasury Investments ▶ Issues an Independent Auditor’s Report on Internal Control over Financial Reporting and On Compliance and Other Matters based on an audit of financial statements ▶ Provide preparation assistance and review of the WV Board of Treasury Investments Comprehensive Annual Financial Report or CAFR for submission to the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting (which has been earned with every submission) 		
How Brown Edwards met project goals and objectives	<p>Brown Edwards through its merger with Gibbons & Kawash has audited the WV Board of Treasury Investments since its inception in 2005. Among its 9 pools and investment accounts the WV Board of Treasury Investments manages over \$3 billion in assets.</p> <p>The WV Board of Treasury Investments is a special purpose entity composed of fiduciary funds and an operating fund to provide state government and other local governments investment opportunities for monies not currently needed to fund government operations through participation in established and S&P rated government investment pools, other pools or specified accounts.</p> <p>The performance of this engagement requires approximately five team members (directors, managers, senior auditors, and staff auditors) and over 500 personnel hours.</p>		
Project performance location	Charleston, West Virginia		
Project managers (engagement partners)	<table border="0"> <tr> <td>Name: Robert (Rob) E. Adams, Partner Phone: 304-343-4188 Email: readams@becpas.com</td> <td>Name: Norman Yoder, Partner Phone: 304-343-4188 Email: nyoder@becpas.com</td> </tr> </table>	Name: Robert (Rob) E. Adams, Partner Phone: 304-343-4188 Email: readams@becpas.com	Name: Norman Yoder, Partner Phone: 304-343-4188 Email: nyoder@becpas.com
Name: Robert (Rob) E. Adams, Partner Phone: 304-343-4188 Email: readams@becpas.com	Name: Norman Yoder, Partner Phone: 304-343-4188 Email: nyoder@becpas.com		
Principal client contact	Name: Kara Hughes, Executive Director Phone: 304-340-1564		
Continuing education	For information on the continuing education of senior audit staff, partners, managers, and supervisors, please see the detailed team member bios in section 4.2 of this proposal.		

Public sector auditing experience

ENGAGEMENTS OF SIMILAR SIZE AND SCOPE

WEST VIRGINIA HOUSING DEVELOPMENT FUND, CHARLESTON, WEST VIRGINIA			
Type of project	Annual financial audit statement		
Hours	More than 500 hours to complete this engagement		
Project goals and objectives	<ul style="list-style-type: none"> ▶ Issue an Independent Auditor's Report on the Financial Statements of the WV Housing Development Fund. ▶ Issue an Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters based on an audit of financial statements. ▶ Issue an Independent Auditor's Report on Compliance for Each Major Program and On Internal Control over Compliance Required by the Uniform Guidance. ▶ Provide preparation assistance and review of the WV Housing Development Fund Comprehensive Annual Financial Report or CAFR for submission to the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting (which has been earned with every submission). 		
How Brown Edwards met project goals and objectives	<p>Brown Edwards through its merger with Gibbons & Kawash has audited the WV Housing Development Fund for more than 15 years. The WV Housing Development Fund is primarily an enterprise fund with over \$925 million in assets and \$500 million in net position, generating over \$100 million in operating revenue annually.</p> <p>The WV Housing Development Fund is a special purpose entity dedicated to statewide housing growth through various programs to provide safe and affordable housing for residents and families in West Virginia.</p> <p>The performance of this engagement requires approximately five team members (directors, managers, senior auditors, and staff auditors) and over 500 personnel hours.</p>		
Project performance location	Charleston, West Virginia		
Project managers (engagement partners)	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;"> Name: Robert (Rob) E. Adams, Partner Phone: 304-343-4188 Email: readams@becpas.com </td> <td style="width: 50%;"> Name: Anthony Carpenter, Senior Manager Phone: 304-343-4188 Email: acarpen@becpas.com </td> </tr> </table>	Name: Robert (Rob) E. Adams, Partner Phone: 304-343-4188 Email: readams@becpas.com	Name: Anthony Carpenter, Senior Manager Phone: 304-343-4188 Email: acarpen@becpas.com
Name: Robert (Rob) E. Adams, Partner Phone: 304-343-4188 Email: readams@becpas.com	Name: Anthony Carpenter, Senior Manager Phone: 304-343-4188 Email: acarpen@becpas.com		
Principal client contact	Name: Erica Boggess, Executive Director Phone: 304-391-8638		
Continuing education	For information on the continuing education of senior audit staff, partners, managers, and supervisors, please see the detailed team member bios in section 4.2 of this proposal.		

Public sector auditing experience

ENGAGEMENTS OF SIMILAR SIZE AND SCOPE

WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT, CHARLESTON, WEST VIRGINIA	
Type of project	Annual financial audit statement
Hours	More than 500 hours to complete this engagement
Project goals and objectives	<ul style="list-style-type: none"> ▶ Issue an Independent Auditor’s Report on the Financial Statements of the West Virginia Board and Insurance Management (BRIM) ▶ Issue an Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an audit of financial statements performed in accordance with Government Auditing Standards. ▶ Review BRIMs Comprehensive Annual Financial Report prior to submission to the Government Finance Officers Association for their Certificate of Achievement for Excellence in Financial Reporting program.
How DHG met project goals and objectives	<p>Dixon Hughes Goodman completed the audit of the financial statements of BRIM prior to the deadline required by the State of WV. BRIMs CAFR submissions have earned the GFOA certificate of achievement for every submission.</p> <p>BRIM is an enterprise fund of the State providing property, casualty and liability insurance coverage for the State entities and Senate Bill 3 local government and not-for-profit organizations. BRIM had total assets of \$376 million at June 30, 2017 and total operating revenue of \$65 million for the year then ended.</p> <p>The performance of this engagement required approximately six team members (partners, senior managers, senior associates, associates, and actuaries).</p>
Project performance location	Charleston, West Virginia
Project managers (engagement partners)	<p>Name: Norman C. Mosrie, Partner</p> <p>Phone: 304-414-3913</p> <p>Email: norman.mosrie@dhgllp.com</p>
Principal client contact	<p>Name: Steve Schumacher, CFO</p> <p>Phone: 304-766-2646 x 107</p>
Continuing education	For information on the continuing education of senior audit staff, partners, managers, and supervisors, please see the detailed team member bios in section 4.2 of this proposal.

Public sector auditing experience

ENGAGEMENTS OF SIMILAR SIZE AND SCOPE

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY; AND THE WEST VIRGINIA RETIREE HEALTH BENEFITS TRUST FUND, CHARLESTON, WEST VIRGINIA	
Type of project	Annual financial audit statement
Hours	More than 1,000 hours to complete this engagement
Project goals and objectives	<ul style="list-style-type: none"> ▶ Issue an Independent Auditor's Report on the Financial Statements of the West Virginia Public Employees Insurance Agency and the West Virginia Retiree Health Benefits Trust Fund ▶ Issue an Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
How DHG met project goals and objectives	<p>Dixon Hughes Goodman completed the audit of the financial statements of PEIA and RHBT prior to the deadline required by the State of WV.</p> <p>PEIA is an enterprise fund of the State providing health insurance coverage for the State and certain non-State entities. PEIA had total assets of \$251 million at June 30, 2017 and total operating revenue of \$581 million for the year then ended.</p> <p>RHBT is a fiduciary fund of the State responsible for post-employment retiree health benefits. RHBT had total assets of \$850 million at June 30, 2017 and total additions of \$369,628,000 for the year then ended.</p> <p>The performance of these engagement required approximately ten team members (partners, senior managers, senior associates, associates, and actuaries).</p>
Project performance location	Charleston, West Virginia
Project managers (engagement partners)	<p>Name: Norman C. Mosrie, Partner</p> <p>Phone: 304-414-3913</p> <p>Email: 304-766-2646 x 107</p>
Principal client contact	<p>Name: Jason Haught, CFO</p> <p>Phone: 304-558-7850 x52642</p>
Continuing education	For information on the continuing education of senior audit staff, partners, managers, and supervisors, please see the detailed team member bios in section 4.2 of this proposal.

Public sector auditing experience

ENGAGEMENTS OF SIMILAR SIZE AND SCOPE

STATE OF WEST VIRGINIA FINANCIAL STATEMENT AND SINGLE AUDIT, CHARLESTON, WEST VIRGINIA (INDIVIDUAL SUBCONTRACTOR EXPERIENCE OF NORMAN MOSRIE, PARTNER, DHG)	
Type of project	Annual financial audit and single audit
Hours	More than 10,000 hours to complete this engagement
Project goals and objectives	<ul style="list-style-type: none"> ▶ Firm with Statewide auditing experience. ▶ Qualified audit staff and specialists or outside consultants. ▶ Qualified senior audit staff, including partners, managers and supervisors. ▶ Completed CAFR audit by December 31 and Single Audit by January 31.
How project goals and objectives were met	<p>Prior to joining Dixon Hughes Goodman, Norman Mosrie, was a partner with EY. While at EY Norman served as the partner in charge of the State of WV Financial Statement and Single Audit for many years. Thus, he has significant experience with not only the technical requirements of the State-wide audit, but also with overall administration and coordination with the audit team, including subcontractors, various state entities and other component unit auditors. Norman also has significant experience with audits of various State entities. A government finance officer association (GFOA) special review committee member, Norman assisted the State and several component units with attaining and retaining the GFOA certificate of achievement for excellence in financial reporting.</p> <p>The performance of the aforementioned State related audit engagements required >30 team members (partners, directors, senior managers, managers, senior associates, associates, and actuaries) and over 10,000 personnel hours.</p>
Project performance location	Charleston, West Virginia
Project managers (engagement partners)	Name: Norman C. Mosrie, Partner Phone: 304-414-3913 Email: 304-766-2646 x 107
Principal client contact	Name: Jane Shinn, West Virginia Department of Admin. Phone: 304-558-4083
Continuing education	For information on the continuing education of senior audit staff, partners, managers, and supervisors, please see the detailed team member bios in section 4.2 of this proposal.



SECTION 4, SUBSECTION 4.4



Approach and methodology

UNDERSTANDING OF THE SERVICES TO BE PERFORMED

OVERVIEW

BDO, DHG, and Brown Edwards,, collectively refereed to as the (the Team), are prepared to perform this engagement and understand the services required to be performed as required in Section 4 in the request for proposal (RFP).

We also understand the timeframes and the required deadlines for delivery of the required reports and written products and are prepared to meet each deadline, communicating and coordinating our activities with your personnel throughout our performance of the contract.

Further, the BDO Team is comfortable working in an environment involving significant oversight by third parties and possesses the ability to audit multiple government agencies, departments and programs at the same time.

We understand that, at this time, **The West Virginia Department of Administration, Purchasing Division** (the Purchasing Division) is soliciting proposals for the **Department of Administration, Finance Division** (the Agency) requiring an independent Certified Public Accounting (CPA) firm to provide an audit on the Single Audit of the State of West Virginia and the State's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2018. We understand that the initial term of the contract shall be for one (1) year effective upon the date of award, and may be renewed upon the mutual agreement of the State and BDO, with approval of the Purchasing Division and the Attorney General's office (Attorney General) for three (3) successive one (1) year periods or multiple renewal periods of less than one year.

The audits will be performed in accordance with generally accepted auditing standards as set forth by the AICPA, the standards for financial audits set forth in the Comptroller General of the United States *Government Auditing Standards*.

The provisions of U.S. Office of Management and Budget Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), Governmental Accounting Standards Board (GASB) pronouncements, and other pertinent authoritative and legal requirements that may be in effect during the course of this contractual arrangement.

Approach and methodology

SCOPE OF WORK

THE TEAM WILL WORK WITH THE STATE IN PERFORMING THE FOLLOWING SERVICES:

- ▶ Statewide Single Audit of the State of West Virginia, for both a financial and a compliance audit.
- ▶ Provide consultation and advice on issues affecting the financial operations of the State outside of the audit schedule, as required by the State.
- ▶ Adhere to established schedule for the fiscal year audit.
- ▶ Hold conferences and meetings as required by the State.
- ▶ Provide general updates and guidance of new accounting pronouncements and related changes that may impact financial reporting.

THE TEAM WILL WORK WITH THE STATE IN ISSUING THE FOLLOWING DELIVERABLES:

- ▶ Whether the basic financial statements in the State's CAFR present fairly the State's financial position and results of financial operations in conformity with generally accepted accounting principles (GAAP).
- ▶ Whether the SEFA is fairly presented in relation to the basic financial statements.
- ▶ Reporting on the State's internal controls related to the financial statements and compliance with federal statutes, regulations, and the terms and conditions of the federal awards, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- ▶ Noncompliance and /or weaknesses in internal controls.
- ▶ Provide "in-relation" reports on the schedule of federal financial assistance .
- ▶ Compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect upon the State's financial statements.

- ▶ Compliance with laws, regulations, and the provisions of contracts or grant agreements which could have a direct and material effect on each major program.
- ▶ Findings and questioned costs.
- ▶ Summary of audit results, including:
 - Type of report issued on financial statements.
 - Type of report issued on compliance for major programs.
 - Where applicable, a statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses.
 - Where applicable, a statement of reportable conditions in internal control over major programs disclosed by the audit and whether any such conditions were material weaknesses.
 - A statement as to whether the audit disclosed any audit findings which the auditor is required to report.
 - Identification of major programs.
 - Dollar threshold used to distinguish between Type A and Type B programs.
 - A statement as to whether the auditee qualified as a low-risk auditee.
- ▶ Immediate written report of any irregularities, fraud, or illegal acts will be given to the Director of Finance
- ▶ Any additional requirements under the Uniform Guidance, or future federal OMB Circulars that may become effective during the audit contract.

Additionally, the Team offers a wide range of other financial-related services that can be readily accessed by the State, if required.

Specific audit approach

ATTACHMENT E: TIMETABLE FOR COMPLETION OF AUDIT

We present the following projected schedule for completion of the State’s financial statement and single audits. Upon issuance of the contract award, we will meet with the State’s to setup a milestone chart.

REQUIRED SUBMISSION/EVENT	TIMEFRAME
<i>Entrance conference</i>	Within three (3) weeks upon award of contract
<i>Provide list of schedules to be prepared by the State</i>	
<p><i>Interim fieldwork</i></p> <ul style="list-style-type: none"> ▶ Discuss current year audit with management. Assess risk, write/tailor audit programs, test controls, document understanding of transaction cycles, perform preliminary analytical review, prepare list of audit schedules to be prepared by the State’s personnel, complete planning. ▶ Review prior year financial statements. Consider changes needed due to recent technical pronouncements and management’s desire. ▶ Identify significant accounting cycles and accounting applications and document control procedures. ▶ Meeting with key members of your information technology and business application data owners to identify and review general and application controls. ▶ Additionally, we will follow up on the status of the implementation of prior year’s recommendations contained in the management letter. 	June 30, 2018
<i>Detailed audit plan</i>	June 30, 2018
<p><i>Meeting with the agencies and Director of Finance</i></p> <ul style="list-style-type: none"> ▶ Review of preliminary audit plan 	
<p><i>Begin Year-end Fieldwork (Federal Awards, CAFR)</i></p> <ul style="list-style-type: none"> ▶ Perform audit test work and compliance tests. ▶ Perform substantive test work of the year-end amounts. ▶ Perform tests across funds system wide. 	August 1, 2018
<i>Progress Conferences With Director of Finance</i>	Throughout audit process
<i>Tests of Federal Awards substantially complete</i>	October 26, 2018
<i>Closing conference(s) with agencies substantially complete</i>	November 1, 2018

Specific audit approach

ATTACHMENT E: TIMETABLE FOR COMPLETION OF AUDIT

REQUIRED SUBMISSION/EVENT	TIMEFRAME
<p><i>Completion - Phase I</i></p> <ul style="list-style-type: none"> ▶ Final closing packages. ▶ Identify findings and audit adjustments. ▶ Provide draft reports and workpapers for review. 	
<p><i>Completion - Phase II</i></p> <ul style="list-style-type: none"> ▶ Submit all final audit differences. ▶ Review of all drafts for separate opinion audit reports. ▶ Review of CAFR draft. 	November 17, 2018
<p><i>Tests of Federal Awards substantially complete</i></p>	October 26, 2018
<p><i>Closing conference(s) with agencies substantially complete</i></p>	November 1, 2018
<p><i>Draft Single Audit findings and other management comments</i></p>	December 9, 2018
<p><i>Final CAFR audit report</i></p>	December 21, 2018
<p><i>Final Single Audit findings</i></p>	January 2, 2019
<p><i>Issue deliverables</i></p> <ul style="list-style-type: none"> ▶ Final Single Audit Reports 	January 31, 2019
<p><i>Audit Exit Conference</i></p>	

Specific audit approach

BDO AUDIT QUALITY FRAMEWORK REVISITED

As the financial markets and global nature of business change, BDO’s internal approach to audit quality focuses on the following key external factors:

- ▶ Business and regulatory environments in which we and our clients operate
- ▶ Accounting and reporting complexities
- ▶ Oversight of those charged with governance
- ▶ Expectations of investors and other stakeholders
- ▶ Market competition
- ▶ Innovation and sustainability needs that support capital market

With these external factors in mind, BDO employs an Audit Quality Framework based on five elements of internal focus (pillars). Each pillar enables us to assess, prioritize, and adjust our investments of resources toward the most impactful activities to enhance the quality of the services we provide. Additionally, such focus furthers our ability to help define the future of the auditing profession in adapting to the changing landscape affecting our clients.



“Despite a dynamic business and political environment marked by post-election speculation as to the impact on the financial reporting regulatory environment and global markets, BDO is keeping our focus. We continue to promote a strategy committed to the delivery of high quality audits that meet the public’s demand for compliance, transparency, and integrity of the financial statements on which we opine.”

WAYNE BERSON / Chief Executive Officer, BDO USA, LLP

Specific audit approach

METHODOLOGY TO IMPLEMENT AND CONDUCT THE AUDITS

AUDIT PHILOSOPHY AND APPROACH

We employ a proprietary global audit methodology that will enable the Team to conduct a high quality, risk-based audit with maximum efficiency and minimal disruption to your operations and people. While all financial statement audits are required to comply with applicable auditing standards, audit firms use different methodologies to meet those standards, and the methodology used can have a significant effect on the quality and efficiency of service provided.

High quality, risk focused audit

Designing an efficient and effective integrated audit is dependent on an early and accurate risk assessment. Our approach focuses on significant hands-on involvement of our most experienced professionals to promote a strong understanding of the relevant financial statement and control risks. Further, our methodology incorporates a unique risk-based framework to help our engagement teams focus more audit effort in higher risk areas and less audit effort in the lower risk areas.

Our approach fosters an active understanding of your strategic direction, particular business risks, control strengths and weaknesses, and other significant matters pertaining to the audit cycle critical to audit quality. Using our proprietary software, Audit Process Tool (APT), we rigorously assess the entity level risks and controls through a targeted information gathering tool in order to assess the overall General Risks and Controls (including Information Technology General Controls) and identify specific financial reporting risks at a granular level.

All significant financial reporting transaction streams for which financial reporting controls will be assessed are linked within APT to related financial statement areas. Controls are identified and assessed in our Controls Assessment Module and related tools, which allow us to assess the design and implementation of key controls and document the results of our testing of operating effectiveness for our report on the financial statements. Our testing of controls is also risk based. The inherent risks identified are used as a starting point and combined with our assessment of the risk of the actual controls not operating effectively. This allows us to effectively vary the nature, timing, and extent of testing of controls to target areas with the highest risk of material misstatement, and still achieve a high level of assurance of operating effectiveness.

Using the above methodology, as assisted by APT, we are able to efficiently and effectively reduce audit work in lower risk areas and focus more effort on the higher risk areas. This allows for the most cost-effective audit approach. Next, we focus on your financial statements and related accounting records, and perform a top level study of account fluctuations, relationships, and overall operating results. This guides us in the next step of our approach – developing the scope and emphasis of the audit, including an evaluation of internal controls and related systems.

We believe that high quality audits, in fact and perception, are essential to the growth of financial markets. Additionally, we do not fit our governmental clients into a “one size fits all” audit approach by using generalized templates and forms from other industries. We have forms, templates, and checklists developed specifically for governmental issues. This saves you time and assists us in focusing our audit on key matters. With that goal in mind, the Team pledges our commitment to maintaining the integrity of our audit process.



Specific audit approach

METHODOLOGY TO IMPLEMENT AND CONDUCT THE AUDITS

COORDINATED APPROACH

We will place significant emphasis on close coordination with management to gain a meaningful understanding of management's own risk assessments and procedures in place to address those risks in order to make our own work as efficient and effective as possible.

We will gather sufficient information on the market and key business/audit risks to enable us to design appropriate audit procedures, and conduct the audit in the most efficient manner and within the agreed time frame and budget. Information gathering will also include a "prepared by client" list with agreed timetables for provision of information and pre-year end planning meetings.

We will promote clear and timely communication of issues to avoid last minute surprises and to enable smooth and timely reporting. We also seek to provide feedback to management in ways that controls can be improved as early as possible, to help management in performing its responsibilities to maintain effective controls, and leverage any changes made by management early in our audit process.

MANAGEMENT OF MULTI-DIVISIONAL, MULTI-SITE AUDITS

With an extensive array of multi-divisional, multi-site clients, BDO is well-versed in the complexities of providing coordinated services across various boundaries. The State has an organizational structure encompassing a vast array of functions and some of these are provided by several component units comprising the financial entity. Our approach will also take into consideration that the State's operations may be decentralized and several of the components units or funds may have separate accounting systems and reporting requirements.

We have a consistent shared audit methodology that manages our clients' and our own risk effectively. Because we use a common audit methodology and share common software platforms, we are consistent and transparent in how we approach the work performed at every location. This allows members of our multi-divisional and multi-site audit engagement teams to "speak the same language," which is critical to effectively coordinate the services we provide.

Specific audit approach

METHODOLOGY TO IMPLEMENT AND CONDUCT THE AUDITS

SEAMLESS TRANSITION PLAN

We appreciate that, for many of our clients the transition to a new audit firm is not a regular occurrence and can give rise to concerns. The formalities of changing auditors are straightforward, but the practicalities – unless properly managed – can be time consuming.

Our team members are significantly experienced with the transition of state governmental clients especially with those transitioning from the Big 4 and can readily resolve any problems that may occur during this change. We are committed to your satisfaction and to a smooth and seamless transition from your Big 4 advisor to the BDO Team. We have extensive experience working with outgoing providers and clients to define transition plans and timelines and can begin your engagement immediately after finalizing our client acceptance procedures and after State's approval to proceed.

Upon engagement, we request that management write a letter to the previous auditor, requesting that the Team be allowed access to the prior year's audit workpapers. This assists in substantiating opening balances as required under generally accepted and governmental auditing standards. At a minimum, we need to examine the balance sheet accounts and the related supporting work papers, the final trial balance, and the adjusting journal entries for the last year audited. Our experience indicates most firms cooperate as a matter of professional courtesy. Some allow us to visit their office and examine all files (including permanent and planning files) while others prefer to mail only the required work papers that will substantiate the opening balances. The more thorough review is advantageous as it decreases your staff's time in the gathering of required documents. Typically, there are about 10% more hours in the first year of an engagement due to the planned transition and start-up. This is an investment made by the Team and not included or charged to the State.

We assure you that we will devote the highest priority to the careful and thoughtful planning required to ensure a smooth transition with the least possible disruption to your personnel and your operations.

COORDINATION WITH YOUR PERSONNEL

We believe in utilizing the work of internal staff to the fullest extent possible in order to minimize your costs. We will obtain an understanding of internal functions by gathering information about activities and considering the relevance of these activities to the audit process. In addition, we will assess the competency, objectivity, and effectiveness of the work performed by internal staff, and consider the effect on internal controls, risk assessment, and the types of substantive procedures we must perform. If, as a result of these procedures, we determine that we can use the work of the internal staff, we will coordinate our procedures with internal staff by scheduling audit work, holding periodic meetings, reviewing audit reports, and discussing accounting and auditing, issues.

We will utilize internal staff in preparing all necessary audit schedules. We will provide a list of the specific items needed well in advance, based on the planning we complete with you. In this manner, your staff will have sufficient time to complete the audit schedules. We will work with the State's personnel to actively monitor the progress in preparing the information as requested in our client assistance packages. We will also maintain a certain level of flexibility in our staff schedules and incorporate the necessary additional resources as may be applicable.

Specific audit approach

METHODOLOGY TO IMPLEMENT AND CONDUCT THE AUDITS

We will perform the services in segments. Specifically, the preliminary segments are as follows:

CENTRAL PLANNING AND ADMINISTRATION

The purpose of establishing a single, blended team is to lay out a proper foundation for the direction of the audits, minimize costs, and increase effectiveness. This team, which will operate from a central location, will schedule and assign auditors for each segment of the audit, coordinate and be responsible for the entire audit effort, and perform the general procedures pertaining to the audit (i.e., legal letters, review minutes, attend meetings, and provide status of engagement). This team will also design and discuss the sampling approach and performing test work over certain entity-wide functions.

INTERNAL CONTROLS

We document our understanding of internal controls through observation, inquiry, inspection, and performance of specific procedures. We will ask your staff to fill out questionnaires and prepare narratives prior to our arrival for interim procedures. We will evaluate controls and, among others, perform transaction tests of payroll, procurement, cash disbursements, and cash receipts. Based on our assessment of the control environment, we will determine if there are audit assertions where we can assess control risk at less than maximum in order to perform audit tasks more effectively.

INFORMATION SYSTEMS (IS)

The IS Assurance audit team will be responsible for assessing and evaluating the financial management and reporting systems, including the various modules that have been implemented, the payroll systems, and the other accounting and data processing systems. Their procedures will include documenting and testing the systems' general and application controls to determine the integrity and reliability of the financial data. Our suite of general and application controls will be evaluated at various levels, including the operating systems, application systems, database systems, and network levels.

ENGAGEMENT AUDITS AND MANAGEMENT

Separate auditors, under common supervision, will be responsible for carrying out audit procedures as delineated by the engagement categories as referenced in the request for proposal. These groups will audit these areas using various tests of controls and substantive tests.

REPORTING AND CLOSE OUT

During this phase, we will conclude on all areas of the audit, summarize the results, and communicate them accordingly. We will perform the technical and content review of the draft audit reports and we will prepare, distribute, and obtain management representation letters.

In addition, any significant opportunities to improve internal controls and accounting procedures, budgeting and financial projection processes, and financial reporting styles, which will increase the reliability of accounting records and financial statements, will be discussed. We consider the management letter to be an integral part of the audit process. A notable effort is spent formulating ideas that will help the State operate more efficiently and effectively.

We will hold exit conferences discuss relevant matters. The completion of the audit determines the fairness of presentation of the financial statements, including footnote disclosures, and the reasons for any deviations from current trends and historic and industry norms. The workpapers and financial statements will undergo a final quality control review during this phase after which the financial statements will be issued.

SINGLE AUDIT

Separate auditors under common supervision will be responsible for carrying out audit procedures related to expenditures of federal awards and compliance procedures in accordance with the Uniform Guidance.

Specific audit approach

DESCRIPTION OF FINANCIAL AUDIT APPROACH

CENTRAL PLANNING AND ADMINISTRATION

The tasks in this phase will enable us to gain an understanding of the financial systems and to tailor the audit to the State's needs. The planning phase includes performing the following functions:

Meet with key members of the State's management

It is our policy to hold an initial planning meeting with key members of management. The agenda will include, but will not be limited to, discussion of the topics below. This planning meeting will help to establish priorities and provide proper initial direction up front.

- ▶ Initial audit concerns.
- ▶ Report requirements and deadlines.
- ▶ Initial audit approach and dates.
- ▶ Assistance by the State's personnel.
- ▶ Nature and types of documents and/or accounting records maintained.

Communicate with predecessor auditors

Upon assignment of the audit to the Team, we will obtain permission from the State to communicate with the predecessor auditors of any audited reporting entity. This is necessary to comply with the requirements of substantiating opening balances as required under generally accepted auditing standards in addition to reviewing prior year's workpapers in key audit areas.

Document our understanding of the operating environment and internal controls

The first step we perform in approaching the audit of any reporting entity assigned to us is to develop a full understanding of the objectives and operations of the entity.

This understanding will be obtained through discussions with management and reading of pertinent background information.

The information and/or documents that we will request will include, but will not be limited to, the following:

- ▶ Organizational structure of the reporting entities.
- ▶ Operating budgets including budget restrictions.
- ▶ A description of financial and other information systems.
- ▶ Provisions of laws and regulations.
- ▶ Locations of operations.

This information will enable us to identify significant cycles and accounting applications, evaluate the control environment, and identify significant provisions of laws and regulations affecting the reporting entity.

Document our understanding of the financial and operational systems

We will obtain an understanding of the accounting systems and information systems used for processing significant financial statement items, and the related internal accounting controls sufficient to determine our audit approach.

A preliminary understanding as to how transactions are recorded and processed will be accomplished when the audit strategy is finalized. The degree of understanding and extent of further documentation required to enable subsequent audit procedures to be carried out depends on the audit strategy adopted.

Perform preliminary analytical review

We will perform preliminary analytical review to gain insight into operating results by comparing the financial statement amounts between the current and preceding periods and also the current year amounts to approved budgeted line-items. We will be looking for unusual variances.



Specific audit approach

DESCRIPTION OF FINANCIAL AUDIT APPROACH

Consider engagement risk

We will consider account balances or classes of transactions that could result in an error to the financial statements without being detected. Devoting attention to such accounts or classes of transactions, we ensure they receive proper audit coverage. This lessens the possibility that the financial statements might be misleading.

Make preliminary judgment about materiality

We will make a preliminary judgment about materiality by assessing a dollar amount which, in our judgment, would render the reporting entity's financial statements misleading should errors in the financial statements exceed this amount. This will guide us during the audit process when proposing adjustments or selecting items for testing.

Assess control risk

We will assess control risk for account balances or classes of transactions at either below maximum or at maximum based upon our understanding of the accounting system and the control environment. Assessment of risks involves determining procedures in effect to prevent or detect misstatements in the financial statements.

Identify significant audit areas and develop tailored audit programs

Based on the understanding we acquire during our documentation of the above procedures, we will determine areas that might significantly affect the timing and completion of the audit.

We will review such areas in depth to obtain an early understanding and resolution of any problems that might impede our progress. Upon identifying the significant audit areas and compliance requirements, we will develop tailored audit programs. The audit programs will reflect the identified areas of concern and will guide our work in such a manner as to help ensure that each area is afforded the proper degree of audit consideration. At the conclusion of the planning phase, we will prepare the following documents relevant to the information obtained or gathered during the process:

- ▶ Client profile.
- ▶ General risk analysis.
- ▶ Account risk analysis.
- ▶ Cycle matrix.
- ▶ System narratives and/or flowcharts.
- ▶ Tailored audit programs.

Specific audit approach

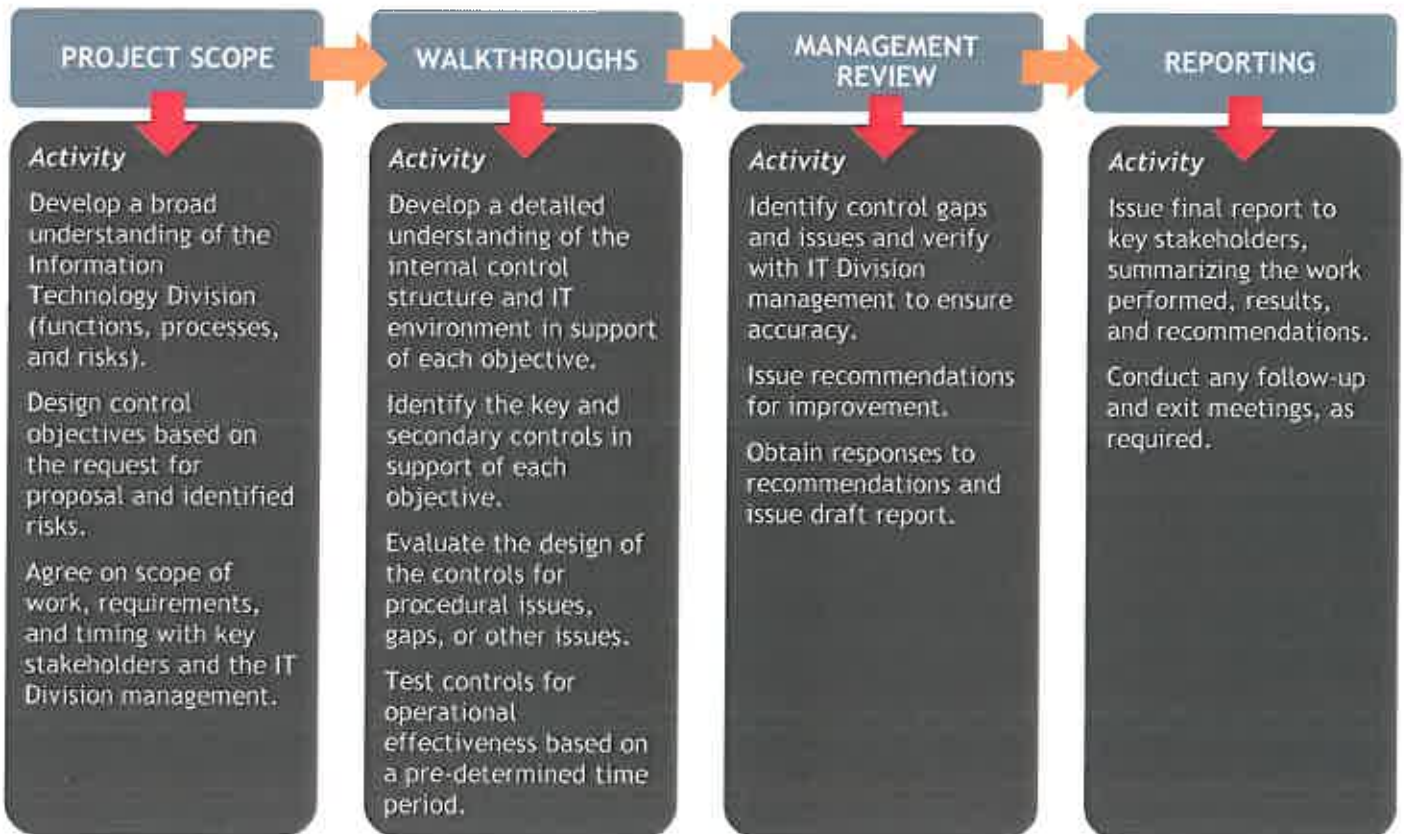
DESCRIPTION OF FINANCIAL AUDIT APPROACH

EVALUATION OF AND RELIANCE UPON INTERNAL CONTROLS

Internal control assessments for significant business processes and the IT environment is a specialty of the IS Assurance practice. Our internal control audit methodology is based on the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), taken from the perspective of business and operational risks. Internal control evaluations over business processes focus on the “what can go wrong scenarios” and will evaluate manual and automated control activities, while evaluating each transaction stream from all points of potential misstatement.

Furthermore, we can identify procedural issues and provide insight for process optimization. Our methodology will also include base line testing of system generated reports for completeness and accuracy.

Our overall approach will take into account the phases outlined below:



Specific audit approach

DESCRIPTION OF FINANCIAL AUDIT APPROACH

INFORMATION SYSTEMS AUDIT PLAN AND INTEGRATION WITH THE FINANCIAL AUDIT

We will also perform a comprehensive assessment of the State’s financial management systems to ascertain reliability. We will interview officers and managers for a better understanding, existing capabilities, issues the State have identified and both immediate and long-term electronic data processing objectives. From our assessment, we will formulate recommendations and shape innovative ideas and solutions that will help you attain your operational goals.

OUR MAJOR CONCENTRATION WILL FOCUS ON THE APPLICATION OF THE FOLLOWING:	
<i>Logical Access Controls and System Files</i>	<ol style="list-style-type: none"> 1. Evaluate processes and selected controls for administration and monitoring of user access. 2. Evaluate controls in place to restrict access to sensitive data. 3. Evaluate whether controls are adequate to restrict users to defined activities and data files.
<i>Change Management</i>	<ol style="list-style-type: none"> 1. Evaluate management’s involvement in the design and approval of system changes. 2. Determine that changes are adequately tested. 3. Review adequacy of procedures for transferring changed programs from development to production.
<i>Physical Security and Environmental Controls</i>	<ol style="list-style-type: none"> 1. Determine if controls exist to ensure that organizational resources are not misused or wasted. 2. Determine if controls are in place to mitigate fraud occurrences. 3. Determine if controls are in place to prevent, detect, and mitigate expensive and disruptive incidents.
<i>Computer Operations, Back-Up, Disaster Recovery, and Contingency Planning</i>	<ol style="list-style-type: none"> 1. Determine if controls have been established for periodic back-up of files. 2. Review controls over back-up files to ascertain their security, location, etc. 3. Determine whether the State has a disaster recovery plan and review test results. 4. Evaluate actual or test recoveries to determine whether organizational ability to provide system availability is adequate.
<i>System Development Life Cycle (SDLC)</i>	<ol style="list-style-type: none"> 1. Review policies pertaining to SDLC. 2. Examine project management reporting to determine implementations comply with SDLC policies. 3. Review testing documentation and results to verify implementation was complete and accurate.

Specific audit approach

DESCRIPTION OF FINANCIAL AUDIT APPROACH

SOC 1 EXPERIENCE

High quality, risk-focused SOC examination

BDO employs a proprietary global audit methodology that will enable your BDO engagement team to conduct a high-quality, risk-based Service Organization Control (SOC) examination with maximum efficiency and minimal disruption to your operations and people. While our examinations are required to comply with you applicable attestation standards, audit firms use different methodologies to meet those standards, and the methodology can have a significant effect on the quality and efficiency of services provided.

Common methodology

We have a consistent shared global audit methodology that manages our client's and our own risk effectively. Because we use a common audit methodology nationally, as well as around the World and share common software platforms, we are consistent and transparent in how we approach work performed. This allows members of our engagement team to "speak the same language," which is critical to our ability to effectively coordinate the services we provide.

Coordinated approach

- ▶ We will place significant emphasis on close coordination with management to gain a meaningful understand of management's own risk assessment and procedures in place to address those risks in order to make our own work as efficient and effective as possible.
- ▶ We will gather sufficient information on the key processes and controls to enable us to design appropriate SOC examination procedures and conduct the examination in the most efficient manner and within the agreed time frame and budget. Information gathering will also include a 'prepared by client' list with agreed timetable for provision of information and planning meetings.
- ▶ We will promote clear and timely communication of issues to avoid last minute surprises and to enable smooth and timely reporting.
- ▶ We also seek to provide feedback to management in ways that control can be improved as early as possible, to help management in performing its responsibilities to maintain effective controls, and leverage and changes made by management early in our examination process.

Specific audit approach

DESCRIPTION OF FINANCIAL AUDIT APPROACH

ENGAGEMENT AUDITS AND MANAGEMENT

Design sampling approach

In the testing phase, we design our sampling methodology using selective testing. Audits conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and attestation standards include the concept of selective testing of data to be examined, thus involving judgment on the part of the auditor as to the number of transactions to be examined and the areas to be tested. The concept of audit sampling refers to the application of audit procedures to less than 100% of the items within an entity's account balances or classes of transactions, for the purpose of reaching a conclusion about entire individual balances or classes of transactions.

The use of representative sampling will be an integral part of our audit approach. We use audit sampling when the objective is to project the results of the procedures to the entire population of items within an account balance or class of transactions. Our sampling approach provides for sample sizes large enough that any chance of departure from representations is small.

The following are examples of common statistical sampling techniques we utilize for audits and other engagements:

Attribute sampling. A sampling methodology utilized when compliance tests are being performed. Sample selection is generally based on computer generated random numbers.

Monetary unit sampling. A sampling methodology utilized when substantive tests of balances are being performed. Sample selection is based on dollars and determining a computer generated interval to be sampled. This methodology provides for larger dollar items to have a proportionately larger probability of selection than smaller items.

Strata sampling. A sampling methodology similar to monetary unit sampling. The population is segregated into "like" categories of items and then sampled.

The determination of sample sizes will depend on several factors, including the reliance that can be placed on existing controls, the population size and make-up, routine or non-routine type of transactions, the number of significant items comprising the population, and the results of substantive analytical procedures.

To the extent possible, we will use attribute sampling for tests of controls and compliance. This type of sampling will be effective for tests of payroll expenditures, non-payroll expenditures, and procurement. We use our own sampling tables - based on guidance promulgated by the Auditing Standards Board of the AICPA - which are useful for estimating sample sizes when the size of the population is large (i.e., the population is comprised of 500 or more items, balances, or transactions) and the calculated sample size does not begin to approach a significant proportion of the population (i.e., greater than ten). In addition, a simple formula is provided to assist our auditors in estimating the sample size in near-zero or zero expected misstatement situations. This approach is valid only for attribute samples or probability proportional to size (PPS) samples.

We also use the *IDEA* software for sample selections. *IDEA* contains a number of sample size determination programs and is our preferred software for both non-statistical and statistical sample selection. The *IDEA* program also properly evaluates attributable sample results, as well as stratified random (using classical variables analysis) samples.

Specific audit approach

DESCRIPTION OF FINANCIAL AUDIT APPROACH

Perform tests of controls

In the planning phase, we identify significant accounting cycles and accounting applications and document control procedures.

We determine appropriate sample sizes using our sampling methodology and select sample items for testing to determine whether controls are functioning in accordance with the reporting entity's policies throughout the audit period. Additionally, we will follow up on the status of the implementation of prior year's recommendations contained in the management letter(s) issued by the predecessor auditor.

Perform tests of compliance with laws and regulations

As applicable, we identify significant provisions of laws affecting the reporting entity and perform compliance tests to ensure that the reporting entity is operating in accordance with applicable laws and regulations. Some compliance tests are transaction based from which we select sample transactions for testing. We use inquiry and observation procedures to verify non-transaction based compliance features.

The State's non-compliance with laws and regulations could materially affect the financial statements. We will discuss with management and legal counsel how they identify, comply, and monitor compliance in this area. We will also obtain an understanding of the laws and regulations that affect the State's operations by researching and reviewing ordinances, statutes, federal contracts and grants and related laws, governing body minutes, correspondence with regulatory authorities, federal legislation, annual appropriations bill, and debt instruments.

We will develop a document that lists all of the applicable laws and regulations, determine those that require testing, and perform the procedures. As mentioned previously, we will review the prior reports and management letter(s) noting any non-compliance and determine their current status.

Extent of substantive tests of balances and analytical procedures

The substantive tests will include "substantive detail tests" and "substantive analytical procedures." For substantive detail tests, we will review details of account balances by inspecting underlying documentation and determining whether the balances are properly stated.

Substantive analytical procedures will be used in every phase of the audit. Initially, we will use the procedures to perform comparison of data in documents and reports, fluctuation analyses to identify significant changes in information reported in prior periods, and to determine the variances and potential issues that could affect the nature, timing, and extent of our audit.

During the substantive phase of the audit, we will perform budgetary to actual analyses of revenues and expenditures, changes in investment vehicles and yields, analyze payroll cost and full time equivalent personnel by State/department and State-wide, and perform various trend analyses of accounts to determine unusual or abnormal relationships and results that may require investigation and resolution.

We will also employ analytical procedures in the review of the financial information presented in the financial statements and as a quality control review tool. We will determine whether the explanations and corroborating evidence provide sufficient evidence for the desired level of substantive assurance. If we are unable to obtain a sufficient level of substantive assurance from the analytical procedures, we will perform additional procedures, such as tests of details and consider whether the difference represents a misstatement.

Specific audit approach

DESCRIPTION OF FINANCIAL AUDIT APPROACH

When selecting and designing substantive tests, attention will be directed to specific audit objectives such as included in the following table:

FINANCIAL STATEMENT ASSERTION	EFFECT ON THE STATE'S AUDIT
<i>Completeness</i>	All account balances and transactions that should be included in the financial information are included.
<i>Accuracy</i>	Recorded transactions and accounts balances are mathematically accurate, are based on correct amounts, have been classified in the proper accounts, and have been accurately summarized and recorded in the general ledger.
<i>Existence</i>	Recorded assets and liabilities exist as of the balance sheet date; recorded transactions have occurred and are not fictitious.
<i>Cut-off</i>	Transactions are recorded in the proper accounting period.
<i>Valuation</i>	Generally accepted accounting measurements and recognition principles are properly selected and applied.
<i>Rights and obligations</i>	Recorded assets are rights of the State's and recorded liabilities are obligations of the State.
<i>Presentation and disclosure</i>	Financial information components are properly classified and described; appropriate disclosures are made.

We will also employ analytical procedures in the review of the financial information presented in the financial statements and as a quality control review tool. We will determine whether the explanations and corroborating evidence provide sufficient evidence for the desired level of substantive assurance. If we are unable to obtain a sufficient level of substantive assurance from the analytical procedures, we will perform additional procedures, such as tests of details and consider whether the difference represents a misstatement.

Specific audit approach

DESCRIPTION OF FINANCIAL AUDIT APPROACH

Our specific audit approach for certain significant areas is highlighted below:

<p><i>Budget and appropriations</i></p>	<ul style="list-style-type: none"> ▶ Obtain and review copies of the published notices. Review board minutes from the date of the hearing(s). ▶ Compare adjusted appropriations and expenditures and determine whether disbursements were made in excess of appropriations. ▶ Inquire of the State officials concerning the use of interim budget-to-actual comparisons. ▶ Inspect explanation of budget variances and evidence of corrective action taken. ▶ Test modifications and other changes made to the budget from authorized sources.
<p><i>Fixed/capital assets and expenditures</i></p>	<ul style="list-style-type: none"> ▶ Observe physical safeguarding controls. ▶ Inquire about apparently idle assets noted during observation. ▶ Inquire about results of reviews of depreciation, useful lives, salvage values, and allowance accounts. ▶ Select a sample of additions and review for account distribution, agreement of recorded amount with supporting documents, and proper period. ▶ Evaluate whether remaining useful lives are reasonable and net carrying value is recoverable. ▶ Determine whether capital assets held for sale or investment purposes have been properly classified.
<p><i>Long-term liabilities</i></p>	<ul style="list-style-type: none"> ▶ Determine whether the State has issued or refunded any bonds during the year and whether it complied with all relevant provisions. ▶ Determine whether the State entered into any leases during the year and whether it complied with all relevant provisions. ▶ Read the minutes of the governing body for authorization to enter into debt agreements and trace obligations to recording in the accounting records and bank deposits. ▶ Review documentation of monitoring of compliance with restrictions, and classification of leases as capital or operating. ▶ Consider the reasonableness of interest expenditures by comparing the amount to the computation of average rate multiplied by the average outstanding balances.
<p><i>Payroll and related liabilities</i></p>	<ul style="list-style-type: none"> ▶ Reasonable assurance that payroll (wages, salaries, and benefits) disbursements are made only for all work authorized and performed. ▶ Payroll is computed using rates and other factors in accordance with contracts and relevant laws and regulations. ▶ Payroll and related liabilities are recorded correctly as to amount and period and distributed properly by account, fund, and budget category. ▶ We will consider the reasonableness of accrued payroll at the end of the period by performing a predictive test such as comparing it to the subsequent payroll run and investigate unexpected variations. ▶ Review actual reports and schedules of proportionate Net Pension liability allocations.
<p><i>Procurement</i></p>	<ul style="list-style-type: none"> ▶ We will consider the risk of material misstatements resulting from direct and material noncompliance when conducting the audit.

<p><i>Receivables, refund payables and revenue</i></p>	<ul style="list-style-type: none"> ▶ Compare the balance in receivables with the balance for prior years and investigate unusual variations. ▶ Compute the ratio of the receivables balance to related revenue for the current and prior years and investigate any unexpected results. ▶ Review a reconciliation of the aged receivables balance to the general ledger account balance, and document an explanation for any unusual reconciling items. Consider whether it is necessary to review documentation supporting the reconciling items and explanations. ▶ Scan the trial balance for unusual items, such as large credit balances, unusual names, receivables from known related parties and propose reclassifications, if necessary. ▶ Confirm selected receivables. ▶ Test the adequacy of the allowance for uncollectible accounts by inquiring about the State's process for estimating the allowance, performing analytical procedures, and investigating any unusual results. ▶ Inspect reconciliations of interfund balances, examine authorization, compare to budgeted transfers, and investigate unexpected results. ▶ Confirm revenues and receivables with funding sources. ▶ Test property tax assessments, verify tax rates and computation of property tax revenues ▶ Obtain understanding of the State's major revenue sources, revenue recognition policies, and significant or unusual transactions at or near year end. Review laws and regulations.
<p><i>Accounts payable and expenditures</i></p>	<ul style="list-style-type: none"> ▶ Agree or reconcile accounts payable listing to the general ledger. ▶ Scan for large and unusual transactions and identify matters that should be disclosed. ▶ Inquire about unrecorded liabilities, trace receiving information into accounting records, and determine whether liabilities are recorded in the proper period. ▶ Scan the listing of accruals and other liabilities, evaluate the reasonableness of accruals and other liabilities, evaluate the reasonableness of the balances, and consider any missing accruals.
<p><i>Cash and investments</i></p>	<ul style="list-style-type: none"> ▶ Obtain a listing of all banks and savings and loans used by the State during the year. ▶ Obtain a listing of all petty cash funds maintained. We will examine the board resolution establishing the fund(s). ▶ Mail written confirmations to all banks and savings and loans identified in the previous steps. Determine whether the accounts are properly identified as holding public funds. ▶ Test bank reconciliations and investigate significant and unusual items. ▶ Obtain a listing of all investments held by the State during the year and determine whether investments constitute legal investments. ▶ We will document your internal controls for authorizing, executing, and monitoring investment activity. We will document the internal controls over drawing down bond proceeds. We will determine how the State prevents unauthorized transfers. ▶ Select a sample of investment transactions during the period and examine for indications of compliance with controls and investment policy. ▶ Read minutes of meetings authorizing investment transactions and compare to recorded activity. ▶ Compare recorded investment income to income calculated by applying average rate to average investments and consider reasonableness. ▶ As may be applicable, for Individually Managed Portfolios, we will consider the State's methodology and procedures to determine whether they are appropriate for managing spending requirements and arbitrage.

<p><i>Net pension obligations (assets) and other post-employment benefits</i></p>	<ul style="list-style-type: none"> ▶ Review the employer's calculations of pension-related amounts and OPEB-related amounts and determine the propriety of amounts recognized in the financial statements. ▶ Trace a sample of employees from the employer's personnel records to the pension and OPEB plans' census data files used for the actuarial valuations and determine whether the employees were properly included in or excluded from the census data. ▶ Consider the reasonableness of the pension and OPEB actuarial valuations by comparing methods and assumptions used in the valuations to plan provisions; consider whether they are in accordance with relevant GAAP requirements and Actuarial Standards of Practice, and are the same as those used by the plan. ▶ Evaluate management experts used to determine the actuarial values, obtain copy of the actuarial reports and evaluate the professional qualifications of the actuaries for the pension and OPEB valuations. ▶ Obtain the audited schedule of employer allocations and pension amounts by employer for the year end from the pension plans. ▶ Obtain the audited schedule of employer allocations and OPEB amounts by employer for the year end from the OPEB plan ▶ Evaluate subsequent contributions paid for the Pension and OPEB and evaluate the deferred inflow of resources and deferred outflow of resources by type and year.
<p><i>Charges for services, licenses permits and fees</i></p>	<ul style="list-style-type: none"> ▶ Obtain a schedule of charges for services, licenses, permits and fees. Evaluate the accuracy of the schedule. ▶ Perform fluctuation analysis for amounts compared to prior years by category. ▶ For categories with large variances consider performing tests of transactions to test existence and accuracy.
<p><i>Environmental liabilities and related expense accounts</i></p>	<ul style="list-style-type: none"> ▶ Obtain a schedule of Environmental liabilities. ▶ Consider the reasonableness of the assumptions and trends used in evaluation of the estimates. ▶ Evaluate management experts used to prepare the assumptions, trends and estimates in the calculations. Assess the professional qualifications of the experts used. ▶ Consider the need for an independent expert to assist the audit team in the evaluation of the estimates. ▶ Prepare a fluctuation analyses of the key assumptions and trends used in the significant estimates.
<p><i>Medicaid payable and the related expense accounts</i></p>	<ul style="list-style-type: none"> ▶ Obtain for the MMIS system a schedule of Medicaid payables and expenditures. Test the accuracy of the schedules. ▶ Perform a fluctuation analysis of the amounts compared to the prior year. ▶ Consider test of transactions for expenditures. ▶ Test sample of subsequent payments for completeness of the payables. ▶ Obtain the SSAE16 SOC 1 type II report related to MMIS system controls at Molina.
<p><i>State hospital receivables and related allowance for doubtful accounts:</i></p>	<ul style="list-style-type: none"> ▶ Obtain schedule of receivables by hospital. Evaluate the accuracy of the schedules. ▶ Evaluate subsequent collections. ▶ Perform analysis of the aging of the receivables by type, hospital and compared to prior years. ▶ Evaluate net realizable value of the net balance and the completeness of the allowances.

Specific audit approach

DESCRIPTION OF FINANCIAL AUDIT APPROACH

SUPPLEMENTAL RESOURCES AVAILABLE TO ASSIGNED PERSONNEL

We commit significant resources to keep our professionals up-to-date on current and evolving accounting, reporting, and auditing developments. Our training includes monthly web-based programs covering current accounting and auditing topics. Partners, directors, and managers attend national conferences conducted by our top technical professionals annually. Level-specific training sessions are conducted nationally and locally and address the needs of our professionals at various points in their careers. In addition, we provide access to a wide range of resources to our professionals and clients worldwide, including those listed below.

PUBLICATIONS & TECHNICAL UPDATES	DESCRIPTION
<i>Technical Research Tools</i>	Accounting Research Manager™ (ARM) as a primary source of insightful interpretations on GAAP, GAAS and Securities and Exchange Commission rules. ARM is updated daily and is considered to be one of the timeliest and most comprehensive online databases of analytical interpretations of accounting, auditing and SEC matters. Access to ARM, and a number of other research tools provide each professional the technical research capability to enable immediate response to client-specific technical issues.
<i>EITF Matters</i>	Membership on the Emerging Issues Task Force (EITF) provides immediate interpretation of the consensus reached and open items from the EITF meetings. This guidance is readily available to our professionals and clients.
<i>What's New</i>	A quick listing of new accounting and technical developments maintained and easily accessible on the firm's intranet website.
<i>GASB, OMB, FASB, and SEC Flash Reports</i>	Information about selected developments and emerging issues are immediately e-mailed to our professionals for timely communication to clients.
<i>Assurance Comments</i>	Developed by BDO's National Assurance Committee, this publication provides guidance on comprehensive and complex accounting and auditing matters and is immediately available on the BDO intranet website.
<i>BDO KNOWS: Financial Reporting Letter</i>	Provide more in depth discussions and practical guidance on technical matters affecting both public and private entities.

Specific audit approach

OUR EXPERIENCE WITH SINGLE AUDITS BRINGS PERSPECTIVE

Uniform Grant Guidance

*Considerations of the
"Uniform Administrative
Requirements, Cost
Principles, and Audit
Requirements for Federal
Award, Final Rule (The
Uniform Grant Guidance)" on
Future Audits*

In December 2013, the Office of Management and Budget (OMB) based on the recommendations of the Council of Financial Assistance Reform (COFAR) and due process, published in the Federal Register. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award, Final Rule (the Uniform Grant Guidance). This guidance supersedes the requirements from OMB Circulars A-21, A-87, A-110, A-122, A-89, A-102, and A-133, and the guidance in Circular A-50 on the Single Audit follow-up. The Uniform Grant Guidance consolidates the guidance in all the superseded OMB circulars to improve both the clarity and accessibility of the guidance. In addition, the Uniform Grant Guidance includes revisions and modifications to existing rules and requirements considered to be outdated, ineffective, or excessively burdensome. All guidance previously found in the superseded circulars and other documents will now be located in the Uniform Grant Guidance in the United States Code of Federal Regulations 2CFR 200.

The final guidance applies to federal agencies making federal awards, grants and contracts, non-federal entities (including state and local governments, Indian tribes and nonprofit organizations) receiving federal awards and pass-through entities. The Uniform Grant Guidance became effective for non-federal entities for all federal awards or funding increments provided after December 26, 2014.



Specific audit approach

DESCRIPTION OF UNIFORM GUIDANCE AUDIT APPROACH

OVERVIEW

The Single Audit is an audit of an entity's financial statements and the reporting on the schedule of expenditures of federal awards in relation to those financial statements and a compliance audit of the federal awards expended during the fiscal year. The Single Audit process is a key factor in the achievement of the following accountability objectives:

- ▶ The receipts and uses of all funds are transparent to the public, and the public benefits of these funds are reported clearly, accurately, and in a timely manner.
- ▶ Funds are used for authorized purposes and instances of fraud, waste, error, and abuse are mitigated.

Under the Uniform Guidance, the auditor has additional testing and reporting responsibilities for compliance, as well as internal control over compliance, beyond a financial statement audit performed in accordance with Government Auditing Standards and Generally Accepted Auditing Standards.

The Uniform Guidance specifically states that the auditor should determine whether the auditee has complied with laws, regulations, and the provisions of contracts or grant agreements that may have a direct and material effect on each major program.

The principal tool for this purpose is the Compliance Supplement. This document serves to identify existing important compliance requirements that the Federal Government expects to be considered as part of a Single Audit. This tool allows Federal agencies to effectively communicate items that they believe are important to the successful management of the respective programs and the related legislative intent.

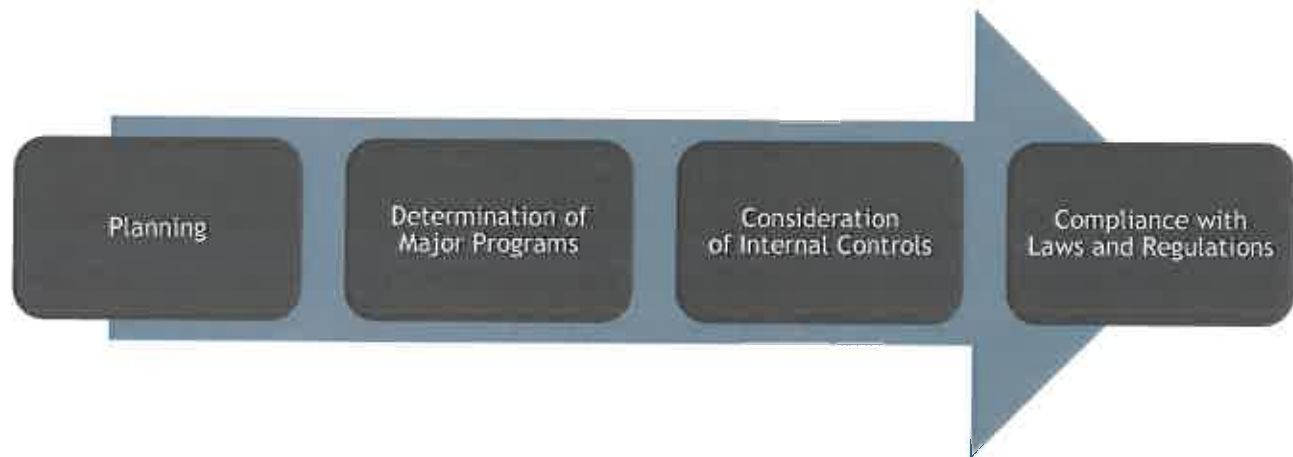
In addition to the actual Uniform Guidance and the related *Compliance Supplement*, we will utilize, but not be limited to, the following types of available guidance throughout our audit process:

- ▶ U.S. Department of the Treasury regulations at 31 CFR part 205, which implements the Cash Management Improvement Act of 1990 (CMIA)
- ▶ AICPA Audit Guide, *Government Auditing Standards and Single Audits*, and the related Audit Risk Alerts
- ▶ Statement on Auditing Standards No. 117, *Compliance Audits*

Specific audit approach

DESCRIPTION OF UNIFORM GUIDANCE AUDIT APPROACH

Our technical and management approach for the performance of the Single Audit will be performed in the following phases and as described more fully below and on the following pages. Each phase will also incorporate the steps necessary to address any applicable ARRA requirements.



PLANNING

The objective of the planning phase is to establish a proper foundation for the direction of the audit and to minimize costs and increase effectiveness. The tasks in this phase will coincide with our overall planning tasks of the financial statement audit as described previously and will enable us to gain and in future years to update our understanding of the financial systems and to tailor the audit.

We will further enhance our planning assessments with respect to the Single Audit by performing the following procedures:

- ▶ Obtain schedule/report of federal programs by Catalog of Federal Domestic Assistance (CFDA) Number.
- ▶ Document understanding of the federal programs.
- ▶ Identify compliance requirements applicable to each of the state major programs.
- ▶ Determine program sample sizes.
- ▶ Review the State's centralized controls over payroll expenditures, non-payroll expenditures, procurement activities, and sub-recipient monitoring.
- ▶ Review the State's indirect cost allocation plan.
- ▶ Compare the schedule of expenditures of federal awards between the current and preceding periods and also the current year amounts to approved budgeted line-items and grants and contracts.
- ▶ Consider areas of risk that could result in an error to the schedule of expenditures of federal awards without being detected.

Specific audit approach

DESCRIPTION OF UNIFORM GUIDANCE AUDIT APPROACH

DETERMINATION OF MAJOR PROGRAMS

The provisions of the Uniform Guidance require that the auditor use the risk-based audit approach to determine which federal programs administered by the State are major programs. The Team will achieve this objective by using the following approach:

1	Determine Type A and Type B Programs. We will review the State’s financial reports for expenditures of federal funds and summarize and review the grouping of expenditures according to their CFDA designation. Using the criteria established for Type A programs we will determine the larger Type A programs. All other federal programs are Type B programs.
2	Determine High-Risk Type A Programs. The second step specified by Uniform Guidance requires the auditor to perform a risk assessment of each Type A program to identify those programs that are low-risk. Type A programs assessed as low-risk may be excluded from the major program category in the Single Audit. Those Type A programs that are assessed as being a high risk as determine by the federal requirements must be audited as major programs. Type A programs will be considered low-risk if they were audited in at least one of the two most recent audit periods and had no material internal control findings or material compliance findings, in the most recent Single Audit report.
3	Determine High-Risk Type B Programs. If any Type A program is assessed as low-risk, the auditor must perform this third step. Uniform Guidance only requires the performance of risk assessments on Type B programs when programs/cluster expenditure exceed 25% of the Type A threshold. Total number of high risk Type B programs numbering on-fourth the of low-risk type A programs identified.
4	Determination of Major Programs to be Audited. After completing steps one through three, Uniform Guidance requires the auditor to audit all of the Type A programs that are identified as being high-risk programs and all type B programs that have been identified using either of the two options identified in step three, and additional programs if needed to meet the 40 percent (or 20 percent for low-risk auditee) of total federal awards expended, as applicable.

Upon identifying the major programs and compliance requirements, we will develop tailored audit programs to achieve audit objectives. The audit programs will reflect the identified areas of concern and will guide our work in such a manner as to help ensure that each major program and compliance requirement is afforded the proper degree of audit consideration.

Specific audit approach

DESCRIPTION OF UNIFORM GUIDANCE AUDIT APPROACH

CONSIDERATION OF INTERNAL CONTROLS

As a condition of receiving Federal awards, non-Federal entities agree to comply with laws, regulations, and the provisions of contract and grant agreements, and to maintain internal control to provide reasonable assurance of compliance with these requirements.

Uniform Guidance requires auditors to obtain an understanding of a non-Federal entity’s internal control over the major programs sufficient to plan the audit to support a low assessed level of control risk, plan the testing of internal control over major programs to support a low assessed level of control risk for the assertions relevant to the compliance requirements for each major program, and, unless internal control are deemed likely to be ineffective, perform testing of internal control as planned.

THE OBJECTIVES OF INTERNAL CONTROL PERTAINING TO COMPLIANCE REQUIREMENTS FOR FEDERAL PROGRAMS ARE AS FOLLOWS:		
<p><i>Transactions are properly recorded and accounted for to:</i></p> <ul style="list-style-type: none"> ▶ Permit the preparation of reliable financial statements and Federal financial reports. ▶ Maintain accountability over assets. ▶ Demonstrate compliance with laws, regulations, and other compliance requirements. 	<p><i>Transactions are executed in compliance with:</i></p> <ul style="list-style-type: none"> ▶ Laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on a Federal program. ▶ Any other laws and regulations that are identified in the Compliance Supplement. 	<p><i>Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.</i></p>

Incorporated into the Uniform Guidance, is the *Internal Control-Integrated Framework (COSO Report)*, published by the Committee of Sponsoring Organizations of the Treadway Commissions which provides the framework for organizations to design, implement, and evaluate internal controls using five interrelated components:

- ▶ Control environment.
- ▶ Risk assessment.
- ▶ Control activities.
- ▶ Information and communication.
- ▶ Monitoring.

The *Compliance Supplement* describes these five components of internal control for each compliance requirement and describes the characteristics relating to each that should reasonably assure compliance with the requirements of federal laws, regulations, and program requirements. We will focus our efforts on performing an assessment of the State’s internal control using this guidance.

Specific audit approach

DESCRIPTION OF UNIFORM GUIDANCE AUDIT APPROACH

The characteristics of the five interrelated components are as follows:

<p><i>Control environment</i></p>	<p>Sets a tone influencing the control consciousness of the State’s personnel. It is the foundation for all other components of internal control and provides discipline and structure.</p> <ul style="list-style-type: none"> a. Integrity and ethical values. b. Management’s philosophy and operating style. c. Organizational structure. d. Oversight committee involvement. e. Commitment to competence. f. Assignment of authority and responsibility. g. Human resources policies and practices. h. The State’s risk assessment. i. Monitoring activities.
<p><i>Risk assessment</i></p>	<p>The State’s identification and analysis of risks relevant to achievement of its objectives to determine how risks should be managed.</p> <ul style="list-style-type: none"> a. The State’s ability to identify and analyze risks. b. Identification and assessment of operations and programs. c. Personnel understanding of compliance requirements. d. The State’s ability to identify risks of program non-compliance. e. Awareness of identified risks and corrective action plan. f. Implementation of processes to address changes in objectives.
<p><i>Control activities</i></p>	<p>The policies and procedures that help to ensure that management’s directives are carried out.</p> <ul style="list-style-type: none"> a. Review established policies and procedures. b. Assess potential for management override. c. Determine adequate segregation of duties. d. Ensure computer and program controls exist. e. Knowledge assessment and supervision of management and program staff. f. Safeguarding of assets.
<p><i>Information and communication</i></p>	<p>The State’s means to identify, capture, and exchange information in a form and time frame that enable people to carry out their responsibilities.</p> <ul style="list-style-type: none"> a. System in place for identifying and allocating federal transactions. b. Source documents maintained and available. c. Information is available and accessible. d. Employees are aware of duties and responsibilities. e. Reports are generated in a timely manner for management review. f. Reconciliation and reviews are conducted to ensure accuracy of reports. g. Internal and external communication channels are established.
<p><i>Monitoring</i></p>	<p>This process assesses the quality of internal control performance over time.</p> <ul style="list-style-type: none"> a. Independent management reviews, reconciliations, etc. b. Internal and external program evaluations. c. Site visits to decentralized locations. d. Internal audit reviews of program operations. e. Adequate management and supervision. f. Periodic review of program performance.



Specific audit approach

DESCRIPTION OF UNIFORM GUIDANCE AUDIT APPROACH

COMPLIANCE WITH LAWS AND REGULATIONS GOVERNING FEDERAL CONTRACTS AND GRANTS

The auditor performs tests of compliance with laws and regulations as part of the audit of the schedule of expenditures of federal awards. The auditor must also perform tests and obtain results in order to support your report on the internal control over compliance with certain provisions of laws, regulations, contracts, and grants. The State's management is responsible for compliance with the applicable laws and regulations.

The State's non-compliance with laws and regulations could materially affect the schedule of expenditures of federal awards. We will discuss with management and legal counsel how they identify, comply, and monitor compliance in this area.

This phase of the single audit will be based on the compliance requirements that we have determined to be direct and material to the major federal programs selected for audit.

Perform Tests of Compliance

A compliance requirement is generally considered material if failure to comply with it would result in financial or other sanctions that would be material to the program.

There are 12 compliance requirements that are enumerated in the *Compliance Supplement* depending on the grant. We will determine for each major federal program which of the 12 compliance requirements apply, to what extent, and how material it is to the major program(s). If the requirement applies, we will perform a risk assessment to determine inherent risk, control risk, fraud risk, and other risk to decide on the extent of compliance testing to be performed.

Specific audit approach

DESCRIPTION OF UNIFORM GUIDANCE AUDIT APPROACH

We will also discuss program requirements, new regulations, and program changes with the program administrators during the planning phase of the engagement to identify additional or new material compliance requirements that are specific to the federal grants and contracts.

At a minimum, our tests plans will include the following, as applicable:

Activities allowed or unallowed and allowable costs / cost principles

- ▶ Identify and evaluate common systems used to capture costs.
- ▶ Determine allowable costs for the programs.
- ▶ Test allocation of personnel service costs to the programs.
- ▶ Test direct costs charged to the programs.
- ▶ Test disbursements to sub-recipients charged to the programs.
- ▶ Test indirect costs charged, bases used, and methods of allocation.
- ▶ Test beneficiary payments.

Cash management

- ▶ Evaluate and test systems and procedures used for drawdown of funds.
- ▶ Document controls used to monitor drawdown of funds.
- ▶ Document process for advances and reimbursements to sub-recipients.
- ▶ Test to determine that sub-recipients do not maintain excess federal cash.
- ▶ Test compliance with federal cash management reporting requirements.

Equipment and real property management

- ▶ Determine physical inventory performed within two years and reconciled to equipment records.
- ▶ Test equipment purchased with federal funds and verify that they were identified and recorded.
- ▶ Inspect equipment purchased with federal funds and determine whether safeguarded and maintained properly.
- ▶ Determine whether real property purchased with federal funds was disposed of in accordance with federal approval.

Specific audit approach

DESCRIPTION OF UNIFORM GUIDANCE AUDIT APPROACH

Matching, level of effort, earmarking

- ▶ Test to determine that the matching requirement amount was satisfied.
- ▶ Test to determine that the funds used for matching purposes were allowable.
- ▶ Test to determine value of in-kind contributions used for matching purposes.
- ▶ Verify that the maintenance of effort requirement was satisfied.
- ▶ Determine that only allowable expenditure categories were used to meet the requirement.
- ▶ Determine consistent use of expenditure categories in meeting maintenance of effort.
- ▶ Ascertain that non-monetary maintenance of effort was adequately supported.
- ▶ Determine dollar amount or percentage that is required for this purpose.
- ▶ Verify that the required amount or percentage was allocated and recorded.
- ▶ Verify that the amounts recorded satisfied the requirements.
- ▶ Test for proper classification of amount or percentage.
- ▶ Test matching funds to determine compliance with allowable costs.

Period of performance of Federal funds

- ▶ Determine requirements for period of availability of federal funds.
- ▶ Test transactions to determine that they occurred during the period of availability.
- ▶ Test expenditures charged to the federal program subsequent to the period of performance to determine proper period.
- ▶ Test selected adjustments and determine whether they were for the period of availability.

Procurement, suspension, and debarment

- ▶ Review procurement policies to determine compliance with federal requirements.
- ▶ Determine whether geographical preferences are allowed for the federal program.
- ▶ Test contracts to determine compliance with the federal requirements.

Program Income

- ▶ Review award agreements and determine whether program income is generated, and evaluate accounting and use of such income.
- ▶ Test to determine the amount of program income and the recording and use of the income in accordance with the requirements of OMB Circulars A-102 and A-110.

Specific audit approach

DESCRIPTION OF UNIFORM GUIDANCE AUDIT APPROACH

Reporting

- ▶ Determine the process for report preparation.
- ▶ Identify the source of information included in the report.
- ▶ Determine applicability and reliability of source documents.
- ▶ Test accuracy of information and trace to source documents.
- ▶ Reconcile program expenditures to the federal financial reports.

Sub-recipient monitoring

- ▶ Document the process for monitoring sub-recipients.
- ▶ Determine whether sub-recipients submitted the required A-133 audit reports.
- ▶ Review audit reports to determine audit findings and questioned costs.
- ▶ Determine whether site visits were performed and files reviewed.
- ▶ Determine corrective action taken for findings.

Special tests and provisions

- ▶ Determine which special tests and provisions are required for the program.
- ▶ Develop audit procedures tailored to address the requirements.
- ▶ Perform tests to determine compliance with special tests and provisions.

Specific audit approach

IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT ISSUES

TECHNICAL ISSUES

The Team is comprised of our most experienced technical professionals in your industry, who have dealt with complex issues and who make it their business to respond to requests for assistance. The ability to make local decisions is balanced with our strong quality control program that helps ensure all significant decisions are reviewed and approved by the appropriate technical personnel.

The need for and level of technical consultation within or outside of the Team depends upon the matter at hand and the expertise and experience of the engagement team. Our primary objective is to provide the most technically correct guidance to our clients. We recognize, however, that it is also important to our clients that the process be timely and cost effective. As such, significant efforts are made to help ensure the local engagement team has the expertise and experience necessary to serve the client based on its industry and complexity. Our process includes the necessary controls to help ensure the guidance is correct, yet does not overburden the engagement team or client with unnecessary time and effort.

If the issue cannot be resolved within the immediate engagement team of partner/director, concurring reviewer, and manager, the engagement leader discusses it first with the consulting partner if it is the type of engagement to which a consulting partner is assigned (e.g., highly complex company or issues, specialized industry, etc.). If further consultation is needed or if the engagement does not require the assignment of a consulting partner, the matter is discussed with the practice office Assurance Technical Director. Further need for consultation would require the involvement of a Regional Technical Director and then our National Director of Accounting, National Director of Audit Policy, or National Director of Assurance. If the matter demands that outside consultation is warranted, procedures are in place to help ensure involvement of the appropriate technical personnel as well as client personnel as needed or desired. While the engagement team has the primary responsibility for decisions, it cannot override a technical decision made by a specialist with whom it consults.

Further, in the normal course of any audit, we review all recently issued or pending pronouncements to determine the impact to our clients. We will work with the State on key decisions and in determining significant financial accounting and reporting issues. This process works very smoothly as our technical consultative personnel are often already involved in the engagement and are easily accessible by us and our clients. Through constant communication and involvement with the State, we will help address issues early in the process before they develop into problems or “surprises” to management and the governing bodies.

ROUTINE CONSULTATION AVAILABLE FOR THE STATE'S STAFF

As a client of the Team, the State will have unlimited access to the many resources we have to offer. Your complete client service team is available to consult with you throughout the year, whenever questions or issues arise. We encourage clients to call us with any questions or issues and we do not bill for routine calls and questions. We have found that this greatly improves communication with our clients and allows us a much better understanding of their operations.

Occasionally, your personnel may wish to seek advice and information regarding accounting systems, benefit packages, cost allocations, operating efficiencies, or other matters. If extended research is required, we will provide you with a fee estimate and request your approval before we begin.

Specific audit approach

SOFTWARE TO AID IN COMPLETING THE ENGAGEMENT

THE CLIENT PORTAL

In addition to our proprietary software, sampling software tools, we can provide the State with a secure Client Portal (the portal) to support our relationship with robust web-based technology. This secure, encrypted web-based tool is designed to streamline the exchange of information and assist review and communication. For a number of our larger clients, the portal is used to exchange a significant amount of confidential electronic information between offices around the world. Your portal will only be accessed by registered, authorized users.

Users from the State, the Team, and if necessary, any relevant third parties can contribute to the site. Different users are allocated access and editing rights appropriate to their role on this assignment. We will set up the portal to agreed requirements, reflecting the nature of the work we are carrying out for you.

Project management with the portal. The use of the portal assists in the management of deadlines. We will agree to target deadlines with you for any tasks and these will trigger reminder emails when necessary. All of this will be supported by our discussions on the telephone and in person.

The primary uses for the portal are:

- ▶ To support our relationship by providing ready access to all relevant data and documents.
- ▶ To assist with project management by tracking activities and milestones for the relevant processes.
- ▶ To provide a permanent record, if required, of the source information used for each process.
- ▶ To keep a record of other correspondence and our communications with you.

Key benefits of the portal:

- ▶ Accessibility, regardless of time or location.
- ▶ Speed and simplicity of communication; alternative to email when exchanging large files and/or sensitive client information.
- ▶ Sharing of information and documentation.
- ▶ Transparency and monitoring of progress by all team members.
- ▶ A permanent file of relevant information.

THE "BDO" ADVANTAGE

BDO has been investing in and developing a suite of data analytics tools we refer to as 'BDO Advantage' that combine the benefits of modern technology with our knowledge and understanding of our clients' businesses. BDO Advantage is transforming our audit approach by functioning as the engine that summarizes and presents complete data set outliers and anomalies. This information is then incorporated into the subjective assessments within our audit strategy.

BDO Advantage includes analytical tools that create data visualizations enhancing our understanding of our clients' revenue streams, purchases activities, control activities, and inventory movements to more dynamically explore and focus our efforts on patterns, trends, and outliers. Such risk-based tools and applications allow flexibility in developing customized solutions that can easily be applied across any business, component or data set. Advanced data analytics solutions include benchmarking (e.g., against historical data, industry, and peer group information, etc.), and dashboards that provide financial executives and board of directors with pointed summary data highlighting matters of relevance for their consideration in addressing specific business issues and risks.



**Enhanced
Clarity**

Greater visibility



**Enhanced
Perspectives**

Deeper insights
and advice

Specific audit approach

STORAGE AND TRANSMISSION OF INFORMATION

BDO has adopted security procedures in order to protect the confidentiality and integrity of BDO's systems and business information and data of BDO and its clients. BDO's procedures include technical, administrative, and physical safeguards appropriate to the size and complexity of its business as well as the nature and scope of its activities, and meeting applicable information technology system and information security requirements that apply for those engaged in providing services to government agencies.

BDO's policies are updated and revised as necessary to accommodate changing regulatory requirements, industry standards, business conditions, and an ever-changing technology landscape.

BDO data owners are tasked with monitoring the integrity and use of the data for which they are responsible. Procedures are in place with business lines to limit data stored on workstations and removable media sources. When tightly controlled data access, transport, or processing is required, BDO utilizes virtual desktop technology to exercise rigorous control of client data.

Through policy and training, transmission of protected information (i.e., PHI pursuant to HIPAA, social security numbers) is not transmitted via email. To the extent that such information is required to be transmitted electronically to or from a client, BDO utilizes its File Exchange tool which employs TLS encryption between the client and File Exchange Server. Files and other network traffic that leave the secured borders of BDO are subject to secure file transfer protocols and encryption. Secure FTP (SFTP), server-to-server TLS encryption of e-mail, and secure web-based access (HTTPS) for electronic submission of client data is employed when data enters or leaves BDO's network border.

BDO desktops and laptops have a standardized and hardened system image which provides for standard applications, hard drive data encryption, virus detection, and application firewall protection. In-place updates to this image are carried out consistently throughout BDO by means of a workstation management package. Laptop hard drives are encrypted via an algorithm. Encrypted files can only be decrypted with a valid Active Directory account or the master certificate password.

Through policy and training, BDO partners and employees are aware that unencrypted removable media is not to be used for storing or transferring client data. To support this policy, BDO workstations encrypt external media.

To the extent that clients provide BDO information on removable media, the data is promptly uploaded to BDO's network and/or document management systems and the removable data media is either returned to the client or destroyed.

At present, BDO does not anticipate transmitting client data specific to this engagement outside the borders of the United States and its territories.



Specific audit approach

COMMUNICATION AND REPORTING

REPORTING AND CLOSE-OUT

This final phase is essentially the culmination of the audit effort. During this phase, we will conclude on all areas of the audit, summarize the results, and upon approval by management and the proper oversight function within the State, issue the required reports and deliverables.

Additionally, we will inform the State in writing of each of the following:

- ▶ The auditor's responsibility under GAAP.
- ▶ Significant accounting policies.
- ▶ Management judgments and significant revisions of past and current estimates and projections.
- ▶ Significant audit adjustments and significant revisions of past and current estimates and projections.
- ▶ Other information in documents containing audited financial statements or estimates and projections.
- ▶ Disagreements with management.
- ▶ Consultation with other accountants and actuaries.
- ▶ Difficulties encountered in performing the audit.
- ▶ Any additional requirements or any other related requirements that are currently in effect or may become effective during this audit contract.

We encourage regular meetings to ensure that we contribute meaningful ideas, strategies, and plans to address your financial challenges. Such substantive and frequent contact makes it possible to define and prioritize goals, define timetables, and designate responsibility to appropriate individuals. We commit to maintaining a consistent level of communication with the State. We also understand that your staff has schedules and other matters to deal with, and that organizations must conduct business with minimum disruption.

Accordingly, it is our policy to schedule meetings in advance to keep the State informed of the progress being made on the audit. We will discuss areas critical to the management of your organization and focus our attention on those areas.

We are very interested in meeting with your staff and governance. We feel this is a very important interaction and are well versed in communicating financial results to those who are not financial experts.

Specific audit approach

COMMUNICATION AND REPORTING

REPORTING TIMELINES

Based on our past experience with engagements of similar magnitude as the State's engagement, obtaining the required information from certain agencies or departments, in a timely manner, can be challenging. We will work with the State's personnel to actively monitor the progress in preparing the information as requested in our client assistance packages. We will also maintain a certain level of flexibility in our staff schedules and incorporate the necessary additional resources as may be applicable.

COMPONENT UNIT FINANCIAL REPORTS

Once again, based on our past experience with engagements of similar magnitude as the State's engagement, the State may be reliant on various agencies and separate audit firms to forward the required information and draft audit reports to its financial reporting group, in order for the State to prepare its financial statements. We will maintain a flexible approach and schedule and work concurrently with the State's financial reporting group by analyzing draft financial statements and utilizing a team approach to achieve final completion.

Valdamier Collens, Chief Financial Officer
Virgin Islands Port Authority

"From the inception of our collaboration with the BDO Team (BDO and Bert Smith & Co.), I have been profoundly impressed with the professionalism, candor, transparency, and follow-up/through that engendered the V.I. Port Authority to complete the audit in a timely manner."

COMMITMENT TO MEETING COST, TECHNICAL, AND DELIVERY OBJECTIVES

The Team recognizes that the criteria required for the success of an audit is directly dependent on meeting the cost, technical, and delivery objectives. Our past success in achieving these objectives is due to our development and implementation of effective quality assurance standards and project management plans for all engagements.

We manage all audit endeavors with complete awareness and adherence to our quality assurance standards and the engagement specific project plans. This system has enabled us to meet cost, technical, and delivery objectives for all of our engagements.

We believe that the quality assurance standards and project management plans that we have established will be an integral and vital part in the conduct of the State's audits, as they have been previously and on similar engagements with comparable complexity.

The Team's execution plan for meeting cost, technical, and delivery objectives consists of:

- ▶ Real time on-going management supervision over the technical quality of the product and its conformity with applicable auditing and accounting standards.
- ▶ Developing realistic budgets for engagements.
- ▶ Assignment of staff with the appropriate level of experience, experience, and training.
- ▶ Periodic reporting of staff time and productivity to monitor and control costs.

Specific audit approach

WHY OUR AUDIT APPROACH IS DISTINCTIVE

Our tested approach takes into account the State’s complex structure. As mentioned previously, The Team is comfortable working in an environment involving significant oversight by third parties and we possess the ability to audit multiple government agencies at the same time, ensuring there is no loss of efficiencies. The benefits from our methodology stem from our commitment to:

Process efficiencies without sacrificing audit quality. We understand the importance of keeping the cost of our services affordable and our audit methodology has been specifically designed to provide your engagement team with the tools they need to perform a high quality audit in a cost effective manner.

Integrated and ongoing processes with emphasis on internal controls. Financial statement and internal control testing is performed by the same individuals and our methodology is specifically designed to help plan and perform the integrated audit as a single audit, as opposed to separate and uncoordinated financial statement and internal control audits.

Our approach to the audit is distinctive due to the following:

SCALABLE

Every entity we audit is unique, and obtaining a strong understanding of your operations is essential to tailoring our services to your organization’s unique risks and business needs, and avoiding a “one size fits all” approach. Our audit methodology has been specifically designed to be flexible and scalable so that your engagement team can incorporate its understanding of your processes into the audit approach to appropriately size our efforts to your operations.

EARLY AND CONTINUOUS PARTNER/DIRECTOR INVOLVEMENT

Our professional staff to partner ratio is lower than our major competitors, enabling more time for partners/directors to be actively involved in the audit. Your audit partners/directors have considerable business and audit experience, and we believe the engagement partners/directors should be actively involved throughout the audit process in a hands-on manner. Our audit methodology has been specifically designed to facilitate this level of partner/director involvement.

EFFECTIVE COMMUNICATIONS

Effective listening and regular, proactive two-way communication throughout our audit process is an essential cornerstone of our audit quality and superior client service. This focus on communication allows your audit team to gather information necessary to perform the audit and keep you up to date on the status of our services so you can provide timely input and evaluate whether our services meet your high expectations.

TECHNOLOGICALLY ADVANCED

We commit substantial “R&D” resources each year to develop and improve our audit methodology to equip your engagement team with the latest technology possible. For example, our audit methodology employs proprietary software and our audit work papers are fully networked and encrypted. This allows multi-location engagement teams to collaborate in real time while maintaining our high standards of security and confidentiality of your data.

ENVIRONMENTALLY FRIENDLY

Our networked electronic audit platform significantly reduces the carbon footprint by reducing travel, work paper storage, and transportation costs.

ATTACHMENT B

MANDATORY SPECIFICATION CHECKLIST



 **BROWNEEDWARDS**
certified public accountants

DHG
LIMITED LIABILITY PARTNERSHIP

BDO

Attachment B: mandatory specification checklist - BDO USA, LLP

REQUEST FOR PROPOSAL Finance, DOA and RFP FAR140001

Attachment B: Mandatory Specification Checklist

List mandatory specifications contained in Section 4, Subsection .5:

Section 4, Subsection 5.1: The firm must be independent and licensed to practice in West Virginia.

Vendor Response: Please see the response provided on the attached page.

Section 4, Subsection 5.2: The principal supervisory and management staff shall be certified public accountants with the required continuing professional education within the preceding two years. Once awarded, the Agency must be informed in writing of any changes in staffing at of the supervisory level and above. Also, the Agency retains the right to approve or reject replacements based upon their qualifications, experience, or performance.

Vendor Response: The Team hereby affirms that the principal supervisory and management staff are certified public accountants with the required continuing professional education within the preceding two years. Upon award, the Team will inform the Agency in writing of any changes in staffing at the supervisory level and above.

Section 4, Subsection 5.3: The firm and its staff must meet the qualifications to perform audits in accordance with the requirements of the Single Audit Act of 1996, OMB Circular A-133, and Uniform Guidance.

Vendor Response: The Team hereby affirms that BDO and its staff meets the qualifications to perform audits in accordance with the requirements of the Single Audit act of 1996, OMB Circular A-133 and Uniform Guidance.

Section 4, Subsection 5.4: The firm must have experience auditing other State governments. The firm must submit a list of State audits performed.

Vendor Response: The Team hereby affirms that BDO has experience auditing other State governments. The Team has submitted a list of State audits performed.

Section 4, Subsection 5.5: The subcontractors, contracted for any work related to the CAFR must have experience auditing other State Agencies with preference given to WV State agencies. The subcontractor must submit a list of State audits performed.

Vendor Response: The Team hereby affirms that Brown Edwards and DHG has experience auditing other State Agencies. A list of State audits performed has been submitted.

Section 4, Subsection 5.6: All subcontractors, contracted for any work related to the Single Audit must have experience performing audits in accordance with the requirements of the Single Audit Act of 1996, OMB Circular A-133, and Uniform Guidance.

Attachment B: mandatory specification checklist - BDO USA, LLP

Request for Proposal Finance, DOA and RFP FAR 140001

Attachment B: Mandatory Specification Checklist – Additional Information

List mandatory Specifications contained in Section 4, Subsection .5:

Section 4, Subsection 5.1: The firm must be independent and licensed to practice in West Virginia.

Independence, conflicts and confidentiality: The Team hereby affirms that it is independent of all the component units of the Agency as defined by Government Auditing Standards. We have made appropriate conflict of interest inquiries in accordance with our quality assurance procedures, and can confirm that our appointment by you will not give rise to any conflicts. We confirm that when you give us confidential information we shall at all times keep it confidential, except as required by law, regulation or professional pronouncements applicable to our engagement.

Licensure: We hereby affirm that all members of the team are properly registered/licensed to practice in West Virginia. In addition, assigned key professional staff are properly registered/licensed to practice.

Attachment B: mandatory specification checklist - BDO USA, LLP

REQUEST FOR PROPOSAL Finance, DOA and RFP FAR140001

Vendor Response: The Team hereby affirms that Brown Edwards and DHG has experience performing audits in accordance with the requirements of the Single Audit Act of 1996, OMB Circular A-133, and Uniform Guidance.

Section 4, Subsection 5.7: The firm shall submit a copy of one (1) Single Audit and CAFR report issued in the last five (5) years.

Vendor Response: In compliance with governmental auditing standards, we cannot discuss or disclose other client information. However, we have provided reference websites with our client contact information under subsection 4.3 where you may reference public information.

Section 4, Subsection 5.8: The firm shall submit a copy of its most recent external quality control review report.


Vendor Response: The Team hereby affirms that BDO, Brown Edwards and DHG has submitted copies of its most recent external quality control review report.

Section 4, Subsection 5.9: All requirements must also be met by joint proposers.

Vendor Response: The Team hereby affirms that BDO, Brown Edwards, and DHG meet all requirements.

By signing below, I certify that I have reviewed this Request for Proposal in its entirety; understand the requirements, terms and conditions, and other information contained herein; that I am submitting this 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.

BDO USA, LLP

(Company)
 Assurance Director

(Representative Name, Title)

703-893-0600 / 703-893-2766

(Contact Phone/Fax Number)

April 13, 2018

(Date)

Attachment B: mandatory specification checklist - Brown Edwards

REQUEST FOR PROPOSAL **Finance, DOA and RFP FAR140001**

Attachment B: Mandatory Specification Checklist

List mandatory specifications contained in Section 4, Subsection .5:

Section 4, Subsection 5.1: The firm must be independent and licensed to practice in West Virginia.

Vendor Response: Please see the response provided on the attached page.

Section 4, Subsection 5.2: The principal supervisory and management staff shall be certified public accountants with the required continuing professional education within the preceding two years. Once awarded, the Agency must be informed in writing of any changes in staffing at of the supervisory level and above. Also, the Agency retains the right to approve or reject replacements based upon their qualifications, experience, or performance.

Vendor Response: The Team hereby affirms that the principal supervisory and management staff are certified public accountants with the required continuing professional education within the preceding two years. Upon award, the Team will inform the Agency in writing of any changes in staffing at the supervisory level and above.

Section 4, Subsection 5.3: The firm and its staff must meet the qualifications to perform audits in accordance with the requirements of the Single Audit Act of 1996, OMB Circular A-133, and Uniform Guidance.

Vendor Response: The Team hereby affirms that BDO and its staff meets the qualifications to perform audits in accordance with the requirements of the Single Audit act of 1996, OMB Circular A-133 and Uniform Guidance.

Section 4, Subsection 5.4: The firm must have experience auditing other State governments. The firm must submit a list of State audits performed.

Vendor Response: The Team hereby affirms that BDO has experience auditing other State governments. The Team has submitted a list of State audits performed.

Section 4, Subsection 5.5: The subcontractors, contracted for any work related to the CAFR, must have experience auditing other State Agencies with preference given to WV State agencies. The subcontractor must submit a list of State audits performed.

Vendor Response: The Team hereby affirms that Brown Edwards and DHG has experience auditing other State Agencies. A list of State audits performed has been submitted.

Section 4, Subsection 5.6: All subcontractors, contracted for any work related to the Single Audit must have experience performing audits in accordance with the requirements of the Single Audit Act of 1996, OMB Circular A-133, and Uniform Guidance.

Attachment B: mandatory specification checklist - Brown Edwards

Request for Proposal Finance, DOA and RFP FAR 140001

Attachment B: Mandatory Specification Checklist – Additional Information

List mandatory Specifications contained in Section 4, Subsection .5:

Section 4, Subsection 5.1: The firm must be independent and licensed to practice in West Virginia.

Independence, conflicts and confidentiality: The Team hereby affirms that it is independent of all the component units of the Agency as defined by Government Auditing Standards. We have made appropriate conflict of interest inquiries in accordance with our quality assurance procedures, and can confirm that our appointment by you will not give rise to any conflicts. We confirm that when you give us confidential information we shall at all times keep it confidential, except as required by law, regulation or professional pronouncements applicable to our engagement.

Licensure: We hereby affirm that all members of the team are properly registered/licensed to practice in West Virginia. In addition, assigned key professional staff are properly registered/licensed to practice.

Attachment B: mandatory specification checklist - Brown Edwards

REQUEST FOR PROPOSAL Finance, DOA and RFP FAR140001

Vendor Response: The Team hereby affirms that Brown Edwards and DHG has experience performing audits in accordance with the requirements of the Single Audit Act of 1996, OMB Circular A-133, and Uniform Guidance.

Section 4, Subsection 5.7: The firm shall submit a copy of one (1) Single Audit and CAFR report issued in the last five (5) years.

Vendor Response: In compliance with governmental auditing standards, we cannot discuss or disclose other client information. However, we have provided reference websites with our client contact information under subsection 4.3 where you may reference public information.

Section 4, Subsection 5.8: The firm shall submit a copy of its most recent external quality control review report.


Vendor Response: The Team hereby affirms that BDO, Brown Edwards and DHG has submitted copies of its most recent external quality control review report.

Section 4, Subsection 5.9: All requirements must also be met by joint proposers.

Vendor Response: The Team hereby affirms that BDO, Brown Edwards, and DHG meet all requirements.

By signing below, I certify that I have reviewed this Request for Proposal in its entirety; understand the requirements, terms and conditions, and other information contained herein; that I am submitting this 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.

Brown Edwards & Company, LLP
 (Company)

Robert E. Adams, Partner 
 (Representative Name, Title)

304-343-4188
 (Contact Phone/Fax Number)

4/15/18
 (Date)

Attachment B: mandatory specification checklist - DHG

REQUEST FOR PROPOSAL Finance, DOA and RFP FAR140001

Attachment B: Mandatory Specification Checklist

List mandatory specifications contained in Section 4, Subsection .5:

Section 4, Subsection 5.1: The firm must be independent and licensed to practice in West Virginia.

Vendor Response: Please see the response provided on the attached page.

Section 4, Subsection 5.2: The principal supervisory and management staff shall be certified public accountants with the required continuing professional education within the preceding two years. Once awarded, the Agency must be informed in writing of any changes in staffing at of the supervisory level and above. Also, the Agency retains the right to approve or reject replacements based upon their qualifications, experience, or performance.

Vendor Response: The Team hereby affirms that the principal supervisory and management staff are certified public accountants with the required continuing professional education within the preceding two years. Upon award, the Team will inform the Agency in writing of any changes in staffing at the supervisory level and above.

Section 4, Subsection 5.3: The firm and its staff must meet the qualifications to perform audits in accordance with the requirements of the Single Audit Act of 1996, OMB Circular A-133, and Uniform Guidance.

Vendor Response: The Team hereby affirms that BDO and its staff meets the qualifications to perform audits in accordance with the requirements of the Single Audit act of 1996, OMB Circular A-133 and Uniform Guidance.

Section 4, Subsection 5.4: The firm must have experience auditing other State governments. The firm must submit a list of State audits performed.

Vendor Response: The Team hereby affirms that BDO has experience auditing other State governments. The Team has submitted a list of State audits performed.

Section 4, Subsection 5.5: The subcontractors, contracted for any work related to the CAFR must have experience auditing other State Agencies with preference given to WV State agencies. The subcontractor must submit a list of State audits performed.

Vendor Response: The Team hereby affirms that Brown Edwards and DHG has experience auditing other State Agencies. A list of State audits performed has been submitted.

Section 4, Subsection 5.6: All subcontractors, contracted for any work related to the Single Audit must have experience performing audits in accordance with the requirements of the Single Audit Act of 1996, OMB Circular A-133, and Uniform Guidance.

Attachment B: mandatory specification checklist - DHG

Request for Proposal Finance, DOA and RFP FAR 140001

Attachment B: Mandatory Specification Checklist – Additional Information

List mandatory Specifications contained in Section 4, Subsection .5:

Section 4, Subsection 5.1: The firm must be independent and licensed to practice in West Virginia.

Independence, conflicts and confidentiality: The Team hereby affirms that it is independent of all the component units of the Agency as defined by Government Auditing Standards. We have made appropriate conflict of interest inquiries in accordance with our quality assurance procedures, and can confirm that our appointment by you will not give rise to any conflicts. We confirm that when you give us confidential information we shall at all times keep it confidential, except as required by law, regulation or professional pronouncements applicable to our engagement.

Licensure: We hereby affirm that all members of the team are properly registered/licensed to practice in West Virginia. In addition, assigned key professional staff are properly registered/licensed to practice.

Attachment B: mandatory specification checklist - DHG

REQUEST FOR PROPOSAL Finance, DOA and RFP FAR140001

Vendor Response: The Team hereby affirms that Brown Edwards and DHG has experience performing audits in accordance with the requirements of the Single Audit Act of 1996, OMB Circular A-133, and Uniform Guidance.

Section 4, Subsection 5.7: The firm shall submit a copy of one (1) Single Audit and CAFR report issued in the last five (5) years.

Vendor Response: The Team hereby affirms that it has submitted a copy of one (1) Single Audit and CAFR report issued in the last five (5) years. Please see appendix for report.

Section 4, Subsection 5.8: The firm shall submit a copy of its most recent external quality control review report.


Vendor Response: The Team hereby affirms that BDO, Brown Edwards and DHG has submitted copies of its most recent external quality control review report.

Section 4, Subsection 5.9: All requirements must also be met by joint proposers.

Vendor Response: The Team hereby affirms that BDO, Brown Edwards, and DHG meet all requirements.

By signing below, I certify that I have reviewed this Request for Proposal in its entirety; understand the requirements, terms and conditions, and other information contained herein; that I am submitting this 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.

Dixon Hughes Goodman LLP
(Company)


(Representative Name, Title)

D 304.414.2605/ F 304.414.3232
(Contact Phone/Fax Number)

April 9, 2018
(Date)



ATTACHMENT C

COST PROPOSAL



 **BROWNEEDWARDS**
certified public accountants

DHG
INCORPORATED

BDO

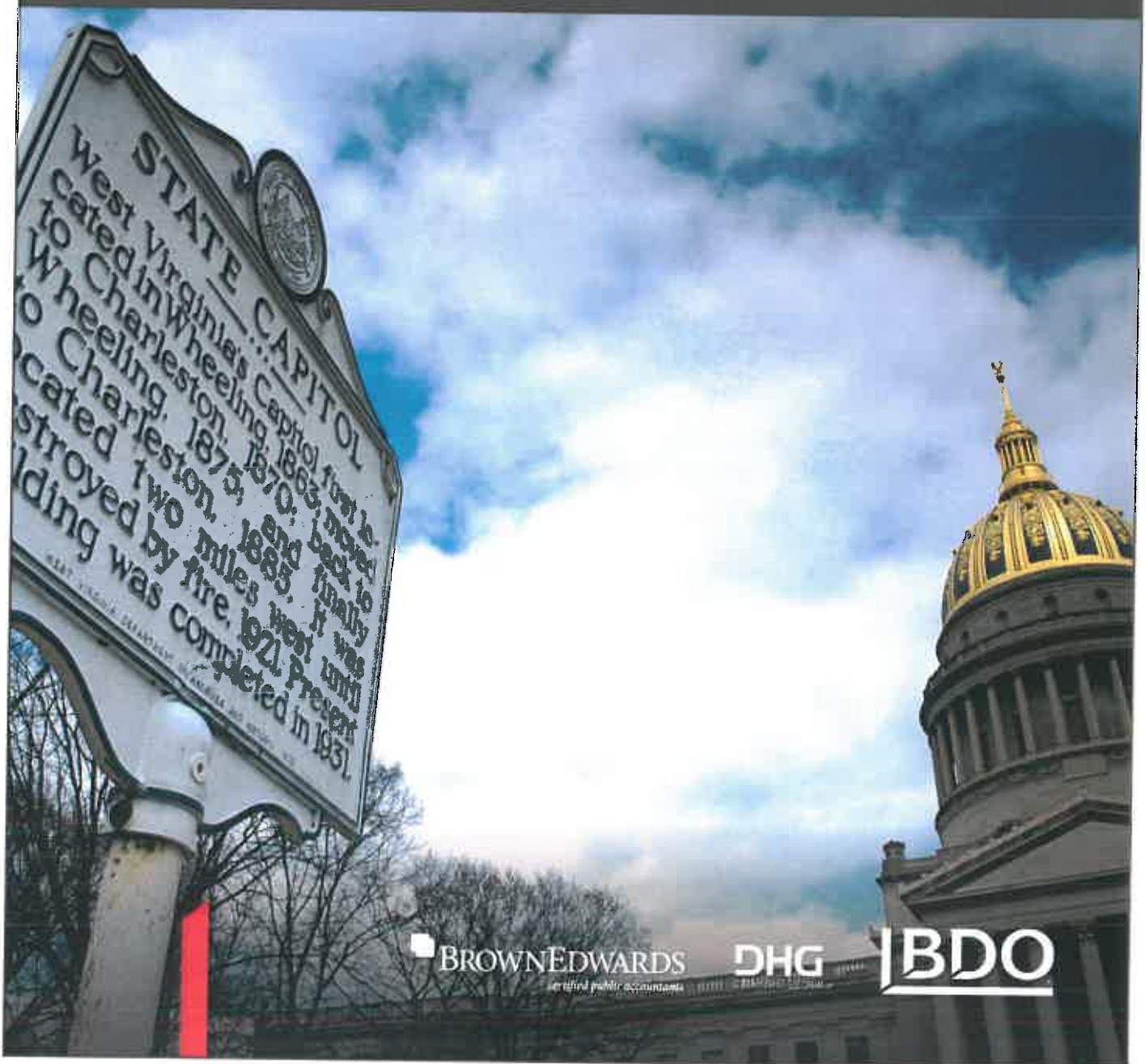
Attachment C: cost proposal

SEPARATE COST PROPOSAL

Per the RFP requirements, please see the separate cost proposal document for all inclusive fees for FY 2018-2021.

ATTACHMENT D

ENTITIES AUDITED ON A STAND-ALONE BASIS



BROWN EDWARDS
certified public accountants

DHG

BDO

Attachment D: entities audited on a stand-alone basis

REPORTING TIMELINES

The Team acknowledges that the following entities are audited on a stand-alone basis:

REQUEST FOR PROPOSAL Finance, DOA and RFP FAR140001

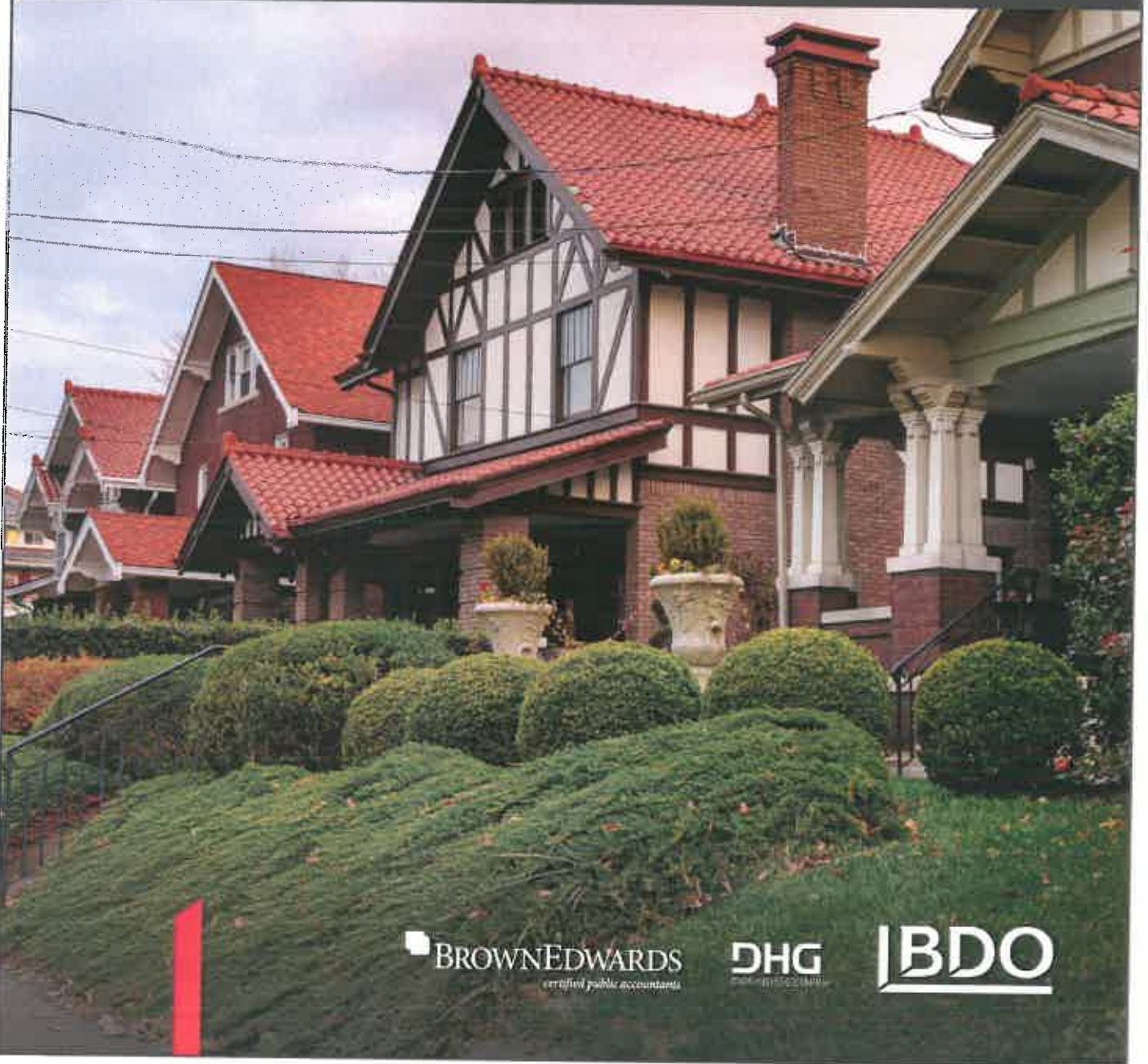
Attachment D: ENTITIES AUDITED ON A STAND-ALONE BASIS

AGENCY NAME

Alcohol Beverage Control Administration
Board of Risk and Insurance Management
Board of Treasury Investments
Consolidated Public Retirement Board
Economic Development Authority
Educational Broadcasting Authority
Workforce West Virginia
Water Pollution Control Revolving Fund - (DEP) A-133 version also
Housing Development Fund
Insurance Commission / Workers' Compensation Fund
Jobs Investment Trust
West Virginia Lottery
Parkways Authority
Public Employees Insurance Agency
Retiree Health Benefit Trust Fund
WV College Prepaid Tuition and Smart 529 Savings Program
Public Defender Corporations (18)
Racing Commission
Regional Jail and Correctional Authority
School Building Authority
Solid Waste Management Board
Division of Highways
Tobacco Settlement Finance Authority
Water Development Authority
Drinking Water Treatment Revolving Fund (WDA) (loan funds)
Drinking Water Treatment Revolving Fund (DHHR) (set-aside funds) every 3 years (2018)
WV Infrastructure & Jobs Development Council
WV Investment Management Board
WV State Rail Authority
Higher Education (18 institutions, including WVNET and Higher Education Policy Commission)
Municipal Pension Oversight Board

ATTACHMENT E

TIMETABLE FOR COMPLETION OF AUDIT



 **BROWNEEDWARDS**
certified public accountants

DHG
DICKINSON HENNINGSON

BDO

Attachment E: timetable for completion of audit

REQUEST FOR PROPOSAL Finance, DOA and RFP FAR140001

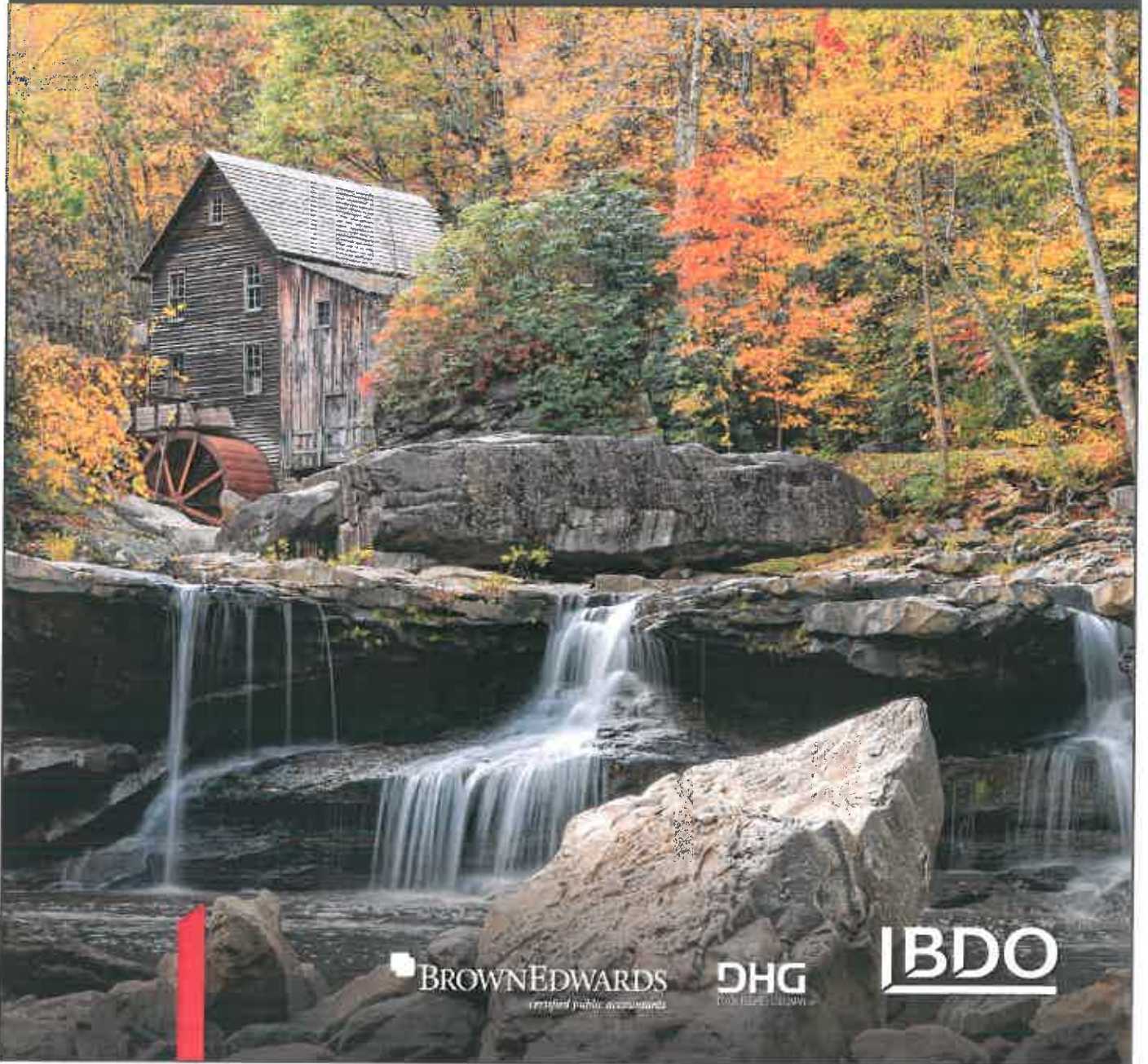
Attachment E: TIMETABLE FOR COMPLETION OF AUDIT

Required Submission/ Event	Required Completion/Submission Date
Entrance Conference	Within three (3) weeks of award of contract
Any interim work must be completed	June 30, 2018
Detailed Audit Plan	June 30, 2018
Field Work to begin (No Later Than) - Federal Awards - CAFR	August 1, 2018 August 1, 2018
Tests of Federal Awards substantially complete	October 26, 2018
Closing conferences with agencies substantially complete	November 1, 2018
Draft CAFR Audit Report	November 17, 2018
Draft Single Audit findings and other management comments	December 9, 2018
Final CAFR audit report	December 21, 2018
Final Single Audit findings	January 2, 2019
Final Single Audit Reports	January 31, 2019

If applicable, sign and submit the attached Resident Vendor Preference Certificate with the proposal.

APPENDIX

REQUIRED FORMS AND ADDITIONAL INFORMATION



 **BROWNEEDWARDS**
CERTIFIED PUBLIC ACCOUNTANTS


DHG
COOK COUNTY ILLINOIS

IBDO



RFP ACKNOWLEDGEMENT

RFP acknowledgement

	Purchasing Division 2019 Washington Street East Post Office Box 50130 Charleston, WV 25305-0130	State of West Virginia Request for Proposal 14 — Financial

Proc Folder: 431307			
Doc Description: Comprehensive Annual Financial Report (CAFR) Single Audit			
Proc Type: Central Contract - Fixed Amt			
Date Issued	Solicitation Closes	Solicitation No	Version
2018-03-16	2018-04-17 13:30:00	CRFP 0209 FAR1800000005	1

BID RECEPTION CLERK DEPARTMENT OF ADMINISTRATION PURCHASING DIVISION 2019 WASHINGTON ST E CHARLESTON WV 25305 US

VENDOR Vendor Name, Address and Telephone Number: BDO USA, LLP 8401 Greensboro Drive, Suite 800 McLean, VA 22102

FOR INFORMATION CONTACT THE BUYER Linda B Harper (304) 558-0468 linda.b.harper@wv.gov		
Signature X <i>Linda B Harper</i>	FEIN # 13-5381590	DATE 4-16-2018
All offers subject to all terms and conditions contained in this solicitation		



PURCHASING AFFIDAVIT

Purchasing affidavit - BDO USA, LLP

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

CONSTRUCTION CONTRACTS: Under W. Va. Code § 5-22-1(i), the contracting public entity shall not award a construction contract to any bidder that is known to be in default on any monetary obligation owed to the state or a political subdivision of the state, including, but not limited to, obligations related to payroll taxes, property taxes, sales and use taxes, fire service fees, or other fines or fees.

ALL OTHER CONTRACTS: 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: (1) for construction contracts, the vendor is not in default on any monetary obligation owed to the state or a political subdivision of the state, and (2) for all other contracts, 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: BDO USA, LLP

Authorized Signature: Kurt E. Miller

Date: April 16, 2018

State of Virginia

County of Fairfax, to-wit:

Taken, subscribed, and sworn to before me this 16 day of April, 2018

My Commission expires March 31, 2021

AFFIX SEAL HERE



Marie Danielle Kent
NOTARY PUBLIC
Commonwealth of Virginia
Reg. #340755
My Commission Expires
March 31, 2021

NOTARY PUBLIC

Marie Danielle Kent

Purchasing Affidavit (Revised 07/07/2017)

Purchasing affidavit - Brown Edwards

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

CONSTRUCTION CONTRACTS: Under W. Va. Code § 5-22-1(f), the contracting public entity shall not award a construction contract to any bidder that is known to be in default on any monetary obligation owed to the state or a political subdivision of the state, including, but not limited to, obligations related to payroll taxes, property taxes, sales and use taxes, fire service fees, or other fines or fees.

ALL OTHER CONTRACTS: 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: (1) for construction contracts, the vendor is not in default on any monetary obligation owed to the state or a political subdivision of the state, and (2) for all other contracts, 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: Brown Edwards et Connor LLC

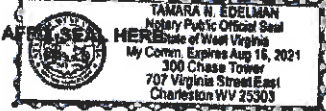
Authorized Signature: [Signature] Date: 4/9/18

State of West Virginia

County of Kanawha, to-wit:

Taken, subscribed, and sworn to before me this 9th day of April, 2018.

My Commission expires August 16, 2021.



NOTARY PUBLIC [Signature]

Purchasing affidavit - DHG

STATE OF WEST VIRGINIA
Purchasing Division
PURCHASING AFFIDAVIT

CONSTRUCTION CONTRACTS: Under W. Va. Code § 5-22-1(f), the contracting public entity shall not award a construction contract to any bidder that is known to be in default on any monetary obligation owed to the state or a political subdivision of the state, including, but not limited to, obligations related to payroll taxes, property taxes, sales and use taxes, fire service fees, or other fines or fees.

ALL OTHER CONTRACTS: 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.

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"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 §21-8-3) that: (1) for construction contracts, the vendor is not in default on any monetary obligation owed to the state or a political subdivision of the state, and (2) for all other contracts, 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: Dixon Hughes Goodman LLP

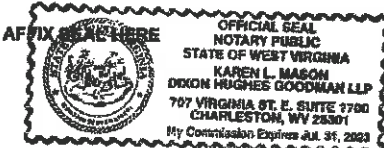
Authorized Signature: [Signature] Date: April 9, 2018

State of West Virginia

County of Kanawha, to-wit:

Taken, subscribed, and sworn to before me this 9 day of April, 2018.

My Commission expires July 31, 2023.



NOTARY PUBLIC [Signature]
Purchasing Affidavit (Revised 07/07/2017)



DISCLOSURE OF INTERESTED PARTIES FORM

Disclosure of interested parties to contracts

West Virginia Ethics Commission Disclosure of Interested Parties to Contracts (Required by W. Va. Code § 6D-1-2)

Contracting Business Entity: BDO USA, LLP Address: 8401 Greensboro Drive, Suite 800
McLean, VA 22102

Authorized Agent: Kurt Miller Address: 8401 Greensboro Drive, Suite 800

Contract Number: FAR180000005 Contract Description: McLean, VA 22102

Governmental agency awarding contract: State of West Virginia Department of Administration

Check here if this is a Supplemental Disclosure

List the Names of Interested Parties to the contract which are known or reasonably anticipated by the contracting business entity for each category below (attach additional pages if necessary):

- Subcontractors or other entities performing work or service under the Contract
 Check here if none, otherwise list entity/individual names below.
 Brown Edwards & Company, LLC and Dixon Hughes Goodman, LLP
- Any person or entity who owns 25% or more of contracting entity (not applicable to publicly traded entities)
 Check here if none, otherwise list entity/individual names below.
- Any person or entity that facilitated, or negotiated the terms of, the applicable contract (excluding legal services related to the negotiation or drafting of the applicable contract)
 Check here if none, otherwise list entity/individual names below.

Signature: Kurt E. Miller Date Signed: April 16, 2018

Notary Verification

State of Virginia, County of Fairfax;

I, Kurt Miller, the authorized agent of the contracting business entity listed above, being duly sworn, acknowledge that the Disclosure herein is being made under oath and under the penalty of perjury.

Taken, sworn to and subscribed before me this 16 day of April, 2018

Marie Danielle Kent
 Notary Public's Signature

To be completed by State Agency:
 Date Received by State Agency: _____
 Date submitted to Ethics Commission: _____
 Governmental agency submitting Disclosure: _____



Marie Danielle Kent
 NOTARY PUBLIC
 Commonwealth of Virginia
 Reg. #340755
 My Commission Expires
 March 31, 2021

Revised October 7, 2017



FIRM LICENSURE

License to practice - BDO

Firm Verification: Details - WV Board of Accountancy

Page 1 of 2



West Virginia Board of Accountancy

Firm Verification: Details

Firm License Information

Firm Name	BDO USA LLP
Address	770 KENMOOR SE STE 300
City	GRAND RAPIDS
State	MI
Zip	49456
County	
Permit Number	F0269
Effective Date	07/01/2017
Current Status	Active
Expiration Date	06/30/2018

Authorization to Perform Attest/Compilation Services

Active	06/30/2018
---------------	------------

Page Updated: 11/10/2016 1:55:45 PM

License to practice - Brown Edwards

Firm Verification: Details - WV Board of Accountancy



West Virginia Board of Accountancy

Firm Verification: Details

Firm License Information

Firm Name BROWN EDWARDS & CO LLP

Address PO BOX 1697

City BLUEFIELD

State WV

Zip 24701-1697

County MERCER

Permit Number F0157

Effective Date 07/01/2017

Current Status Active

Expiration Date 06/30/2018

Authorization to Perform Attest/Compilation Services

Active 06/30/2018

Page Updated: 11/10/2016 1:55:45 PM

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License to practice - DHG

Firm Verification: Details - WV Board of Accountancy

Page 1 of 1



West Virginia Board of Accountancy

Firm Verification: Details

Firm License Information

Firm Name DIXON HUGHES GOODMAN LLP
Address PO BOX 1747
City CHARLESTON
State WV
Zip 25326-1747
County KANAWHA
Permit Number F0473
Effective Date 07/01/2017
Current Status Active
Expiration Date 06/30/2018

Authorization to Perform Attest/Compilation Services

Active 06/30/2018

Page Updated: 11/10/2016 1:55:45 PM

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Individual CPA licenses

Kurt Miller - West Virginia



State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

The person indicated below is
licensed as a
Certified Public Accountant
for the period beginning
July 1, 2017 through June 30, 2018

State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

The person indicated below is
licensed as a
Certified Public Accountant
for the period beginning
July 1, 2017 through June 30, 2018

WV046326
KURT EDWIN MILLER
6005 SUMMIT RD
ALEXANDRIA VA 22304

Board President

Executive Director


KURT EDWIN MILLER

Board President

Executive Director

To use license as a Wall License, cut off excess paper and affix the above to wall for display.
To use the license as a Pocket Card, cut right column to the size of a business card or driver's license and laminate if desired.

Kurt Miller - Virginia




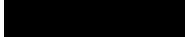
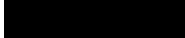

Home | Consumer Information | Public Search

Licensee Details


Demographic Information

Name: Kurt Edwin Miller

Address Information

Line 1: 
Line 2: 
Line 3: 
Line 4: 
County: Fairfax
Country: United States

License Information

Lic #: 	Profession: Accountancy	Type: Certified Public Accountant
Status: Active	Issued: 7/28/2009	Expiration: 7/31/2018

[Close Window](#)

Kurt Miller - District of Columbia

The screenshot shows the Board of Accountancy website interface. At the top left, there is a logo with three stars and the text "Board of Accountancy". To the right of the logo are social media icons for Facebook, Twitter, and LinkedIn. Below the logo is a "License Search" section with a search bar and three filter dropdown menus: "License Number", "License Name", and "License Type (e.g. Certified Public Accountant)". A search button is located to the right of these filters. Below the search bar is a table with the following columns: "License Number", "License Name", "License Title", "Status", "License Expiration Date", "Initial Issue Date", "City/State of Domicile", and "Inactive Code". One row of data is visible, corresponding to Kurt Miller. At the bottom of the page, there is a footer with the text "West Virginia Board of Accountancy" and "1000 Capitol Building, Charleston, WV 25301".

License Number	License Name	License Title	Status	License Expiration Date	Initial Issue Date	City/State of Domicile	Inactive Code
[REDACTED]	CPA	CPA	Active	12/31/2024	5/20/2010	Washington	

Kurt Miller, Maryland



Results for Active Licensed Certified Public Accountants: 1

The following results do not include current licensees who are on inactive status.

Name	City	State	Zip	Expiration	Category	Reg. #
KURT EDWIN MILLER	ALEXANDRIA	VA	22310	2018-08-09	ACTIVE C.P.A.	

[\[NEW SEARCH FOR ACTIVE LICENSED INDIVIDUALS\]](#)

[\[Home\]](#) [\[Return to Licensing Queries\]](#)

Bill Eisig - Maryland

02/14/2017

4,976,633

MARYLAND STATE BOARD OF PUBLIC ACCOUNTANCY

12 01 16614 WILLIAM DAVID EISIG 6228 02-13-2017
MESSAGE(S):

**!!!SPECIAL ANNOUNCEMENT FOR CPA LICENSE HOLDERS!!!!
!! YOU MAY NEED TO HAVE A PEER REVIEW COMPLETED BEFORE YOUR NEXT RENEWAL !!**

**ATTENTION!! THE BOARD NO LONGER PRINTS AND MAILS LICENSES ATTENTION!!
YOU CAN PRINT OUT YOUR LICENSE AT THE DLLR LICENSING PORTAL
CHECK YOUR EMAIL 1 BUS DAY AFTER APPLYING FOR LICENSE FOR PORTAL ACCESS**

**GO TO WWW.DLLR.MD.GOV/LICENSE/CPA. CLICK ON "PEER REVIEW". YOU WILL FIND
USEFUL INFO ABOUT THE PEER REVIEW PROCESS, THE APPROVED PEER REVIEW
PROGRAMS AVAILABLE TO YOU, AND TIPS ON SCHEDULING A PEER REVIEW.**

**USE OUR WEBSITE FOR FAST SERVICE. CHANGE YOUR MAIL AND E-MAIL ADDRESSES;
REQUEST LICENSE/EXAM VERIFICATION ONLINE! CHANGE FROM ACTIVE TO INACTIVE
STATUS! YOU DON'T HAVE TO CALL OR E-MAIL THE BOARD TO DO THESE SERVICES.
YOU CAN DO IT!**



LICENSE * REGISTRATION * CERTIFICATION * PERMIT

Lawrence J. Hogan, Jr.
Governor
Bryd K. Rutherford
Lt. Governor
Kelly M. Schulz
Secretary

STATE OF MARYLAND

DEPARTMENT OF LABOR, LICENSING AND REGULATION

MARYLAND STATE BOARD OF PUBLIC ACCOUNTANCY

CERTIFIES THAT:

WILLIAM DAVID EISIG

IS AN AUTHORIZED: 01 - ACTIVE C.P.A.

LIC/REG/CERT EXPIRATION EFFECTIVE CONTROL NO.
 04-06-2019 N/A [REDACTED]

Signature of Bearer

Kelly M. Schulz
Secretary DLLR

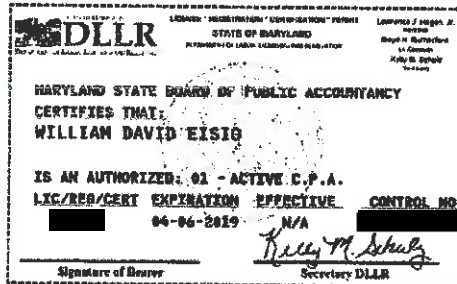
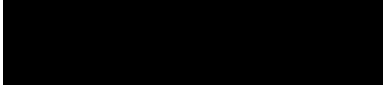
WHERE REQUIRED BY LAW THIS MUST BE CONSPICUOUSLY DISPLAYED IN OFFICE TO WHICH IT APPLIES

12 01 16614


4,976,633

12 01 16614
MARYLAND STATE BOARD OF PUBLIC ACCOUNTANCY
505 N. CALVERT STREET
BALTIMORE, MD 21202-3651

WILLIAM DAVID EISIG



Bill Eisig, Virginia



Home > Consumer Information > Online Services

Licensee Details

Demographic Information

Name: William David Eisig

Address Information

Line 1:
Line 2:
Line 3:
Line 4:
County: Montgomery
Country: United States

License Information

Lic #: [REDACTED]	Profession: Accountancy	Type: Certified Public Accountant
Status: Active	Issued: 9/25/2015	Expiration: 9/30/2018


[Close Window](#)

Bill Eisig, District of Columbia

The screenshot shows the website for the District of Columbia Board of Accountancy. At the top left, there are three red stars and the text "District of Columbia Board of Accountancy". The main heading is "License Search". Below this, there is a search bar with the text "Search by License Number, Name, or Other Information". There are three input fields: "License Number", "Licensee Name", and "License Type (e.g., Certified Public Accountant)". A "Go" button is to the right of these fields. Below the search bar, there is a table with the following columns: License Number, Licensee Name, License Type, Status, License Expiration Date, Initial Issue Date, and Original Issuer of License. The table contains one row of data for Bill Eisig.

License Number	Licensee Name	License Type	Status	License Expiration Date	Initial Issue Date	Original Issuer of License
[REDACTED]	WILL EISIG	Chartered Public Accountant	Active	12/31/2021	4/14/2015	Education

Lee Klumpp, Virginia




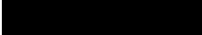
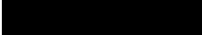
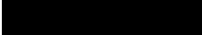

Home | Consumer Information | Online Services

Licensee Details


Demographic Information

Name: Lawrence Lee Klumpp

Address Information

Line 1: 
Line 2: 
Line 3: 
Line 4: 
County: 
Country: United States

License Information

Lic #: 	Profession: Accountancy	Type: Certified Public Accountant
Status: Active	Issued: 9/25/2015	Expiration: 9/30/2018

[Close Window](#)

Patricia Duperron - Michigan

RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
BUREAU OF PROFESSIONAL LICENSING

M933029


CERTIFICATE/LICENSE TO PRACTICE
PUBLIC ACCOUNTING

PATRICIA A DUPERRON

LICENSE NO. [REDACTED] **EXPIRATION DATE** 12/31/2019 **AUDIT NO.** [REDACTED]

THIS DOCUMENT IS ONLY ISSUED UNDER THE LAWS OF THE STATE OF MICHIGAN

Andrew Afuang - Virginia




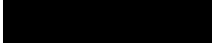
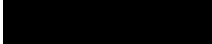


Home | Consumer Information | Online Services

Licensee Details


Demographic Information

Name: Andrew Absin Afuang

Address Information


Line 1: 
Line 2: 
Line 3: 
Line 4: 
County: 
Country: United States

License Information

Lic #: 	Profession: Accountancy	Type: Certified Public Accountant
Status: Active	Issued: 11/3/2009	Expiration: 11/30/2018

[Close Window](#)

John Griffin - Virginia




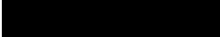
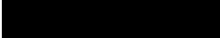
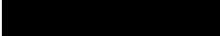

Home » Demographic Information » Output Screen

Licensee Details


Demographic Information

Name: John Anthony Griffin

Address Information

Line 1: 
Line 2: 
Line 3: 
Line 4: 
County: 
Country: United States

License Information

Lic #: 	Profession: Accountancy	Type: Certified Public Accountant
Status: Active	Issued: 9/16/2016	Expiration: 9/30/2018

[Close Window](#)

John Griffin - Maryland

Results for Active Licensed Certified Public Accountants: 1

Page 1 of 1



Results for Active Licensed Certified Public Accountants: 1

The following results do not include current licensees who are on inactive status.

Name	City	State	Zip	Expiration	Category	Reg. #
JOHN ANTHONY GRIFFIN	UPPER MARLBORO	MD	20774	2019-12-10	ACTIVE C.P.A.	

[\[NEW SEARCH FOR ACTIVE LICENSED INDIVIDUALS\]](#)

[\[Home\]](#) [\[Return to Licensing Queries\]](#)

Christopher Banta - Virginia



[Home](#) > [Consumer Information](#) > [Online Services](#)

Licensee Details

Demographic Information

Name: Christopher Alan Banta

Address Information

Line 1:

Line 2:

Line 3:

Line 4:

County:

Country:

License Information

Lic #: [REDACTED]

Profession: Accountancy

Type: Certified Public Accountant

Status: Active

Issued: 5/18/2007

Expiration: 6/30/2018

Clarence Rhudy - Virginia

Details

Page 1 of 1



Home > [Contact Information](#) > [Online Services](#)

Licensee Details

Demographic Information

Name: Clarence Alexander Rhudy Jr

Address Information

Line 1:

Line 2:

Line 3:

Line 4:

County:

Country:

License Information

Lic #: [REDACTED]	Profession: Accountancy	Type: Certified Public Accountant
Status: Active	Issued: 2/8/2007	Expiration: 2/28/2018

Norman Yoder - Virginia

Details

Page 1 of 1



Home > Consumer Information > Online Services

Licensee Details

Demographic Information

Name: Norman D Yoder

Address Information

Line 1:

Line 2:

Line 3:

Line 4:

Country:

United States

License Information

Lic #: [REDACTED]	Profession: Accountancy	Type: Certified Public Accountant
Status: Active	ISSUE: 6/22/2009	Expiration: 2/28/2019

Staunton Gorrell - West Virginia



West Virginia Board of Accountancy

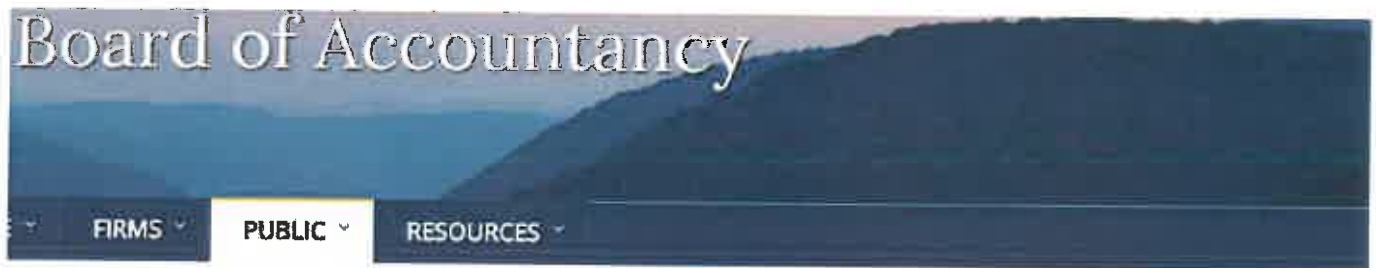
CPA Verification: Details

CPA License Information

Name	STAUNTON THOMAS GORRELL
Company Name	BROWN EDWARDS & CO LLP
Address	707 VIRGINIA ST E STE 300
City	CHARLESTON
State	WV
Zip	25301-2710
County	KANAWHA
License Number	WV005196
License Type	CPA
Status	Active
Effective Date	07/01/2017
Expiration Date	6/30/2018
Discipline	
Public Discipline Documents	

Authorization to Perform Attest/Compilation Services

Norman Mosrie - West Virginia



Details

[Home](#) [Public](#) [Verification](#) [CPA Verification](#) [Details](#)

CPA License Information

Name	NORMAN C. MOSRIE
Company Name	DIXON HUGHES GOODMAN LLP
Address	500 VIRGINIA STREET EAST, SUITE 800
City	CHARLESTON
State	WV
Zip	25326-1747
County	KANAWHA
License Number	WV002156
License Type	CPA
Status	Active
Effective Date	07/01/2017
Expiration Date	6/30/2018
Discipline	
Public Discipline Documents	

Authorization to Perform Attest/Compilation Services



PROOF OF INSURANCE

Proof of insurance

		CERTIFICATE OF LIABILITY INSURANCE		DATE (MM/DD/YYYY) 04/03/2018		
<p>THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.</p> <p>IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).</p>						
PRODUCER AOR Risk Services Northeast, Inc. New York NY office 199 Water Street New York NY 10038-3551 USA			CONTACT NAME: PHONE (A/C No. Ext): (312) 381-1000 FAX (A/C No.): (312) 381-7007 E-MAIL ADDRESS:			
INSURED BDO USA, LLP 770 Kenmore St, Suite 300 Attn: Patricia Schrand Grand Rapids, MI 49546 USA			INSURER(S) AFFORDING COVERAGE		NAIC #	
			INSURER A: The Continental Insurance Company 35289 INSURER B: National Fire Ins. Co. of Hartford 20478 INSURER C: Transportation Insurance Co. 20494 INSURER D: American Casualty Co. of Reading PA 20427 INSURER E: INSURER F:			
COVERAGES CERTIFICATE NUMBER: 57007023814 REVISION NUMBER:						
<p>THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. Limits shown are as requested</p>						
TYPE	TYPE OF INSURANCE	ADDITIONAL INSURED	POLICY NUMBER	POLICY EFF. DATE (MM/DD/YYYY)	POLICY EXP. DATE (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> GEN'L AGGREGATE LIMIT APPLIES PER POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC <input type="checkbox"/> OTHER		6012318939 General Liability	03/31/2018	03/31/2019	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Per occurrence) \$1,000,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/PROP AGG \$2,000,000
B	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-SCHEDULED AUTOS ONLY		6012318956 Automobile	03/31/2018	03/31/2019	COMBINED SINGLE LIMIT (Per accident) \$1,000,000 BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
A	<input checked="" type="checkbox"/> UMBRELLA LMB <input checked="" type="checkbox"/> EXCESS LMB <input type="checkbox"/> DEED <input type="checkbox"/> RETENTION		6057003378 Umbrella Policy	03/31/2018	03/31/2019	EACH OCCURRENCE \$5,000,000 AGGREGATE \$5,000,000
D	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR / PARTNER / EXECUTIVE OF FICER/ MEMBER EXCLUDED? (Mandatory in WA) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	WC 5085008884 WC 5085008870 WC 5085008898 Workers Compensation	03/31/2018 03/31/2018 03/31/2018	03/31/2019 03/31/2019 03/31/2019	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE-EMPLOYEE \$1,000,000 E.L. DISEASE-POLICY LIMIT \$1,000,000
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)						
CERTIFICATE HOLDER				CANCELLATION		
Evidence of Insurance				SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS AUTHORIZED REPRESENTATIVE 		

Holder Identifier :
Certificate No : 57007023814



COMMENTS TO GENERAL TERMS AND CONDITIONS

Comments to general terms and conditions

BDO USA, LLP (“BDO”) has reviewed the Request for Proposal: Single Audit of the State of West Virginia and the State’s Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ending June 30, 2018 (the “RFP Instructions”), issued by the West Virginia Department of Administration, Finance Division (“West Virginia Finance Division”), and in particular, the General Terms and Conditions (the “General Terms”). Upon contract award, we look forward to agreeing to mutually acceptable contract terms that combine the needs of both West Virginia Finance Division and BDO, and are confident that we can reach terms agreeable to West Virginia Finance Division, but we have provided below some high-level comments with respect the contract provisions that appear in the General Terms, as well as some additional language that we would propose adding.

EXISTING TERMS AND CONDITIONS OF THE GENERAL TERMS

- ▶ **Section 19 - Cancellation** - BDO can generally agree to the terms of Section 19. However, upon contract award, BDO would typically suggest adding language to the effect that BDO may terminate if required under applicable law, regulation or professional standard, and language whereby, upon termination of the resulting agreement, BDO is paid for services rendered through the effective date of termination.
- ▶ **Section 21 - Applicable Law** - BDO can agree to West Virginia as to governing law, and would propose that the parties consent first to the jurisdiction of the U.S. District Court for the Southern District of West Virginia in the unlikely event of a dispute, with a fallback to the jurisdiction of the courts of the State of West Virginia, sitting in the city of Charleston, West Virginia when jurisdictional requirements are satisfied, and a standard jury trial waiver.
- ▶ **Section 26 - Subsequent Forms** - BDO can generally agree to the terms of Section 26, but would propose that the resulting contract supersede the sample General Terms attached to the RFP Instructions.
- ▶ **Section 27 - Assignment** - BDO would propose adding language to the effect that the West Virginia Finance Division consents to BDO’s assignment of a portion of BDO’s obligations under the General Terms to approved subcontractors Brown Edwards and Company and Dixon Hughes and Goodman, LLP.
- ▶ **Section 31 - Privacy, Security and Confidentiality** - BDO can generally agree to the terms of Section 31 and to obligation to comply with the Confidentiality Policies and Information Security Accountability Requirements. Upon contract award, BDO would propose adding language whereby the parties agree that a security incident is defined as a successful attempt to inappropriately use, disclose, modify, access or destroy information, and similar language in Section 4.4.2.2. In Section 4.3.4, BDO can agree to grant off-site access to any documentation or records reasonably requested. Lastly, regarding Section 3.0, BDO can typically agree to an obligation to notify affected parties within forty-eight (48) hours of discovery of any confirmed security incident. Also, while BDO can comply with the terms of Section 4.4.2, BDO would typically add language making its mitigation/remediation obligations contingent upon the client’s fulfillment of its own information technology procedures, and re: Section 4.4.2.4, language whereby BDO agrees to comply, but will not be obligated to breach any ethical or contractual obligation of confidentiality to a third party in the process.
- ▶ **Section 36 - Vendor Relationship** - In addition to the existing language, BDO would typically propose adding language whereby the parties agree that the services and deliverables provided by BDO are solely for the use and benefit of West Virginia Finance Division pursuant to our client relationship, and that the services and deliverables are not intended for the express or implied benefit of any third party.

Comments to general terms and conditions


- ▶ **Section 37 - Indemnification and Limitation of Liability** - As BDO's services are intended solely for our clients and not for third parties, we do not typically give broad indemnities to our clients to cover claims brought by third parties arising out of the services, but we'd be happy to work with West Virginia Finance Division on a compromise. For example, BDO is happy to indemnify West Virginia Finance Division against third-party claims arising out of personal injury or death, or against third-party claims arising out of BDO's fraud or intentional misconduct. In addition, BDO would revise Section 37(3) slightly such that the indemnification covers BDO's non-compliance with statutes, regulations, decrees or orders applicable to BDO's provision of the services to the West Virginia Finance Division. Also, BDO typically proposes that our clients indemnify and release BDO against third-party claims arising out of knowing misrepresentations by management that BDO relied on such misrepresentations to its detriment with respect to the services. In addition, BDO would typically propose a limitation on BDO's liability for compensatory damages, set to some reasonable, mutually agreeable amount, with standard "market" carveouts, as well as a standard waiver of non-compensatory damages. We'd be happy to make the provision mutual.
- ▶ **Section 42 - Background Checks** - BDO can generally agree to the terms of Section 42, subject to the individual written consent of our engagement partners and employees.

ADDITIONAL TERMS AND CONDITIONS

- ▶ **Audit-Related Terms** - As a public accounting firm, BDO would like to add some terms to reflect BDO's professional standards, including certain terms required under AICPA guidance for audit-related engagements. BDO will include these terms as required by professional standards; generally, they would appear in a purchase order or statement of work. Those terms including the following:
 - Objective and Scope of the Audit/Applicable Auditing Standards
 - Responsibilities of the Auditor
 - Responsibilities of Management and Identification of the Applicable Financial Reporting Framework
 - Expected Form and Content of the Auditor's Report
 - Use of Internal Auditor(s) in a Direct Assistance Capacity
 - Reproduction of Audit Report
 - Posting of Audit Report and Financial Statements on Your Website
 - Communications with Predecessor Auditors
 - Availability of Records and Personnel
 - Standard auditor independence language
- ▶ **Ownership** - BDO can agree to assign to West Virginia Finance Division all proprietary rights in all deliverables identified in a purchase order, which you are free to disclose on your website. Also, upon contract award, BDO would propose adding language to the effect that, in addition to BDO's pre-existing methods, processes, methodologies, and materials, BDO shall retain exclusive ownership in and to its working papers, meaning BDO's internal documentation to substantiate the services provided to West Virginia Finance Division.
- ▶ **Email Communication** - BDO would typically propose adding language to the effect that BDO shall use commercially reasonable measures to safeguard email transmissions, but waives all liability for the interception or unintentional disclosure of email transmissions or for the unauthorized use or failed delivery of emails.

Comments to general terms and conditions

- ▶ **External Computing Options** - Post-award, BDO would also propose adding language to the effect that if, solely at the request of West Virginia Finance Division, BDO agrees to use certain external commercial services that are outside of BDO's standard security protocols, BDO waives all liability arising out of the use of those services. If West Virginia Finance Division is uncomfortable with this conceptually, BDO can propose agree to language whereby it is agreed that BDO will not use any external computing solutions.
- ▶ **Subpoenas, Third-Party Document Requests** - BDO would typically propose adding language to the effect that, if West Virginia Finance Division requests BDO to object to or respond to, or BDO receives and responds to, a validly-issued third-party request for the production of documents and/or testimony relative to information BDO obtained in the course of the engagement, West Virginia Finance Division agrees to compensate BDO for its reasonable time and expenses.



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