

Your Success is Our Focus



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WV PURCHASING  
DIVISION

PROPOSAL TO PROVIDE  
PROFESSIONAL AUDITING SERVICES  
TO THE WEST VIRGINIA OFFICES OF  
THE INSURANCE COMMISSIONER

FOR THE YEAR ENDING JUNE 30, 2020  
(WITH THE OPTION FOR THREE SUCCESSIVE ONE YEAR PERIODS)  
SOLICITATION NO: CRFQ INS2000000002  
BID OPENING DATE: JANUARY 14, 2020  
BID OPENING TIME: 1:30PM EST

Firm Contact:

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(304) 343-4188

Brown, Edwards & Company, L.L.P.  
300 Chase Tower  
707 Virginia Street, East  
Charleston, West Virginia 25301  
FIN: 54-0504608



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January 14, 2020

West Virginia Offices of the Insurance Commissioner  
900 Pennsylvania Avenue  
Charleston, West Virginia 25302

We are very pleased to present our qualifications to provide professional auditing services to the West Virginia Offices of the Insurance Commissioner, hereafter referred to as "WVOIC" for the fiscal year ending June 30, 2020, with the option for three (3) additional one (1) year renewals. Our audit will be performed in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Brown, Edwards & Company, L.L.P. ("Brown Edwards") has a large state and municipal governmental practice and is a leader in providing services to those clients in West Virginia and throughout the region. ***We can assure you the WVOIC would be an important part of our governmental practice.***

Through our merger with Gibbons & Kawash, A.C. on January 1, 2018, we have fortified and strengthened our overall experience with state agencies to levels that are unmatched by other local or regional firms. Providing audit services to state government entities is an important part of our practice and one in which we have extensive expertise. We have a wealth of historical experience auditing 28 State of West Virginia component units and funds over the last two decades, which individually range in size up to \$4 billion in assets and \$2 billion in revenues. We also have 26 years of experience providing technical assistance and consulting services to State of West Virginia entities for the successful submission of Comprehensive Annual Financial Reports to receive the Certificate of Achievement for Excellence in Financial Reporting.

Should we be appointed to serve as auditors of the WVOIC, the WVOIC will receive the highest quality professional audit services from auditors that will plan, conduct, and report on the audit with competence, integrity, objectivity, and that are independent of the WVOIC and the State of West Virginia in all respects. In addition, we have access to the resources of one of the nation's largest accounting and advisory firms, BDO USA, and hundreds of other CPA and specialty consulting firms, through our membership in the BDO Alliance USA. Other firms would be hard pressed to demonstrate our depth and breadth of experience.

We have structured this proposal to communicate our experience and qualifications to effectively and efficiently respond to the requirements and expectations of the WVOIC, and have made every effort to completely respond to all matters identified in your request for proposal. We would be pleased to meet with you and formally present our proposal upon your request. If you have any questions, please do not hesitate to contact me at (304) 343-4188.

Respectfully submitted,

**BROWN, EDWARDS & COMPANY, L.L.P.**



Robert E. Adams, CPA  
Partner

## ABOUT THE FIRM

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 10 years for senior managers and 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 not-for-profit, higher education, health care, financial institutions, and governmental 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.

### QUICK FACTS ABOUT BROWN EDWARDS

*Inside Public Accounting's Top 100 Public Accounting Firms by gross revenue (8/19)*

*Recognized as one of America's Best Tax Firms for 2020 by Forbes Magazine (12/19)*

*Listed as one of the four most successful firms in the United States in Accounting Today (4/19)*

*Listed as #4 in the Capitol Region by Accounting Today (3/19)*

*Offices in Blacksburg, Bristol, Lynchburg, Harrisonburg, Newport News, Roanoke and Wytheville, VA; Kingsport, TN; and Bluefield and Charleston, WV*

*Pass opinion on our peer review for over 25 years and our PCAOB inspections have been 100% successful with no findings*

*More than 350 professionals serving southeastern United States*

## OUR COMMITMENT TO EXCELLENCE



All aspects of our service quality are monitored against our **5 Star Service Quality Standards**. The 5 Star Quality Standards include standards for responsiveness, product quality and delivery, ease of access to decision makers and professional attitudes of all members of our team. While these standards are part of our culture, we also monitor how well we are doing by annual face-to-face client surveys in which members of the firm, not associated with an engagement, conduct interviews of selected clients

to obtain feedback related to service quality. The results of these surveys assist us in realignment of priorities and, on an ongoing basis, support our goal of continuous improvement of service quality.

## MEMBERSHIP ORGANIZATIONS

Brown Edwards is a member of the American Institute of Certified Public Accountants' Center for Audit Quality. This membership requires a peer review every three years. **Our most recent peer review was performed in September 2018. We received a "Pass" rating, the highest rating achievable, for our 2018 review.** A copy of our most recent peer review is attached as **Appendix B** for your convenience.



Brown Edwards is also registered with the Public Company Accounting Oversight Board (PCAOB). This Board monitors quality in firms that audit public companies, which subjects our firm to stringent inspection and requires that we meet the highest level of technical quality in the profession today. The benefit to you is that our quality control systems and educational requirements are subject to the same standards and inspections as those of the largest firms. **We are very proud of the results of our PCAOB inspections, the most recent being in 2016. In each of our five inspections, we received an unqualified report with no findings, a distinction that few firms have achieved.** PCAOB inspection reports are public documents and receipt of a report with no findings places us in an enviable position when compared with peer firms, including those that are significantly larger than our firm.

As an independent member of the BDO Alliance USA, Brown Edwards can expand the services offered to clients by drawing on the resources of BDO USA, LLP, the fifth largest accounting services firm in the nation, and other Alliance members. The firm serves clients through 63 offices and more than 450 independent Alliance firm locations nationwide. As an independent Member Firm of BDO International Limited, BDO serves multi-national clients through a global network of more than 1,300 offices in over 150 countries.



Brown Edwards is also a member of the American Institute of Certified Public Accountants' Governmental Audit Quality Center (GAQC). The GAQC is designed to help CPAs meet the challenges of performing quality governmental audits. The GAQC's primary purpose is to promote the importance of **quality governmental audits and the value of such audits to purchasers of governmental audit services.** As a member of the GAQC, we adhere to specific membership requirements covering the governmental audits we perform, comply with the specific continuing education requirements for all of our personnel working on these audits, and have access to tools that focus around quality improvement. We believe our participation in the GAQC enhances our audit services to all clients.

Key members of our engagement team are members of the Government Finance Officers Association. All of our local government team partners, directors, and senior associates have extensive experience with the GFOA certificate program. In addition, certain members of our staff have served as qualified reviewers for the GFOA certificate program.



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

## MEMBERSHIP ORGANIZATIONS (CONTINUED)



Brown Edwards also employs several Certified Fraud Examiners (“CFE”). CFE’s are experts in the field of internal control, fraud detection and prevention, litigation support, and expert witness assistance. This designation, and the skills associated with this certification, provide an added benefit to complex municipal engagements.

Brown Edwards performs peer reviews for six to eight firms each year, and our peer review clients include seven top 100 firms in the country in terms of annual revenue. Our governmental team participates significantly in this practice area. Participation as peer reviewers gives Brown Edwards exposure to the work of other quality firms and is an excellent exercise to ensure we are up-to-date on the most recent professional standards, audit approaches, and technology.

## THE BENEFITS OF A REGIONAL FIRM

As a regional firm, we offer the best of both worlds. With a total staff of over 350 and growing, we are large enough to provide services to a broad range of clients in the functional areas of accounting, auditing, tax, and management advisory services while providing you with **direct access to our partners and directors**.

Although we are considered a large firm on a national basis, Brown Edwards is **owned, operated, and managed locally** and as a result we can **respond to your needs quickly and effectively**. Our offices are located in West Virginia, Virginia, and Tennessee, and we have quick and easy access to all of the southeastern United States. **Because we live and work very close to all the markets we serve, our partners and directors are always accessible to you.** Having **unparalleled access to our firm’s decision makers** helps to create the meaningful relationship between our firm and our clients that you should expect from your auditors. Our goal with the WVOIC is not merely to provide the desired services but to proactively work with you to identify opportunities and use our resources to support your strategic mission – ***Your Success is Our Focus.***

## OUR TECHNOLOGY

Brown Edwards is committed to providing our professionals access to sound and advance technology in order to ensure optimum levels of efficiency in our engagements. We use “paperless” audit techniques which enable our professionals to spend more time on judgment matters and in-depth research and analysis, rather than on “number crunching” and other mechanical aspects of client service, which enhances efficiency by allowing for the quick update of key documentation from year-to-year.

With an internet connection, our personnel can work from anywhere and have complete access to the firm’s network as well as access to multiple high quality research sites for research of accounting, auditing, and reporting issues. Our electronic software allows efficient integration of client prepared Word, PDF, and Excel files into our workpaper files.

“The expertise and guidance from the staff of Brown Edwards has been invaluable to us over the years. They maintain contact with management throughout the auditing process, are flexible with scheduling and the audits are always conducted professionally, efficiently, and timely. Their staff is well versed on current mandates and they keep us informed of the constantly changing GASB’s. They are always available to respond to any questions we may have throughout the year and offer viable solutions for our governmental agency.”

-Sheila Miller, CFO  
West Virginia Water  
Development Authority

## OUR TECHNOLOGY (CONTINUED)

All data on Brown Edwards computers, including our workpapers in our computerized audit documentation management system, is encrypted using advanced algorithm technology. The data encryption ensures that in the unlikely event that one of our computers were to be lost or stolen, your data and our workpapers would be unreadable to anyone other than Brown Edwards personnel.

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



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



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



**IDEA** - A powerful data extraction and analysis program that provides us with access to large amounts of data from which we can quickly import, join, analyze, sample and extract data from almost any source. Through data extraction and analysis programs, a significant amount of information can be evaluated for unusual relationships, which may be the result of erroneous data. **In most cases, use of IDEA reduces the audit preparation time for the client and reduces the duration of fieldwork testing.**



**ShareFile** - A secure cloud-based collaboration, file-sharing and workflow solution that supports all the document-centric needs of businesses. Auditors and clients can safely share large files, e-sign and get secure remote access to servers and PCs from any device, any time.

### *Information and Cybersecurity Consulting*

Brown Edwards also offers specialized Information and cybersecurity consulting ranging from Security assessments and consulting to penetration and vulnerability testing to help identify threats to system security. We have the expertise and experience to help our clients design and implement solid, secure programs for both IT compliance and security. Fees associated with these services would be based on the degree of responsibility involved and the skill required.

### *Emerging Technology and Its Effect on the Audit Process*

As a Top 100 accounting firm, Brown Edwards is currently participating in discussions with the AICPA and other Top 100 accounting firms regarding the use of artificial intelligence (AI) in the audit process. What this means for the WVOIC is that you can be assured that Brown Edwards continually strives to improve the efficiency and effectiveness of our audit process in order to better serve our audit clients.

## OTHER PROFESSIONAL SERVICE OFFERINGS

We know our clients operate in a complex financial and compliance focused environment. At times, clients face challenges that only our expertise can assist with. These circumstances have strengthened our relationship with clients through services that are beyond the basic engagement. Brown, Edwards can provide a number of professional services, visit us at [becpas.com](http://becpas.com) to learn more.

## QUALIFICATIONS AND EXPERIENCE

We have assembled a dedicated team of professionals to serve the needs of the WVOIC. These individuals bring a wide range of experience, professionalism, and insight to your engagement. They each have proven records with other governmental entities. Our service team is exceptionally well suited to meet your needs because:

- Our firm's experience and commitment to continuing to build our governmental practice ensures that your questions and concerns are addressed promptly.
- Our local presence provides immediate availability of resources, expertise, and decision-making on the WVOIC's engagement.
- Our people have experience and knowledge that is relevant to the financial, accounting, information technology, and other business considerations facing the WVOIC.
- Our people are active members in various governmental organizations and associations, and maintain a strong professional relationship with FARS, the GFOA, and GASB.
- All service team members meet or exceed minimum continuing professional education requirements, including the stringent requirements under the GAO Yellow Book.

People make the difference in professional relationships. We believe communication and personal chemistry are particularly important elements of client relationships, especially in the dynamic governmental arena. Our professionals are skilled in this field, and we expect you will feel comfortable with their expertise and commitment. A short introduction to your service team is listed below with full resumes listed in **Appendix A**.

**Engagement Partner** – Robert E. Adams, CPA, CGMA, is a partner with Brown Edwards who has extensive experience in serving governmental and not-for-profit clients and will serve as the lead partner for the WVOIC. In this role, Rob will assume primary responsibility for the successful completion of the engagement and will maintain contact with you and senior management of the WVOIC throughout the engagement to ensure that services and resources are provided to the WVOIC in a timely manner. Rob will also provide technical expertise to the team and perform review and supervision procedures.

**Concurring Partner** – Chris Banta, CPA, CFE, is a partner with Brown Edwards with 20 years of governmental and nonprofit entity experience and will serve as concurring partner for the engagement. The role of the concurring partner is an essential element of Brown Edwards' quality processed services. Chris will be available to consult with the team on accounting and reporting matters and provide technical expertise.

**Audit Director** – Anthony Carpenter, CPA, is a director at Brown Edwards with many years of specialized experience with governmental entities and nonprofit organizations. Anthony will be responsible for developing our approach, supervising and coordinating the efforts of the engagement team, identifying and researching technical issues, and administrative matters. Anthony will be in contact with you to ensure your needs and deadlines are met and will be onsite to manage the audit process on a daily basis.



## QUALIFICATIONS AND EXPERIENCE (CONTINUED)

**Audit Manager** – Staunton Gorrell, CPA, is a manager at Brown Edwards with multiple years of specialized experience with governmental entities and nonprofit organizations. Staunton will be focused on supervising our engagement and assisting all personnel assigned on a daily basis.

**Information Technology Director** – Cindy Gross, CPA, CISA, C|EH, is an information technology director with extensive experience with governmental entities and nonprofit organizations. Cindy will serve as a consultant to the engagement. In this role, she will be available to provide technical expertise throughout the engagement.

## CONTINUING PROFESSIONAL EDUCATION

One of the best measures of a firm's commitment to its audit practice is the depth of specialized training provided to its professionals. Brown Edwards provides internal and external training on governmental accounting, auditing, reporting, and operations in excess of the GAO requirements. In addition, our membership in the AICPA's Governmental Audit Quality Center requires additional levels of continuing professional education to maintain our membership. We continually monitor the issuance of technical auditing and accounting pronouncements and provide our personnel with specialized training in these areas. Professionals at all levels receive specialized training in seminars and courses presented by nationally recognized experts in governmental and nonprofit accounting, auditing and financial reporting. Brown Edwards' professional staff has met all continuing professional education requirements.

## COMMITMENT TO PROVIDE CONTINUITY OF STAFF

Our staffing and scheduling policies have historically been very successful in maximizing audit team continuity from year to year. Effective staff recruiting and retention is a top priority for our firm, because we realize that our most valuable investment is our people. We recruit only those who have achieved a high academic standing and have demonstrated commitment, ambition, and leadership skills, and offer them a proactive approach to staff development that includes a mentoring program, comprehensive training at every level, and performance evaluations after every significant engagement.

We view continuity of engagement teams to be in the best interest of the Firm and our clients. Staff repetition enhances audit effectiveness and efficiency, and is our guiding principle in scheduling. When personnel changes are unavoidable, the depth of our pool of experienced professionals gives us the ability to select a replacement with similar qualifications and levels of experience for your audit team. We understand that the WVOIC reserves the right to request staff changes throughout the term of the contract.

## OVERALL CHARLESTON OFFICE EXPERIENCE

The Charleston office of Brown Edwards, including the former firm of Gibbons & Kawash, has a long tradition of providing the highest quality professional services to governmental clients. The Brown Edwards' Charleston office includes recent public sector experience with the following entities:

- City of Charleston, West Virginia
- Central West Virginia Regional Airport Authority
- Charleston Area Alliance
- Kanawha County Commission
- Kanawha County Sheriff's Department
- Kanawha Valley Regional Transportation Authority
- Kanawha County Regional Development Authority
- Region III Planning and Development Council
- Region VII Planning and Development Council
- School Building Authority of West Virginia
- Tobacco Settlement Finance Authority of West Virginia
- West Virginia Affordable Housing Trust Fund
- West Virginia Alcohol Beverage Control Administration
- West Virginia Bar Foundation
- West Virginia Board of Treasury Investments
- West Virginia Consolidated Public Retirement Board
- West Virginia Department of Transportation
  - Division of Motor Vehicles
  - Division of Public Transit
  - Aeronautics Commission
  - Public Port Authority
- West Virginia Division of Highways
- West Virginia Drinking Water Treatment Revolving Loan Fund
- West Virginia Economic Development Authority
- West Virginia Housing Development Fund
- West Virginia Infrastructure and Jobs Development Council
- West Virginia Jobs Investment Trust
- West Virginia Lottery Commission
- West Virginia Municipal Pensions Oversight Board
- West Virginia Parkways Authority
- West Virginia Prepaid College Tuition and Savings Plan
- West Virginia Public Service Commission
- West Virginia Regional Jail and Correctional Facility Authority
- West Virginia Solid Waste Management Board
- West Virginia State Bar
- West Virginia State Rail Authority
- West Virginia Water Development Authority
- West Virginia Water Pollution Control Revolving Loan Fund

## RECENT ENGAGEMENTS WITH THE STATE OF WEST VIRGINIA

The following is a list of engagements with the State of West Virginia from the Charleston office of Gibbons & Kawash, now Brown Edwards, for the past five years.

<u>West Virginia Engagements</u>	<u>Principal Contact</u>	<u>Scope of Work</u>	<u>Years Served</u>
<b>West Virginia Lottery Commission</b>	Dean Patrick 304-558-0500	GAS	2015-2019
<b>West Virginia Division of Highways</b>	Susan Creager 304-558-9420	GAS	2015-2016
<b>Tobacco Settlement Finance Authority of WV</b>	Jane Shinn 304-558-4083	GAS	2015-2019
<b>West Virginia Infrastructure and Jobs Development Council</b>	Sheila Miller 304-414-6500	GAS	2015-2019
<b>West Virginia Water Development Authority</b>	Sheila Miller 304-414-6500	GAS	2015-2019
<b>West Virginia Drinking Water Treatment Revolving Loan Fund</b>	Sheila Miller 304-414-6500	GAS / UG	2015-2019
<b>West Virginia Jobs Investment Trust</b>	Andy Zulauf 304-345-6200	GAS	2015-2019
<b>West Virginia Economic Development Authority and affiliated entities</b>	Jackie Browning 304-558-3650	GAS	2015-2019
<b>West Virginia Water Pollution Control Fund</b>	Katheryn Emery-Fultineer 304-926-0499	GAS / UG	2016-2019
<b>West Virginia Alcohol Beverage Control Administration</b>	Julia Jones 304-356-5510	GAS	2015-2019
<b>West Virginia Solid Waste Management Board</b>	Scott Norman 304-926-0448	GAS / AUP	2015-2019
<b>West Virginia Prepaid College Tuition and Savings Plan</b>	Greg Curry 304-340-2702	GAS	2016-2019
<b>West Virginia Board of Treasury Investments</b>	Kara Hughes 304-340-1564	GAS / AUP	2015-2019
<b>West Virginia Housing Development Fund</b>	Chad Leport 304-391-8644	GAS / UG	2015-2019
<b>West Virginia Consolidated Public Retirement Board</b>	John Galloway 304-558-3570	GAS	2015
<b>West Virginia Municipal Pensions Oversight Board</b>	Michelle Painter 304-356-2422	GAS	2015 and 2019

## CONSULTING ACTUARIES

### EXPERTISE OF CONSULTING ACTUARIAL STAFF

Actuarial Risk Management (ARM) will serve on the engagement team as consulting actuaries for the audit of the WVOIC. They are consulting actuaries, who routinely work in conjunction with audit teams across the U.S., possess the actuarial credentials, industry experience requirements and review expertise needed to adequately discharge these responsibilities.

### ABOUT ACTUARIAL RISK MANAGEMENT

ARM has been an independent member of the BDO Alliance USA since 2006, and provides risk management and actuarial services to BDO and BDO Alliance firms in a similar role as the “Big-4” accounting firms with their own dedicated staff. ARM covers all industries in the private sector with employee related risks, like retirement and medical cover, to those employer related risks that are self-insured, like workers compensation, medical malpractice, general liability and the like. ARM also supports public sector agencies at the local and state levels too that also contend with similar risk exposures as the private corporate entities. ARM has specialty experience too with insurance company underwriting and capital management needs. ARM’s objective is to provide independent practical advice and creative solutions to complex risk problems facing insurance, business, and government entities.

ARM’s multidiscipline team blends experts from industry, academia, regulatory and corporate worlds. ARM brings the latest technological tools, ranging from globally recognized modeling projection software for our insurance clients to proprietary claims analysis tools for both healthcare payors and providers along with those clients with self-insured programs.

### ARM SERVICES

#### *ACTUARIAL VALUATION SERVICES*

The centerpiece of traditional actuarial consulting services is the annual actuarial valuation of the risk program, like workers compensation. For these types of valuation, ARM gathers information about the programs then analyzes the experience to develop a set of reasonable and appropriate balance sheet program liabilities. These results are summarized in a formal report to a client after which ARM provides any necessary clarifications or insight into the methods, assumptions and results under review by an auditor or regulator.

#### *ACTUARIAL AUDITS AND REVIEWS*

ARM provides a range of actuarial audit and review services. ARM has supported the audits of private and public sector organizations of all sizes and jurisdictions, both local and nationally/internationally. ARM brings an audit support team steeped in auditor experience developed from “Big-4” positions.

## CONSULTING ACTUARIES (CONTINUED)

### ACTUARIAL EXPERIENCE STUDIES

The key to producing accurate valuations is to ensure assumptions underpinning the valuation are sound and historically relevant to the entity with the program. In the case of WVOIC, the assumptions under review will be assessed to determine if creditable experience studies for the basis of assumption development where possible. Such studies are vital for exploring past effects of death, disability, and other impairments with the population exposed to the risk program.

### OUR CONSULTING ACTUARIES

The consulting actuaries that would comprise the review team for WVOIC are as follows:

<u>Consulting Actuary</u>	<u>Industry Experience</u>
Kofi Boaitey	Over 20 years
David Rakowski	Over 15 years
Kristine Fitzgerald	Over 25 years

We have also enclosed resumes in **Appendix C** for each of these consulting actuaries. The review team will be led by Kristine Fitzgerald, who will serve as the lead actuary. **Appendix E** includes information about ARM's practice, including workers compensation services provided to clients such as the Commonwealth of Kentucky which are similar to the WVOIC.

### BDO RESOURCES

BDO provides national resources to serve the insurance industry through the substantial insurance experience of partners and senior managers across the nation, including several workers' compensation carriers. BDO is a significant auditor of insurance companies based on net written premiums.

### ADDITIONAL STAFF

Additional staff will be assigned as necessary. Brown Edwards consistently invests in our recruiting program to ensure that we hire the best available employees to serve our clients. All non CPA's will be supervised by CPA's.

Occasionally, there will be a need to change professional staff assigned to the engagement. We believe our depth and internal quality control policies will ensure the quality of any staff changes to the engagement. If any directors, supervisory staff, audit seniors, or consultants need to be changed, we will provide the WVOIC with notification and any necessary background information on the team members. We understand that the WVOIC has the right to approve or reject replacements based upon their qualifications, experience or performance.

## SERVICE APPROACH

### SERVICE PHILOSOPHY

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

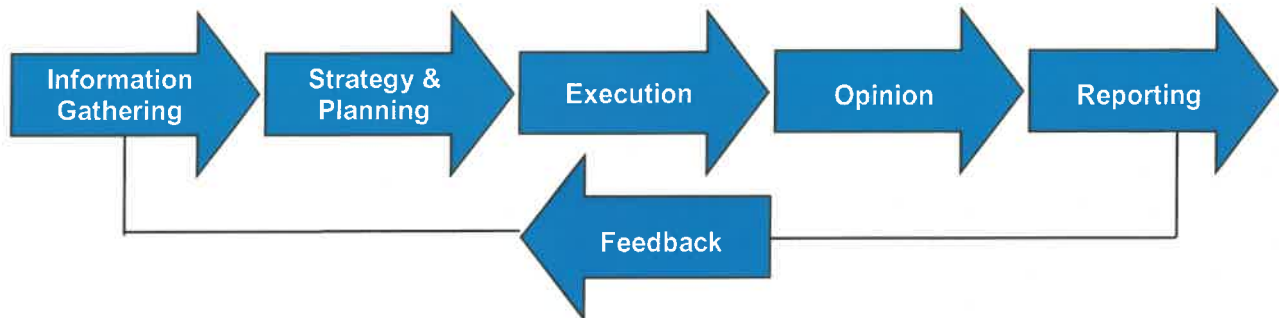
### CLEAR COMMUNICATION

We value the candid exchange of ideas and opinions with our clients, and we maintain an open and robust dialogue with management and those charged with governance. We believe that communication is the most important tool for maximizing audit efficiency and effectiveness. There is no value to be derived from audit information unless it is communicated to the client in an effective and timely manner. Our approach emphasizes the importance of communication during all phases of the audit process. Good communication is the key to **no surprises!**

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

## OUR METHODOLOGY

Our methodology is broken down into six phases:



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

## AUDIT APPROACH OVERVIEW

We recognize that every organization we serve is unique. Effective and thorough planning is the key to ensuring that our approach is tailored to meet your specific needs and is the cornerstone of successful engagement management. Our audit approach is designed to assess risk in relation to specified audit objectives to ensure an effective and timely audit. We evaluate the internal controls that you have established to safeguard assets and to provide for the preparation of accurate financial information. After documenting our understanding of the controls in the accounting system, we perform walkthroughs and design tests of internal controls over financial reporting, as necessary. We then design substantive testing procedures and plan our response to other favorable and unfavorable factors we identify during our risk assessment.

The risk and control assessments and substantive procedures provide evidence to support our audit opinion and provide us with a basis for making internal control and operational recommendations. Materiality is evaluated based on factors deemed important to the users of the WVOIC's financial statements, including assessments of selected qualitative measures. Our goal here is to get beyond the numbers, to develop a clear understanding of your organization, your goals and objectives, and the environment in which you operate.

## AUDIT APPROACH OVERVIEW (CONTINUED)

Our approach emphasizes up-front planning. During the planning phase, we will gain an understanding of the WVOIC and its internal controls, to the extent necessary to plan our audit. This will involve one-on-one interviews with various personnel. We then perform “walkthroughs” of key internal controls and conduct interviews with personnel to corroborate our understanding. Our approach places significant emphasis on identifying and determining that key controls of each entity have been implemented. This allows us to appropriately design our substantive audit procedures in well-controlled environments.

In addition, we will seek to identify areas that might be of higher risk. We perform analytical procedures of trends and relationships reported in the balances of financial statements at the account and grouping levels. During this time, we will also inquire of WVOIC personnel as to whether there are changes to their operations requiring us to address compliance with new laws and regulations as we plan our audit. We also review internal documents, such as by-laws, minutes, written policies and procedures, contracts, and agreements.

Utilizing this information, we assess the risks associated with your audit, including fraud, and adapt our audit strategy accordingly. A thoughtful, rigorous risk assessment process forces us to focus our efforts and to be as efficient and effective as possible. We also perform an engagement team “brainstorming” session to identify ways in which the financial statements could be misstated, especially as related to misappropriation or intentional misstatement. Our partners and directors are highly involved in this exercise.

Once we have made these critical decisions, we tailor our specific audit procedures and approach accordingly. We also factor the potential impact of newly issued technical pronouncements into the overall plan. To assist with controlling audit costs, we work with our clients to fully utilize their internal resources by developing comprehensive client assistance packages.

The comprehensive planning process is the cornerstone of adapting our audit approach to the needs identified by risk assessment for the WVOIC. The audit approach we take is both innovative and prudent in responding to the risk assessment; and its impact on the opinion provided on the financial statements of the WVOIC. These items help to determine the quality and quantity of audit evidence required to limit that risk to an acceptable level.



## INTERNAL CONTROL

As mentioned previously, obtaining an understanding of internal controls is an important part of the risk assessment process. We will obtain an understanding of the interrelated components of internal control including:

- a. Control environment
- b. Risk assessment
- c. Information and communication
- d. Monitoring
- e. Control activities

Our understanding of internal control will be sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Our understanding of internal controls incorporates two primary elements - the evaluation of the design of the control and a determination of whether it has been implemented. We will identify key controls and perform walkthroughs, observations, and inquiries to determine that they have been implemented.

Generally accepted auditing standards require that we gain an understanding of the information technology internal control system sufficient to plan our audit. As part of that process, we utilize experienced technology personnel. We have obtained this experience performing IT assessment procedures for various size companies, from public companies for Sarbanes-Oxley Information Technology requirements, governments, colleges, and financial institutions. Our professionals will interview your IT personnel for the purpose of evaluation of IT risks and controls relevant to the audit. In most cases, this review results in the identification of previously unknown areas of risk and areas where controls and/or processes could be improved.

Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed.

## CONSIDERATION OF LAWS, REGULATIONS, CONTRACTS AND GRANTS

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

## AUDIT PLAN AND EXECUTION

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

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

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

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

We will issue our report on the fair presentation of the WVOIC's financial statements in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We will inform the WVOIC of each of the following:

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

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

## SCOPE OF WORK

Brown Edwards will perform all mandatory requirements specified in Section 4.0 of the CRFQ, including the following:

Brown Edwards will express an opinion on the fair presentation of financial statements in conformity with generally accepted accounting principles.

Brown Edwards will prepare all supporting schedules required by the Department of Administration for the preparation of the State's Comprehensive Annual Financial Report (CAFR).

Brown Edwards shall also be responsible for assisting in the implementation of supplementary information required by the Governmental Accounting Standards Board (GASB) as mandated by generally accepted accounting principles.

The audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, and *Government Auditing Standards* as prescribed by the Comptroller General of the United States.

Brown Edwards shall provide the deliverables as shown in the Audit Timeline below.

All necessitated meeting and/or conference calls will be conducted in the Eastern Standard Time zone, during the hours of 8:00am to 5:00pm, Monday thru Friday.

Prior to beginning field work, Brown Edwards will provide a detailed work plan that will identify the major tasks to be accomplished and be used as a scheduling and managing tool, as well as the basis for invoicing. The work plan will be submitted in accordance with the timeline provided below. The work plan will conform to the tasks and the timeline included herein below. Specifically, the audit work plan will describe, in detail, the audit approach for the actuarially determined workers' compensation related liabilities for the various WVOIC funds.

## AUDIT TIMELINE

<b>Required Submission or Event</b>	<b>Required Completion/ Submission Date</b>
Entrance conference	Prior to June 30, 2020
Any interim work must be completed	Prior to June 30, 2020
Detailed audit plan	July 20, 2020
Field work to begin	On or after August 31, 2020
Unsigned final draft with all modifications to the WVOIC management for final review	October 5, 2020
Final signed report submitted to the WVOIC and to FARS (PDF Format)	October 8, 2020
25 copies of final bound audit report submitted to the WVOIC	October 22, 2020

## CONFIDENTIALITY

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

## WORKPAPER RETENTION AND ACCESS TO WORKPAPERS

All workpapers will be provided, upon request, as they pertain to any questioned costs determined in the audit. The workpapers will be concise and provide the basis for the questioned costs as well as any analysis of the problem. The workpapers will be available for examination by authorized representatives of any cognizant federal or state audit agency, the Government Accountability Office, or the WVOIC. The workpapers and reports will be retained, at our expense, for a minimum of five years, unless we are notified in writing by the WVOIC of the need to extend the retention period. In addition, we will respond to the reasonable inquiries of any successor auditor and allow the successor auditor to review workpapers relating to matters of continuing accounting significance.

## AFFIRMATIVE STATEMENTS

Brown Edwards affirms to be independent of WVOIC and licensed to practice in West Virginia.

All Brown Edwards partners and directors on the engagement are licensed CPA's with at least 5 years of audit experience with governmental entities. All manager level employees on this engagement are CPA's with 3 years of experience on governmental engagements. We understand that the state agency retains the right to approve or reject replacements based upon their qualifications, experience or performance.

All subordinates or support staff will be supervised by a licensed CPA.

Brown Edwards will make no change in personnel assigned to the project without the written approval of the Insurance Commissioner or his/her designee.

Brown Edwards has experience auditing/consulting with at least 3 different state government entities (agencies) over the past 5 years. A list of qualifying engagements is provided on page 9.

Brown Edwards has passed our 2 most recent AICPA Peer Reviews. See **Appendix B** for our most recent Peer Review report.

Brown Edwards has at least 7 CPA's on staff within the firm that are strictly audit and not tax professionals. We affirm that at least 5 of these audit professionals are in the same location (Charleston office).

Brown Edwards has not had a final audit issued that had to be reissued due to material errors or omissions discovered by West Virginia Financial Accounting and Reporting Section or other West Virginia state agency two times or more.

Brown Edwards is a member in good standing of the AICPA's Governmental Audit Quality Center.

## AFFIRMATIVE STATEMENTS (CONTINUED)

Brown Edwards has identified all subcontractors who will be used during the engagement and disclosed the qualifications of each individual. Any changes to subcontractors or subcontractor personnel will be submitted to the WVOIC for written approval of the Insurance Commissioner or his/her designee.

Brown Edwards affirms to have the necessary competency and experience, either independently, or through the use of subcontractors, to opine on the liability calculations derived by an independent consulting actuarial firm for the WVOIC's various workers' compensation funds.

Brown Edwards affirms the competence and experience for the actuarial component of the work is specifically related to workers' compensation liabilities by the following:

- A minimum of one employee, member or associate of Brown Edwards or subcontracting firm assigned to this engagement is a Fellow or Associate of the Society of Actuaries (FSA) and/or a member of the American Academy of Actuaries (MAAA).
- Brown Edwards and/or subcontracting firm will assign at least one employee, member or associate to the project that has 3 or more years of actuarial experience with workers' compensation claim loss reserve estimation and at least one employee with 2 or more years of experience in federal black lung claim loss estimation.
- Brown Edwards has disclosed the names and experience of the individuals that will perform the actuarial component of the audit in this proposal and will obtain approval from WVOIC for the individuals named in response to this subsection prior to making any substitutions for the persons identified.

## APPENDIX A – RESUMES



**Rob Adams, CPA, CGMA**  
Engagement Partner  
304-343-4188  
readams@BEcpas.com

#### PROFILE

- Partner is our Charleston office with over 25 years of experience in public accounting
- Director of Assurance Services for the Charleston office
- Extensive experience in financial reporting, accounting, internal control, auditing, review, compilation, agreed upon procedures and other professional services for the following entity types:
  - Nonprofit organizations
  - Various state and local governments
  - Closely-held businesses and public sector entities including real estate, hospitality, manufacturing, retail, wholesale, mining, and media
- Active in the AICPA's Governmental Audit Quality Center and the Charleston Partner assigned to the Center

#### CONTINUING PROFESSIONAL EDUCATION

- Rob is in compliance with all applicable CPE requirements.

#### RELEVANT EXPERIENCE

- Central West Virginia Regional Airport Authority
- Charleston Area Alliance
- Charleston Urban Renewal Authority
- City of Charleston, West Virginia
- Kanawha County, West Virginia
- Kanawha County Parks and Recreation Commission
- Kanawha Valley Regional Transportation Authority
- Metro Emergency Operations Center of Kanawha County
- School Building Authority of West Virginia
- Tobacco Settlement Finance Authority
- West Virginia Affordable Housing Trust Fund
- West Virginia Alcohol Beverage Control Administration
- West Virginia Board of Treasury Investments
- West Virginia College Prepaid Tuition and Savings Plan
- West Virginia Consolidated Public Retirement Board
- West Virginia Department of Transportation

#### EDUCATION

- Bachelor of Business Administration with a concentration in accounting, West Virginia Wesleyan College
- Graduated Magna Cum Laude

#### MEMBERSHIPS

- Certified Public Accountant in West Virginia
- American Institute of Certified Public Accountants (AICPA)
- West Virginia Society of Certified Public Accountants, Charleston Chapter
- Governmental Finance Officers' Association
- Chartered Global Management Accountant
- West Virginia Kids Count, Board Member
- Multiple local church leadership committees

- West Virginia Division of Highways
- West Virginia Economic Development Authority
- West Virginia Educational Broadcasting Authority
- West Virginia Independent Colleges and Universities
- West Virginia Infrastructure and Jobs Development Council
- West Virginia Jobs Investment Trust
- West Virginia Lottery Commission
- West Virginia Municipal Pensions Oversight Board
- West Virginia Regional Jail and Correctional Facility Authority
- West Virginia Solid Waste Management Board
- West Virginia State Rail Authority
- West Virginia Water Development Authority
- West Virginia Water Pollution Control Revolving Fund
- West Virginia Drinking Water Treatment Revolving Loan Fund



**Chris Banta, CPA, CFE**  
 Concurring Partner  
 540-345-0936  
 cbanta@BEcpas.com

**PROFILE**

- Partner and Firm Coordinator of Brown Edwards state and local government practice with over 20 years of experience
- Specializes in municipalities, electric cooperatives, not-for-profit organizations, and HUD properties
- Coordinates the compliance auditing aspect of the annual audits of municipal and nonprofit clients, including APA compliance and transmittal form preparation, single audit compliance, FAA compliance, RUS compliance, and NTD reporting compliance
- Member of Brown Edwards' peer review services team
- Certified Fraud Examiner, providing internal control reviews, fraud examinations, forensic accounting services, and litigation support services
- **Coordinates with the Virginia Bureau of Insurance on various Brown Edwards' client audits**

**CONTINUING PROFESSIONAL EDUCATION**

- Chris is in compliance with all applicable CPE requirements.

**RELEVANT EXPERIENCE**

- West Virginia Board of Treasury Investments
- County of Frederick, Virginia
- County of Bedford, Virginia
- Montgomery County, Virginia
- Riverside Regional Jail Authority
- City of Falls Church, Virginia
- City of Colonial Heights, Virginia
- City of Winchester, Virginia
- City of Lynchburg, Virginia
- City of Harrisonburg, Virginia
- City of Staunton, Virginia
- Roanoke City Public Schools
- Virginia Tech/Montgomery Airport Authority
- Town of Blacksburg, Virginia

**EDUCATION**

- Bachelor of Science in Accounting from Virginia Tech

**MEMBERSHIPS**

- American Institute of Certified Public Accountants (AICPA), the Virginia Society of Certified Public Accountants (VSCPA), the Virginia Government Finance Officers' Association (VGFOA), the National Society of Accountants for Cooperatives (NSAC), and the Association of Certified Fraud Examiners (ACFE)
- Past Treasurer (also former President) of the Grandin Theatre Foundation
- Current Board Member of the Virginia Museum of Transportation and Boys and Girls Club of Southwest Virginia
- Member of the Kiwanis Club of Roanoke, serving as chair of the Career Technical Education Scholarship Committee
- Virginia Resources Authority
- Virginia Tobacco Settlement Financing Corporation
- Greater Lynchburg Transit Company
- Bedford Regional Water Authority
- Town of Bedford, Virginia
- Town of Culpeper, Virginia
- Town of Vinton, Virginia
- Town of Tazewell, Virginia
- City of Charlottesville, Virginia
- County of King William, Virginia
- County of New Kent, Virginia
- Coordinated Services Management





## Anthony Carpenter, CPA

Director

304-343-4188

acarpenter@BEcpas.com

### PROFILE

- Director in the Charleston office with over 12 years of experience in public accounting with a concentration in Accounting and Assurance Services
- Primarily works for non-profit organizations, local and state governmental agencies, closely held businesses, and retirement plans

### CONTINUING PROFESSIONAL EDUCATION

- Anthony is in compliance with all applicable CPE requirements.

### RELEVANT EXPERIENCE

- Central West Virginia Regional Airport Authority
- Charleston Area Alliance
- City of Charleston, West Virginia
- EastRidge Health Systems
- Hatfield-McCoy Regional Recreational Authority
- Kanawha County, West Virginia
- Kanawha Valley Regional Transportation Authority
- Public Service Commission of West Virginia
- School Building Authority of West Virginia
- Seneca Health Services
- United Methodist Foundation of West Virginia, Inc.
- Valley Healthcare System
- West Virginia Affordable Housing Trust Fund
- West Virginia Board of Treasury Investments
- West Virginia Consolidated Public Retirement Board
- Tobacco Settlement Finance Authority
- West Virginia Alcohol Beverage Control Administration
- West Virginia Jobs Investment Trust

### EDUCATION

- Bachelor of Business Administration with a concentration in accounting, West Virginia State University

### MEMBERSHIPS

- Certified Public Accountant In West Virginia
- American Institute of Certified Public Accountants (AICPA)
- West Virginia Society of Certified Public Accountants (WVSCPA)
- Leadership Kanawha Valley
- Emerging Leaders Academy

- West Virginia Drinking Water Treatment Revolving Loan Fund
- West Virginia Division of Highways
- West Virginia Housing Development Fund
- West Virginia Independent Colleges and Universities
- West Virginia Infrastructure and Jobs Development Council
- West Virginia Lottery Commission
- West Virginia Municipal Pensions Oversight Board
- West Virginia Parkways Authority
- West Virginia Regional Jail and Correctional Facility Authority
- West Virginia Solid Waste Management Board
- West Virginia Water Development Authority
- West Virginia Water Pollution Control Revolving Fund
- Young Men's Christian Association of Kanawha Valley, Inc.



## Staunton Gorrell, CPA

Manager

304-343-4188

sgorrell@BEcpas.com

### PROFILE

- Manager in the Charleston office with over 6 years of experience in public accounting with a concentration in Accounting and Assurance Services
- Primarily works in the Nonprofit and Governmental Niche

### RELEVANT EXPERIENCE

- Central West Virginia Regional Airport Authority
- West Virginia Alcohol Beverage Control Administration
- West Virginia Water Pollution Control Revolving Fund
- Region III Planning and Development Council
- West Virginia Housing Development Fund
- West Virginia Lottery Commission
- West Virginia Solid Waste Management Board
- City of Charleston, West Virginia
- Kanawha County, West Virginia
- School Building Authority of West Virginia
- United Methodist Foundation of West Virginia, Inc.
- West Virginia Consolidated Public Retirement Board
- YMCA of Charleston, WV, Inc.
- Heart and Hand Outreach Ministries
- Woodson Center
- Jackson County Development Center
- University of Charleston
- West Virginia Municipal Pensions Oversight Board

### EDUCATION

- Bachelor of Business Administration in Finance, James Madison University

### MEMBERSHIPS

- Certified Public Accountant in West Virginia
- American Institute of Certified Public Accountants (AICPA)
- West Virginia Society of Certified Public Accountants (WVSCPA)
- Treasurer, Charleston FestiVALL

### CONTINUING PROFESSIONAL EDUCATION

- Staunton is in compliance with all applicable CPE requirements.



Cindy Gross, CPA, CISA, C|EH  
Information Technology Director  
540-434-6736  
cgross@BEcpas.com

#### **PROFILE**

- Information technology specialist in the Harrisonburg office with over 15 years of public accounting experience providing IT audits and consulting services to a wide range of entities including financial services, technology, and healthcare entities
- Services include SOX compliance, SSAE 16/18 audits, SOC 2 audits, IT risk assessments, and IT internal audit
- Has over fifteen years of experience in systems development and design
- Experience performing information technology assessments for local government, private industry, financial institutions, and colleges and universities

#### **CONTINUING PROFESSIONAL EDUCATION**

- Cindy is in compliance with all applicable CPE requirements

#### **EDUCATION**

- Master of Professional Accountancy from the University of Texas
- Master in Computer Programming and Information Systems from Shepherd University

#### **MEMBERSHIPS**

- American Institute of Certified Public Accountants (AICPA) and the Virginia Society of Certified Public Accountants (VSCPA)
- Information Systems Audit and Control Association
- Certified Information Systems Auditor
- Certified Information Auditor through ISACA
- Certified Ethical Hacker through EC-Council

## APPENDIX B – PEER REVIEW REPORT



## Report on the Firm's System of Quality Control

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 inspection in effect for the year ended May 31, 2018. 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](http://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 the Single Audit Act, and audits of employee benefit plans.

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 Brown Edwards & Company L.L.P. applicable to engagements not subject to PCAOB inspection in effect for the year ended May 31, 2018, 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*.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
October 17, 2018

## APPENDIX C – CONSULTING ACTUARIES

## Appendix C

### CONSULTING ACTUARIES

# YOUR ENGAGEMENT TEAM

#### Engagement Partner

**David K. Raikowski, Senior Actuary and Principal, ACAS, MAAA, FCA**

Mr. Raikowski is an Associate of the Casualty Actuarial Society, a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries. He has been employed with Actuarial Solutions since 2002. He graduated from Hofstra University with degrees in Mathematics and Psychology. Dave is currently on the Board of the Directors of the Connecticut Captive Insurance Association. Mr. Rankowski, Senior Consulting Actuary, via the ARM Network firm, Actuarial Solutions, brings over 15 years of hands-on casualty actuarial experience with loss reserve analyses, captive feasibility studies, risk transfer analyses, estimation of premium deficiency reserves, pricing, financial reviews and has also assisted in litigation support engagements on numerous occasions.

#### Engagement – Senior Actuaries

**Kristine M. Fitzgerald, Consulting Actuary, ACAS, MAAA, FCA**

Ms. Fitzgerald is an Associate of the Casualty Actuarial Society, a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries. She graduated from Villanova University with a B.S. degree in Mathematics. Kristine has been employed with Actuarial Solutions since 1993 and has over 25 years of actuarial consulting experience in the area of property-casualty insurance. Kristine currently serves on the Vermont Captive Insurance Association's (VCIA) Membership/Marketing and Ambassador Committees as well as the Casualty Actuarial Society's Syllabus and Examination Committee

**Kofi Boaitey, ARM Senior Casualty Actuary**

Mr. Boaitey provides casualty actuarial support to ARM via his boutique Fort Worth-based actuarial and risk management consulting firm, Capital Actuarial Services (CAS), since the firm's inception in 2007. He brings over 20 years of casualty actuarial experience in loss reserving and ratemaking across most casualty lines of business. Mr. Boaitey has served as the chief actuary of two casualty insurers during the last 10 years as well as provided most of the casualty actuarial support, through a sub-contracting arrangement for Robert Hughes Associates (RHA).

APPENDIX D – FIRM LICENSE TO PERFORM  
ATTESTATION SERVICES AND TEAM MEMBER  
CPA LICENSES



## CPA License Information

**Name** ROBERT E ADAMS  
**Company Name** BROWN EDWARDS & CO LLP  
**Address** 707 VIRGINIA ST E STE 300  
**City** CHARLESTON  
**State** WV  
**Zip** 25301-2710  
**County** KANAWHA  
**License Number** [REDACTED]  
**License Type** CPA  
**Status** Active  
**Effective Date** 07/01/2018  
**Expiration Date** 6/30/2019  
**Discipline**

[Public Discipline Documents](#)



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

### Licensee Details

#### Demographic Information

**Name:** Christopher Alan Banta

#### Address Information

**Line 1:** [REDACTED]

**Line 2:**

**Line 3:**

**Line 4:** [REDACTED]

**County:** Roanoke

**Country:** United States

#### License Information

**Lic #:** [REDACTED]

**Profession:** Accountancy

**Type:** Certified Public Accountant

**Status:** Active

**Issued:** 5/18/2007

**Expiration:** 6/30/2019

### CPA License Information

---

**Name** ANTHONY LEE CARPENTER  
**Company Name** BROWN EDWARDS & CO LLP  
**Address** 707 VIRGINIA ST E STE 300  
**City** CHARLESTON  
**State** WV  
**Zip** 25301-2710  
**County** KANAWHA  
**License Number** [REDACTED]  
**License Type** CPA  
**Status** Active  
**Effective Date** 07/01/2018  
**Expiration Date** 6/30/2019

**Discipline**

**Public Discipline Documents**

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### CPA License Information

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**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** [REDACTED]  
**License Type** CPA  
**Status** Active  
**Effective Date** 07/01/2018  
**Expiration Date** 6/30/2019

**Discipline**

**Public Discipline Documents**

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**Licensee Details**

**Demographic Information**

Name: Cynthia M Gross

**Address Information**

Line 1: [REDACTED]  
 Line 2:  
 Line 3:  
 Line 4: [REDACTED]  
 County: Rockingham  
 Country: United States

**License Information**

Lic #: [REDACTED]      Profession: Accountancy      Type: Certified Public Accountant  
 Status: Active      Issued: 10/12/2017      Expiration: 6/30/2019

**Firm License Information**

<b>Firm Name</b>	BROWN EDWARDS & CO LLP
<b>Address</b>	707 VIRGINIA ST E STE 300
<b>City</b>	CHARLESTON
<b>State</b>	WV
<b>Zip</b>	25301
<b>County</b>	KANAWHA
<b>Permit Number</b>	
<b>Effective Date</b>	
<b>Current Status</b>	
<b>Expiration Date</b>	

**Authorization to Perform Attest/Compilation Services**

APPENDIX E – ACTUARIAL RISK  
MANAGEMENT PRACTICE

## Appendix E Actuarial Risk Management Practice

### SPECIFIC QUALIFICATIONS

- Examples of similar projects completed by the Engagement Team's senior actuaries as well as other relevant resources that ARM brings to the assignment.

ARM Response: The Engagement Team includes the following three qualified and credentialed senior casualty actuaries: David Raikowski, Kristine Fitzgerald and Kofi Boaitey, who collectively bring this experience:

Mr. Raikowski and Ms. Fitzgerald are credentialed actuaries associated with Actuarial Solutions. Mr. Raikowski is owner and principal of Actuarial Solutions; Kristine Fitzgerald is a consulting actuary with over 25 years of actuarial consulting experience. Actuarial Solutions has an experienced and hard-working staff, with a strong commitment to providing the best possible service to their clients. Their client list spans many small and medium-sized companies, yet includes large, more recognizable corporations, such as: General Electric, H&R Block, the National Council on Compensation Insurance (NCCI), Indiana University, the Kentucky Workers Compensation Funding Commission, SUBWAY, Kinder Morgan, the Vermont Department of Financial Regulation, the District of Columbia Department of Insurance, Securities and Banking, and the Missouri Department of Commerce and Insurance.

Mr. Boaitey, who has served as chief actuary of a mid-sized commercial P&C insurance holding company, brings a unique perspective to the Engagement Team. He started his own firm more than a dozen years ago and has provided advisory and audit support to ARM for four years. In those four years, Mr. Boaitey has conducted hundreds of audit reviews of workers compensation self-insured programs for BDO audit clients.

The list below is a subset of a large and available list of clients with a workers compensation program.

#### Kentucky Workers' Compensation Funding Commission (KWFCF)

2001, 2003, 2009, 2011, 2013, 2015, 2017 and 2019 Bi-Annual Reviews; 2012, 2014, 2016 and 2018 Interim Analyses Liability Analyses for Three Funds; Determination of Assessments

Actuarial Solutions has been engaged by the KWFCF to perform eight biennial evaluations of the workers compensation liabilities of the Special Fund, the Uninsured Employers' Fund (UEF) and the Coal Workers' Pneumoconiosis Fund (CWPF), as well as to provide biennial interim updates from 2012 to 2018. This project also involves the determination of: 1) the appropriate assessment rate on all workers compensation premium for the Special Fund (including the UEF); and 2) the assessment rates on coal workers compensation premium and on severed coal tonnage for the CWPF. The results are provided in a report to the KWFCF for use in its mandated report to the General Assembly and in a presentation to the KWFCF's Board of Directors. In order to determine an assessment rate, the loss liability must first be estimated; the liabilities for these funds have exceeded \$2 billion. This engagement requires an in-depth understanding of Kentucky statutory workers compensation benefit provisions for traumatic injuries as well as occupational disease (black lung). In addition, benefit changes, court findings and legislative updates have been reviewed for their potential impact on the CWPF's liabilities.

Missouri Department of Commerce and Insurance

2013 – Present: Rate Filing Reviews; Financial Examinations

Actuarial Solutions entered into a contract with the Department in early 2013 to provide actuarial services related to the review of insurance company product filings and other related matters. In the fall of 2013, we reviewed the proposed 1/1/14 Workers Compensation Residual Market filing on behalf of the Office of the Commissioner of Insurance (OCI). We subsequently reviewed the 7/1/14 and 7/1/15 Workers Compensation Residual Market filing on behalf of the OCI and assisted the OCI in-house actuary with the review of the 7/1/16 Workers Compensation Residual Market filing; we testified at the 2014 rate hearing upon conclusion of our review and preparation of our findings. We have also provided the OCI with in-depth reviews of the NCCI's proposed voluntary market advisory loss cost filings effective 1/1/16, 1/1/17 and 1/1/20. These reviews included analysis of all significant items reflected in the filing, interrogatories for the NCCI, a recommended loss cost change and a full report documenting our review and findings.

Additionally, we entered into a contract with the Department in early 2016 to provide financial examination services for property/casualty insurance companies. We have since been engaged to provide the actuarial review component of the financial examinations for sixteen insurance companies (including one RRG and several multi-company insurance groups). We were also retained to provide actuarial support concerning a proposed insurance company merger; Kristine Fitzgerald provided testimony at the associated regulatory hearing.

H&R Block

1994 – Present: Reserve Analysis; Statement of Actuarial Opinion; Loss Forecasts

H&R Block operates a captive insurance company, which was initially domiciled in Bermuda and redomesticated to Missouri in 2014. The captive provides workers compensation, general liability, auto liability, property, errors and omissions and tax liability guarantee coverages to both H&R Block's corporate operations and its franchises. Annually, since 1994, Actuarial Solutions analyzes the loss reserves for this captive and issues a formal Statement of Actuarial Opinion to its regulators regarding the adequacy of carried reserves. Actuarial Solutions also provides interim reviews of H&R Block's liabilities, both those insured through its captive and those which are self-insured. Loss forecasts for the prospective fiscal period are annually projected for each program, and additional services are provided on an as-needed basis.

State Insurance Fund Corporation of the Commonwealth of Puerto Rico (SIFC)

2016 – Present: Reserve Analysis; Loss Forecasts

Actuarial Solutions has been retained to determine the SIFC's workers compensation liability as of June 30 of 2016, 2017 and 2018 for workers compensation benefits on both an undiscounted and a discounted basis. We also provide loss funding forecasts, observed trends in the SIFC's historical experience, an estimate of return premium liability, the average duration of the remaining liabilities by benefit type and an assessment of premium adequacy.

National Council on Compensation Insurance (NCCI)

1990 – 2018: Rate Filings

The NCCI has retained Actuarial Solutions numerous times to assist with the analysis of workers compensation loss cost and/or rate filings and attend rate hearings. From 1990 to 1995 (when the Kentucky assigned risk pool was legislated out of business by the introduction of a State Fund) Actuarial Solutions analyzed the Kentucky workers compensation residual market data, prepared workers compensation residual market rate filings (for both traumatic as well as coal occupational disease) and attended rate hearings to defend and explain the rate filings. Over an approximate three-year period, Actuarial Solutions prepared the coal traumatic and occupational disease portion of the NCCI's Virginia loss cost filings and testified at the hearings regarding this analysis. In 2008 and 2012, the NCCI retained Actuarial Solutions to perform an independent analysis of its South Carolina loss cost filing and to attend the associated hearing. For ten (10) years, the NCCI retained Actuarial Solutions to independently analyze its Florida rate filing and to attend and testify at rate hearings before the Commissioner. In 2016, Actuarial Solutions reviewed the Castellano and Westphal decisions of the Florida Supreme Court and provided testimony regarding the rate filing made by the NCCI in Florida to reflect the impact of these decisions.

Suffolk County, New York

2004 – Present: Reserve Analysis; Budget Projections

Actuarial Solutions annually derives the liabilities associated with Suffolk County's self-insurance program. This program includes the following coverages: workers compensation; general liability; commercial auto liability and physical damage; personal injury; medical malpractice; bus liability and property. We also project Suffolk County's annual budget for each of the next five prospective calendar years; this includes loss, allocated loss adjustment expense (ALAE) and other program operating expenses. Additionally, we allocate the budget to departments within Suffolk County.  
General Electric (Electric Insurance Company)

1983 – 2005: Preparation of Rate Filings; Individual Risk Rating Plans; Statistical Reporting; Reserve Analysis

Beginning in 1983, principals of Actuarial Solutions prepared workers compensation and general liability rate filings for both the Electric Mutual Liability Insurance Company and the Electric Insurance Company, which provide insurance to General Electric, their sole commercial insured. Actuarial Solutions has also developed countrywide retrospective rating plans for General Electric's workers compensation, general liability and auto liability exposure, set up a large deductible program for use in conjunction with its workers compensation insurance in several states, and computed factors to adjust workers compensation premium from company to designated statistical reporting levels. Beginning in 2003, Actuarial Solutions was retained to project loss and expense reserves for management's use in establishing IBNR reserve levels; this analysis includes projections for workers compensation, general liability, commercial auto liability, auto physical damage, excess general liability, and several personal lines. In late 2005, GE retained in-house actuaries to take responsibility for these tasks; Actuarial Solutions has provided consulting services on an as-needed basis since that time.

Diocese of Rockville Centre

2003 – Present: Reserve Analysis

Actuarial Solutions has provided the Diocese with annual projections of ultimate loss in total and separately for numerous business centers (including five hospitals, two nursing homes, all Long Island Roman Catholic churches and charities) since 2003. These projections lead to the estimation of needed loss and ALAE reserves. This information allows the Diocese to allocate its overall costs among individual entities. The following coverages are analyzed: workers compensation, general liability, auto liability, auto physical damage and property damage. Actuarial Solutions also provides the Diocese with a projection of needed loss reserves, as well as a formal Statement of Actuarial Opinion for the portion of its liabilities insured through its captive.

Monro Muffler Brake, Inc.

2009 – Present: Reserve Analysis; Loss Forecast

Actuarial Solutions has provided a variety of actuarial consulting services to Monro. An annual actuarial review of Monro's liabilities in connection with its self-insured workers compensation coverage coinciding with its fiscal year-end is performed. Additionally, we perform interim calculations to provide Monro with an update to the prior year-end analysis. We also provide Monro with information to assist with the determination of a funding level for its upcoming fiscal year. This includes an estimate of loss and ALAE on an expected basis as well as results at higher confidence levels.

Kentucky Coal Producers Self-Insurance Fund

1995 – 2000: Reserve Analysis (Traumatic and Occupational Disease)

The Kentucky Coal Producers Self-Insurance Fund (KCP) was a self-insurance group which disbanded in 1991 and which later was declared bankrupt. In 1995, Actuarial Solutions was engaged to review the reserve levels and underlying methodology recommended by the KCP's consulting actuary. Following the initial engagement, Actuarial Solutions was retained to conduct an independent evaluation. The determination of the KCP's liabilities was highly technical, due to the presence of various specific excess and aggregate reinsurance contracts and to the complexity of state and federal black lung occupational disease benefits.

Subsequent work has included an evaluation of loss liabilities as of June 30, 2000. Both the analysis of liability as of September 1995 and the analysis as of June 30, 2000 required knowledge of traumatic and occupational disease in Kentucky, and the manner in which the Special Fund interacts with an insurance company (or self-insured) in providing benefits to an injured worker in Kentucky. The work for this client included assistance in the settlement of a lawsuit brought by the KCP against one of its reinsurers.



### Virginia Voluntary Loss Costs and Assigned Risk Rates for Coal Mine Classifications

1995 – 1999: Workers Compensation Ratemaking (Traumatic and Occupational Disease); Experience Rating

Actuarial Solutions was engaged to revise residual market workers compensation rates and voluntary loss costs and rating values for the coal mine classifications in Virginia for rate filings effective in 1996, 1997 and 1998. This work involved the collection and editing of financial experience in order to develop the indicated rate level need. Actuarial Solutions was also engaged to evaluate the impact on coal employers of adopting the revised experience rating plan; this impact had not previously been measured in an NCCI state. The evaluation involved a complicated and extensive review of individual employer experience rating modification factors. Actuarial Solutions also acted in an advisory capacity with regard to both the voluntary and residual market industrial classifications for several years.

### Kentucky Workers Compensation Insurance Plan (KWCIIP)

1983 – 1995: Ratemaking (Traumatic and Occupational Disease); Expert Testimony

Actuarial Solutions was involved in the preparation of workers compensation rate filings for the Kentucky assigned risk market from 1983 through 1995, when the KWCIIP was legislated out of business. Over the thirteen-year period, filings were prepared on behalf of all assigned risk carriers in Kentucky, separately for industrial and coal mine classifications. The rate filings included projections of ultimate loss, review of investment income, analysis of expense needs, calculation of manual rates and rating values, review of rating plans, determination of credits for small deductibles, and various other aspects. Actuarial Solutions also participated in the development of a sophisticated model for pricing coal miners' occupational disease benefits (which reflected RIB, permanent partial and permanent total occupational disease benefits). Expert testimony was provided in support of the Kentucky Residual Market Filings at numerous formal rate hearings. Annual premium for the residual market in Kentucky was well in excess of \$100 million.

### Captives

In addition to reviewing captive and RRG applications, actuarial reports and statements of opinion for regulators, our Engagement Team has collectively been responsible for preparing actuarial feasibility studies for a number of captives domiciled in various jurisdictions. These studies consider the proposed capital and surplus requirements, required premium, pro-forma financial statements, various reinsurance retention levels and federal income tax ramifications. This includes work for established captives/RRGs that covers, but is not limited to, projections of ultimate loss and associated reserve levels, Statements of Actuarial Opinion, prospective funding levels, dividend analyses, reinsurance studies, commutation (or loss portfolio transfer) studies, and FASB 113 risk transfer analyses. Our consultants have prepared feasibility studies and/or reserve opinions for numerous captive entities located in various domestic and off-shore domiciles.

**Vermont Department of Financial Regulation**

**2001 – Present: Assistance with Financial Examinations and Captive Application Reviews**

**District of Columbia Department of Insurance, Securities and Banking (DISB)**

**2005 – Present: Assistance with Financial Examinations, Feasibility Study Review**

**Michigan Department of Insurance and Financial Services (DIFS)**

**2014 – Present: Assistance with Financial Examinations for property/casualty insurance companies, pools and captives**

**Connecticut Insurance Department**

**2013 – Present: Assistance with Financial Examinations**

## APPENDIX F – REQUIRED FORMS



Purchasing Division  
 2019 Washington Street East  
 Post Office Box 50130  
 Charleston, WV 25305-0130

State of West Virginia  
 Request for Quotation  
 14 - Financial

Proc Folder: 657953

Doc Description: Audit Service for Fiscal Year

Proc Type: Central Contract - Fixed Amt

Date Issued	Solicitation Closes	Solicitation No	Version
2019-11-21	2020-01-14 13:30:00	CRFQ 0704 INS2000000002	1

**BID RECEIVING LOCATION**

BID CLERK

DEPARTMENT OF ADMINISTRATION

PURCHASING DIVISION

2019 WASHINGTON ST E

CHARLESTON

WV 25305

US

**VENDOR**

Vendor Name, Address and Telephone Number:

**FOR INFORMATION CONTACT THE BUYER**

Brittany E Ingraham

(304) 558-2157

brittany.e.ingraham@wv.gov

Signature X

FEIN # 54-0504608

DATE January 14, 2020

All offers subject to all terms and conditions contained in this solicitation

**ADDITIONAL INFORMATION:**

**Request for Quotation**

The West Virginia Purchasing Division is soliciting bids on behalf of the agency the West Virginia Offices of the Insurance Commissioner (WVOIC), an agency of the West Virginia Department of Tax and Revenue, to establish a Contract with a certified public accounting firm for audit services, per the bid requirements, specifications, terms and conditions attached to this solicitation.

INVOICE TO		SHIP TO	
ACCOUNTS PAYABLE MANAGER OFFICES OF THE INSURANCE COMMISSIONER PO BOX 50540		OFFICES OF THE INSURANCE COMMISSIONER 900 PENNSYLVANIA AVE	
CHARLESTON	WV25305-0540	CHARLESTON	WV 25302
US		US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
1	Audit services 2020				

*See pricing page*

Comm Code	Manufacturer	Specification	Model #
84111600			

**Extended Description :**

To audit the financial records and statements of the agency.  
For fiscal year 2020.

Vendor should complete the Pricing Page with total all-inclusive maximum price in US currency for audit services as described in this solicitation.

INVOICE TO		SHIP TO	
ACCOUNTS PAYABLE MANAGER OFFICES OF THE INSURANCE COMMISSIONER PO BOX 50540		OFFICES OF THE INSURANCE COMMISSIONER 900 PENNSYLVANIA AVE	
CHARLESTON	WV25305-0540	CHARLESTON	WV 25302
US		US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
2	Audit services 2021				

*See pricing page*

Comm Code	Manufacturer	Specification	Model #
84111600			

**Extended Description :**

To audit the financial records and statements of the agency.  
For fiscal year 2021.

Vendor should complete the Pricing Page with total all-inclusive maximum price in US currency for audit services as described in this solicitation.

INVOICE TO		SHIP TO	
ACCOUNTS PAYABLE MANAGER OFFICES OF THE INSURANCE COMMISSIONER PO BOX 50540		OFFICES OF THE INSURANCE COMMISSIONER 900 PENNSYLVANIA AVE	
CHARLESTON	WV25305-0540	CHARLESTON	WV 25302
US		US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
3	Audit services 2022			<i>See pricing page</i>	

Comm Code	Manufacturer	Specification	Model #
84111600			

**Extended Description :**  
 To audit the financial records and statements of the agency.  
 For fiscal year 2022.

Vendor should complete the Pricing Page with total all-inclusive maximum price in US currency for audit services as described in this solicitation.

INVOICE TO		SHIP TO	
ACCOUNTS PAYABLE MANAGER OFFICES OF THE INSURANCE COMMISSIONER PO BOX 50540		OFFICES OF THE INSURANCE COMMISSIONER 900 PENNSYLVANIA AVE	
CHARLESTON	WV25305-0540	CHARLESTON	WV 25302
US		US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
4	Audit services 2023			<i>See pricing page</i>	

Comm Code	Manufacturer	Specification	Model #
84111600			

**Extended Description :**  
 To audit the financial records and statements of the agency.  
 For fiscal year 2023.

Vendor should complete the Pricing Page with total all-inclusive maximum price in US currency for audit services as described in this solicitation.

<b>INS2000000002</b>	<b>Document Phase</b> Draft	<b>Document Description</b> Audit Service for Fiscal Year	<b>Page 4</b> of 4
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**ADDITIONAL TERMS AND CONDITIONS**

See attached document(s) for additional Terms and Conditions

**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.

Robert E. Adams, Partner  
(Name, Title)  
300 Chase Tower, 707 Virginia Street, East  
(Printed Name and Title)  
Charleston, WV 25301  
(Address)  
304-343-4188 304-344-5085  
(Phone Number) / (Fax Number)  
readams@becpas.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.

Brown, Edwards & Company, L.L.P.  
(Company)  
  
(Authorized Signature) (Representative Name, Title)  
Robert E. Adams, Partner  
(Printed Name and Title of Authorized Representative)  
January 14, 2020  
(Date)  
304-343-4188 304-344-5085  
(Phone Number) (Fax Number)



REQUEST FOR QUOTATION  
Audit Services

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**9. VENDOR DEFAULT:**

- 9.1. The following shall be considered a vendor default under this Contract.
  - 9.1.2. Failure to perform Contract Services in accordance with the requirements contained herein.
  - 9.1.3. Failure to comply with other specifications and requirements contained herein.
  - 9.1.4. Failure to comply with any laws, rules, and ordinances applicable to the Contract Services provided under this Contract.
  - 9.1.5. Failure to remedy deficient performance upon request.
- 9.2. The following remedies shall be available to Agency upon default.
  - 9.2.2. Immediate cancellation of the Contract.
  - 9.2.3. Immediate cancellation of one or more release orders issued under this Contract.
  - 9.2.4. Any other remedies available in law or equity.

**10. MISCELLANEOUS:**

**10.1. Contract Manager:** During its performance of this Contract, Vendor must designate and maintain a primary contract manager responsible for overseeing Vendor's responsibilities under this Contract. The Contract manager must be available during normal business hours to address any customer service or other issues related to this Contract. Vendor should list its Contract manager and his or her contact information below.

**Contract Manager:** Robert E. Adams

**Telephone Number:** 304-343-4188

**Fax Number:** 304-344-5085

**Email Address:** readams@becpas.com

REQUEST FOR QUOTATION  
Audit Services

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**Attachment A: Schedule for Mandatory Contract Services and Deliverables**

Required Submission or Event	Required Completion/ Submission Date
Entrance conference	Prior to June 30, 2020
Any interim work must be completed	Prior to June 30, 2020
Detailed audit plan	July 20, 2020
Field work to begin	On or after August 31, 2020
Unsigned final draft with all modifications to the OIC management for final review	October 5, 2020
Final signed report submitted to the OIC and to FARS (PDF Format)	October 8, 2020
25 copies of final bound audit report submitted to the OIC	October 22, 2020

*\*With contract renewal, an updated Schedule of Mandatory Contract Services and Deliverables will be provided.*

# West Virginia Ethics Commission



## Disclosure of Interested Parties to Contracts

Pursuant to *W. Va. Code* § 6D-1-2, a state agency may not enter into a contract, or a series of related contracts, that has/have an actual or estimated value of \$1 million or more until the business entity submits to the contracting state agency a Disclosure of Interested Parties to the applicable contract. In addition, the business entity awarded a contract is obligated to submit a supplemental Disclosure of Interested Parties reflecting any new or differing interested parties to the contract within 30 days following the completion or termination of the applicable contract.

For purposes of complying with these requirements, the following definitions apply:

*"Business entity"* means any entity recognized by law through which business is conducted, including a sole proprietorship, partnership or corporation, but does not include publicly traded companies listed on a national or international stock exchange.

*"Interested party"* or *"Interested parties"* means:

- (1) A business entity performing work or service pursuant to, or in furtherance of, the applicable contract, including specifically sub-contractors;
- (2) the person(s) who have an ownership interest equal to or greater than 25% in the business entity performing work or service pursuant to, or in furtherance of, the applicable contract. (This subdivision does not apply to a publicly traded company); and
- (3) the person or business entity, if any, that served as a compensated broker or intermediary to actively facilitate the applicable contract or negotiated the terms of the applicable contract with the state agency. (This subdivision does not apply to persons or business entities performing legal services related to the negotiation or drafting of the applicable contract.)

*"State agency"* means a board, commission, office, department or other agency in the executive, judicial or legislative branch of state government, including publicly funded institutions of higher education: Provided, that for purposes of *W. Va. Code* § 6D-1-2, the West Virginia Investment Management Board shall not be deemed a state agency nor subject to the requirements of that provision.

The contracting business entity must complete this form and submit it to the contracting state agency prior to contract award and to complete another form within 30 days of contract completion or termination.

*This form was created by the State of West Virginia Ethics Commission, 210 Brooks Street, Suite 300, Charleston, WV 25301-1804. Telephone: (304)558-0664; fax: (304)558-2169; e-mail: [ethics@wv.gov](mailto:ethics@wv.gov); website: [www.ethics.wv.gov](http://www.ethics.wv.gov).*

West Virginia Ethics Commission  
**Disclosure of Interested Parties to Contracts**

(Required by W. Va. Code § 6D-1-2)

Name of Contracting Business Entity: Brown, Edwards, & Co. Address: 300 Chase Tower, 707 Virginia Street, E  
Charleston, West Virginia 25301

Name of Authorized Agent: \_\_\_\_\_ Address: \_\_\_\_\_

Contract Number: \_\_\_\_\_ Contract Description: \_\_\_\_\_

Governmental agency awarding contract: \_\_\_\_\_

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):

**1. Subcontractors or other entities performing work or service under the Contract**

Check here if none, otherwise list entity/individual names below.

Actuarial Risk Management

**2. 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.

**3. 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: [Signature]

Date Signed: 1/14/20

**Notary Verification**

State of West Virginia, County of Kanawha:

I, TAMARA N EDELMAN, 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 14 day of JANUARY, 2020.

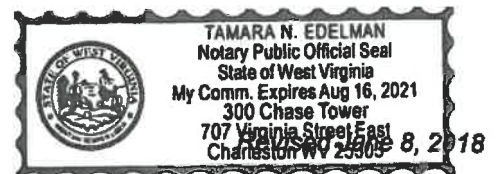
[Signature]  
Notary Public's Signature

**To be completed by State Agency:**

Date Received by State Agency: \_\_\_\_\_

Date submitted to Ethics Commission: \_\_\_\_\_

Governmental agency submitting Disclosure: \_\_\_\_\_



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 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 & Company, L.L.P.

Authorized Signature:  Date: 1/14/20

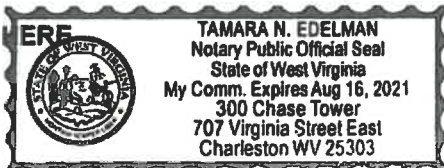
State of West Virginia

County of Kanawha, to-wit:

Taken, subscribed, and sworn to before me this 14 day of JANUARY, 2020.

My Commission expires AUGUST 16, 2021.

AFFIX SEAL



NOTARY PUBLIC 

**ADDENDUM ACKNOWLEDGEMENT FORM**  
**SOLICITATION NO.: CRFQ INS20\*02**

**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.

Brown, Edwards & Company, L.L.P.

\_\_\_\_\_  
Company

  
\_\_\_\_\_  
Authorized Signature

January 14, 2020

\_\_\_\_\_  
Date

**NOTE:** This addendum acknowledgment should be submitted with the bid to expedite document processing.  
Revised 6/8/2012

## APPENDIX G – PRICING PAGE

**Appendix G – Pricing Page**  
**Audit Services**  
**Flat Fee Pricing**

Description	Year	Extended Cost
<b>Total all-inclusive maximum price for audit services as described in this solicitation.</b>	<b>2020</b>	<b>\$76,895</b>
<b>Total all-inclusive maximum price for audit services as described in this solicitation.</b>	<b>2021</b>	<b>\$76,895</b>
<b>Total all-inclusive maximum price for audit services as described in this solicitation.</b>	<b>2022</b>	<b>\$76,895</b>
<b>Total all-inclusive maximum price for audit services as described in this solicitation.</b>	<b>2023</b>	<b>\$76,895</b>
	<b>TOTAL BID AMOUNT</b>	<b>\$307,580</b>