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## Header 1

## General Information

Contact

Default Values

Discount

Document Information

Procurement Folder: 657953

SO Doc Code: CRFQ

Procurement Type: Central Contract - Fixed Amt

SO Dept: 0704

Vendor ID: 000000184076

SO Doc ID: INS2000000002

Legal Name: CLIFTONLARSONALLEN LLP

Published Date: 12/17/19

Alias/DBA:

Close Date: 1/14/20

Total Bid: \$313,850.00

Close Time: 13:30

Response Date: 01/14/2020

Status: Closed

Response Time: 9:12

Solicitation Description: Addendum No.01 - Audit Service for Fiscal Year

Total of Header Attachments: 1

Total of All Attachments: 1



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

**State of West Virginia  
 Solicitation Response**

**Proc Folder :** 657953  
**Solicitation Description :** Addendum No.01 - Audit Service for Fiscal Year  
**Proc Type :** Central Contract - Fixed Amt

Date issued	Solicitation Closes	Solicitation Response	Version
	2020-01-14 13:30:00	SR 0704 ESR01142000000004106	1

VENDOR
000000184076 CLIFTONLARSONALLEN LLP

**Solicitation Number:** CRFQ 0704 INS2000000002

**Total Bid :** \$313,850.00      **Response Date:** 2020-01-14      **Response Time:** 09:12:20

**Comments:**

**FOR INFORMATION CONTACT THE BUYER**  
 Brittany E Ingraham  
 (304) 558-2157  
 brittany.e.ingraham@wv.gov

<b>Signature on File</b>	<b>FEIN #</b>	<b>DATE</b>
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All offers subject to all terms and conditions contained in this solicitation

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
1	Audit services 2020				\$75,000.00

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.

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
2	Audit services 2021				\$77,250.00

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.

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
3	Audit services 2022				\$79,600.00

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.

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
4	Audit services 2023				\$82,000.00

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.

Create Opportunities



January 14, 2020

Proposal to provide professional auditing services to the:  
**West Virginia Offices of the Insurance  
Commissioner**



*Prepared by:*

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[CLAconnect.com](https://www.claconnect.com)

WEALTH ADVISORY  
OUTSOURCING  
AUDIT, TAX, AND  
CONSULTING



CLA (CliftonLarsonAllen LLP)  
1966 Greenspring Drive, Suite 300  
Timonium, MD 21093  
410-453-0900 | fax 410-453-0914  
CLAconnect.com

January 14, 2020

**VIA ELECTRONIC UPLOAD ONLY**

Department of Administration, Purchasing Division  
West Virginia Insurance Agency  
2019 Washington Street East  
Charleston, WV 25305-0130

**RE: Request for Quotation (RFQ) for Audit Services – Solicitation Number: 0704 INS2000000002**

Thank you for inviting us to propose our services to you. We gladly welcome the opportunity to share our approach to helping the West Virginia Offices of the Insurance Commissioner (WVOIC) meet its need for professional services. The enclosed proposal responds to your request for audit services for fiscal years, 2020 through 2023.

We are confident that our extensive experience serving similar governmental entities, bolstered by our client-oriented philosophy and depth of resources, will make CLA a top qualified candidate to fulfill the scope of your engagement. The following differentiators are offered for the WVOIC's consideration:

- **Industry-specialized insight and resources.** As one of the nation's leading professional services firms, and one of the largest firms who specialize in the public sector, CLA has the experience and resources to assist the WVOIC with their audit needs. In addition to your experienced local engagement team, the WVOIC will have access to one of the country's largest and most knowledgeable pools of public sector resources.
- **Strong methodology and responsive timeline.** In forming our overall audit approach, we have carefully reviewed the RFP and other information made available and considered our past experience performing similar work for other municipalities. In addition to our local government clients, we currently serve more than 3,200 governmental organizations nationally. Our staff understands your complexities not just from a compliance standpoint, but also from an operational point of view. We have developed a work plan that takes into consideration your unique needs as a governmental entity in West Virginia. The work plan also minimizes the disruption of your staff and operations, and provides a blueprint for timely delivery of your required reports.
- **Communication and proactive leadership.** The WVOIC will benefit from a high level of hands-on service from our team's senior professionals. We can provide this level of service because, unlike other national firms, our principal-to-staff ratio is similar to smaller firms – allowing our senior level professionals to be involved and immediately available throughout the entire engagement process. Our approach helps members of the engagement team will stay abreast of key issues at the WVOIC, and take an active role in addressing them.
- **A focus on providing consistent, dependable service.** We differ from other national firms in that our corporate practice focuses on the needs of non-SEC clients, thus allowing us to avoid the workload compression typically experienced by firms that must meet public companies' SEC filing deadlines. CLA is organized into industry teams, affording our clients with specialized industry-specific knowledge supplemented by valuable local service and insight. Therefore, the WVOIC will enjoy the service of members of our state and local government services team who understand the issues and environment critical to governmental entities.

- **Fresh perspective.** By engaging CLA, the WVOIC will benefit from a “fresh look” at its business operations, information systems, and financial and risk management policies and procedures. You will be served by an engagement team with enthusiasm and a desire to meet and exceed expectations. We are confident that our industry experience will bring to the WVOIC new ideas, creative approaches, and fresh opportunities to meet the financial management and accountability challenges before the WVOIC.

We are confident that our technical approach, insight, and resources will result in unmatched client service for the WVOIC. For ease of evaluation, the structure of our proposal follows your RFP section titled, 3. *Qualifications.*

We are eager to work with you and welcome the chance to present our proposal to the OSA or entire management team. If you have any questions about our offerings, please do not hesitate to contact me via phone at 410-308-8157 or email [Remi.Omisore@claconnect.com](mailto:Remi.Omisore@claconnect.com).

Sincerely,

**CliftonLarsonAllen LLP**

A handwritten signature in blue ink that reads "Remi Omisore". The signature is fluid and cursive, with the first name "Remi" being larger and more prominent than the last name "Omisore".

Remi Omisore, CPA  
Principal



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### 3. Qualifications

#### 3.1 Independence and license to practice

##### Firm independence

CLA is independent of the WVOIC as required by auditing standards generally accepted in the United States and the U.S. Government Accountability Office’s *Government Auditing Standards*. Our firm-wide quality control policies and procedures foster strict compliance with these professional standards. In addition, the individuals assigned to your audit are independent of WVOIC.

##### License to practice

CLA is licensed to practice public accounting in the state of West Virginia. All assigned key professional staff are licensed certified public accountants. A majority of states, including West Virginia, have adopted mobility legislation – which is a practice privilege that generally permits a licensed CPA in good standing from a substantially equivalent state to practice outside of his or her principal place of business without obtaining another license.



West Virginia  
Board of Accountancy

### Firm Verification: Details

#### Firm License Information

Firm Name	CLIFTONLARSONALLEN LLP
Address	220 S 6TH ST STE 300
City	MINNEAPOLIS
State	MN
Zip	55402
County	
Permit Number	F0347
Effective Date	07/01/2019
Current Status	Active
Expiration Date	06/30/2020

#### Authorization to Perform Attest/Compilation Services

Active	06/30/2020
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### 3.2. Engagement team licensing

An experienced engagement team has been aligned to provide the most value to your organization. The team members have performed numerous engagements of this nature and will commit the resources necessary to provide top quality service throughout the engagement. Following are our proposed management team members:

Engagement Team Member	Role	Licensed CPA	Years Experience
Remi Omisore, CPA, MBA	<b>Engagement Principal</b>		13+
William A. "Bill" Early, Jr., CPA	<b>Technical Resource Principal &amp; Firm Wide State Agency Leader</b>		22+
Cheri King, CPA	<b>Signing Director</b>		15+
Shannon Weiss, CPA	<b>Engagement Manager</b>		7+
Gaby Miller, MAcc, CPA	<b>Engagement Manager</b>		6+

**Additional Staff\*** - We will assign additional senior associates and staff to your engagement based on your needs and their experience providing services to state and local governments. **Subordinates or support staff will be supervised by a licensed CPA.** Ideally, the staff assigned to your team will be from our Maryland and Virginia offices with state and local government as their industry focus at CLA.

**The most important resource any business has is people — the right people.**

*\*Subordinates or support staff will be supervised by a licensed CPA.*

CLA understands that WVOIA retains the right to approve or reject replacements based upon their qualifications, experience or performance. In addition, we understand that no change in personnel assigned to the project will be permitted without the written approval of the Insurance Commissioner or his/her designee.

**Detailed biographies are available in the Appendix of this proposal.**

#### **Roles and responsibilities**

**Engagement Principal** – Remi will have overall engagement responsibility including planning the engagement, developing the audit approach, supervising staff, and maintaining client contact throughout the engagement and throughout the year. Remi is responsible for total client satisfaction through the deployment of all required resources and continuous communication with management and the engagement team.

**Technical Resource Principal** – Bill will be the technical resource for the audit team as well as WVOIA personnel. Bill’s many years of serving governmental entities will be an invaluable resource.

**Engagement Manager** – Shannon and Gaby will act as the lead managers on the engagement. In this role, Shannon and Gaby will assist Remi with planning the engagement and performing complex audit areas. They will perform a technical review of all work performed and is responsible for the review of comprehensive annual financial report and all related reports.

**Signing Director** – Cheri will be the technical resource for the audit team as well as WVOIA personnel.

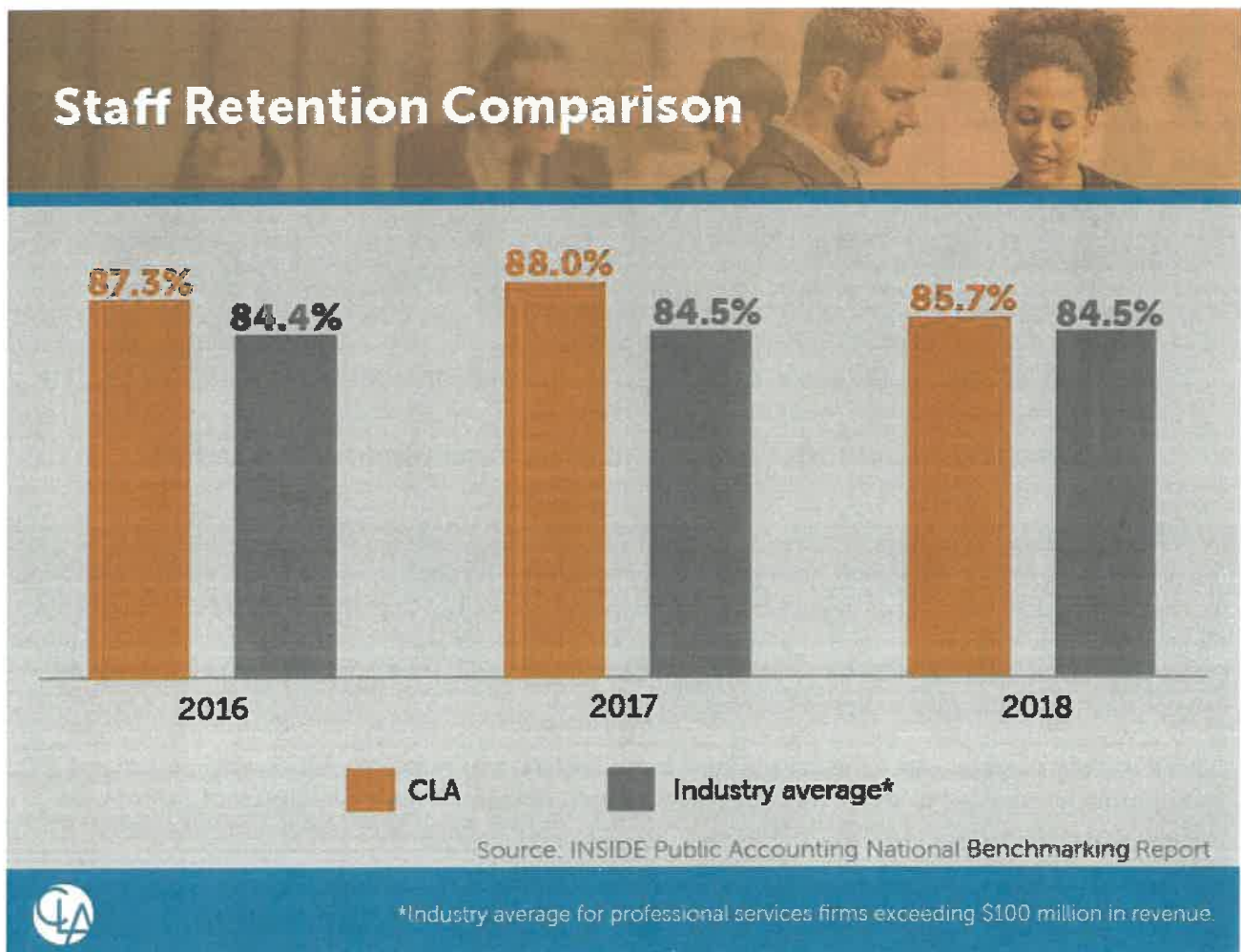


### Continuity of service

We are committed to providing continuity throughout this engagement. It is our policy to maintain the same staff throughout an engagement, providing maximum efficiency and keeping the learning curve low. We are also flexible in exploring alternative strategies to non-mandatory rotation policies.

In any business, however, turnover is inevitable. When it happens, we will provide summaries of suggested replacements and will discuss re-assignments prior to finalizing. We have an adequate number of qualified staff members to provide WVOIA with top service over the term of the engagement.

CLA is committed to maintaining high staff retention rates, which we believe are a strong indicator of service quality. Continuity results in increased efficiency and quality because staff assigned to the engagement will not have to go through a “learning curve” with annual engagements or each new project. Client staff spends less time orienting the engagement team, and more time working toward goals. With a solid, steady engagement team, each year brings the additional benefits of trust and familiarity. High retention rates also indicate that our staff members have the resources they need to perform their tasks and maintain a positive work/life balance.





### 3.3. Governmental auditing experience

#### Firm overview

CLA exists to create opportunities for our clients, our people, and our communities through industry-focused wealth advisory, outsourcing, audit, tax, and consulting services. Our broad professional services allow us to serve clients more completely — from startup to succession and beyond.

Our professionals are immersed in the industries they serve and have specialized knowledge of their operating and regulatory environments. With more than 6,100 people, more than 120 U.S. locations, and a global affiliation, we bring a wide array of approaches to help clients in all markets, foreign and domestic.



*With CLA by your side, you can find everything you need in one firm.*

#### Experience

CLA offers the credibility, reputation, and resources of a leading professional services firm — without sacrificing the small-firm touch. We bring unsurpassed levels of technical excellence, commitment, and dedication to our clients, which have made us one of the most successful professional service firms serving governmental entities. Our strong reputation for serving state and local government units provides the WVOIC the confidence in their decision to select CLA as their professional service provider.

CLA has one of the largest governmental audit and consulting practices in the country, serving more than 3,200 governmental clients nationwide. Public sector clients represent approximately one-quarter of all firm-wide revenue, and each of the government services team members are thoroughly versed in the issues critical to complex governmental entities.

Our professionals have deep, technical experience in serving governmental entities. As a professional service firm experienced in serving state and local units of government, we are very aware of the financial and legal compliance requirements that government officials are faced with daily. This creates complexities and service issues within a unique operational and regulatory environment. Because of our experience, we have become adept at providing our clients with insights in this environment not typical of other professional service firms.



## ***Clients served***

Below is a sampling of governmental clients, including state government entities, currently served by the state and local government team from our regional offices, within the last five years.

### ***States***

- Commonwealth of Pennsylvania
- State of Delaware
- State of Vermont
- State of South Carolina
- State of Mississippi
- State of New Jersey

### ***State Agencies***

- Chesapeake Regional Information
- Delaware Department of Transportation
- Maryland Workers' Compensation
- Mississippi Department of Education
- Mississippi Department of Marine Resources
- New Jersey Department of Treasury
- New Jersey Infrastructure Bank
- PA Department of Corrections
- Southeastern Cooperative Educational Programs
- Space Florida
- VA Dept. of Conservation and Recreation
- Virginia Department of Transportation

### ***Cities and Towns***

- City of Dover, DE
- City of Newark, DE
- City of Alexandria, Virginia
- City of Annapolis, Maryland
- City of Bowie, Maryland
- City of Richmond, Virginia
- City of Rockville, Maryland
- City of Takoma Park, Maryland
- City of Virginia Beach, Virginia
- Town of Easton, Maryland
- Town of Elkton, Maryland
- Town of Manchester, Maryland

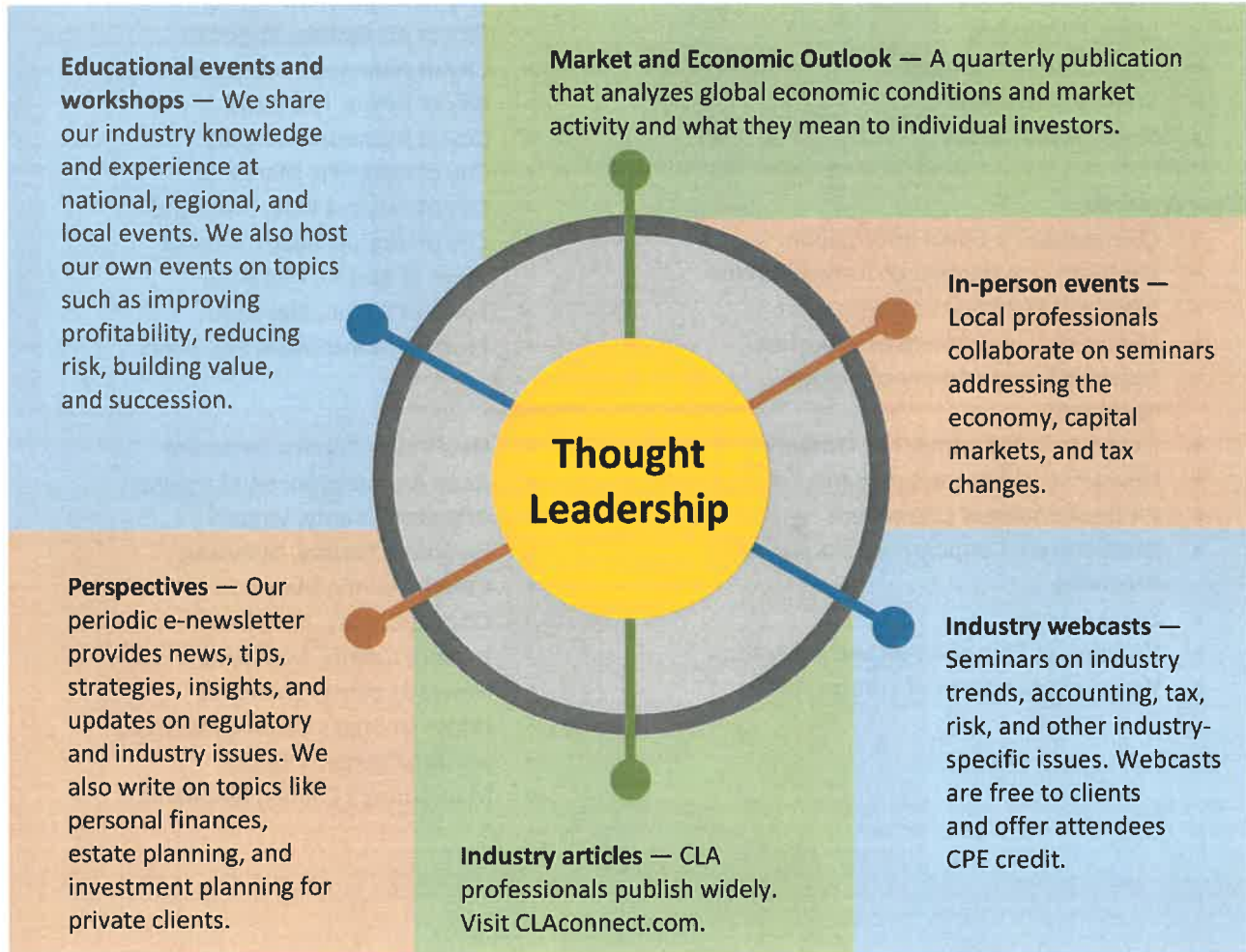
### ***Counties***

- New Castle County, Delaware
- Anne Arundel County, Maryland
- Arlington County, Virginia
- Baltimore County, Maryland
- Carroll County, Maryland
- Charles County, Maryland
- Harford County, Maryland
- Howard County, Maryland
- Prince George's County, Maryland
- Loudon County, Virginia
- Montgomery County, Maryland



## Industry participation

CLA actively supports industry education as a thought leader and industry speaker. Our firm focuses on supporting the educational needs of the industry through nationally sponsored trade events. Our team of state and local government professionals is sought after, both as educators and as experienced speakers who are invited to speak and teach at major professional events by leading trade associations.



### 3.4. Peer review

CLA has not failed our 2 most recent AICPA Peer Reviews of our audit/accounting practice.

In the most recent peer review report, dated November 2019, we received a rating of *pass*, which is the most positive report a firm can receive. We are proud of this accomplishment and its strong evidence of our commitment to technical excellence and quality service. The full report is provided on the following page.

In addition to an external peer review, we have implemented an intensive internal quality control system to provide reasonable assurance that the firm and our personnel comply with professional standards and applicable legal and regulatory requirements. Our quality control system includes the following:

- A quality control document that dictates the quality control policies of our firm. In many cases, these policies exceed the requirements of standard setters and regulatory bodies. Firm leadership promotes and demonstrates a culture of quality that is pervasive throughout the firm's operations. To monitor our adherence to our policies and procedures, and to foster quality and accuracy in our services, internal inspections are performed annually.
- Quality control standards as prescribed by the AICPA. The engagement principal is involved in the planning, fieldwork, and post-fieldwork review. In addition, an appropriately experienced professional performs a risk-based second review of the engagement prior to issuance of the reports.
- Hiring decisions and professional development programs designed so personnel possess the competence, capabilities, and commitment to ethical principles, including independence, integrity, and objectivity, to perform our services with due professional care.
- An annual internal inspection program to monitor compliance with CLA's quality control policies. Workpapers from a representative sample of engagements are reviewed and improvements to our practices and processes are made, if necessary, based on the results of the internal inspection.
- Strict adherence to the AICPA's rules of professional conduct, which specifically require maintaining the confidentiality of client records and information. Privacy and trust are implicit in the accounting profession, and CLA strives to act in a way that will honor the public trust.
- A requirement that all single audit engagements be reviewed by a designated single audit reviewer, thereby confirming we are in compliance with the standards set forth in *Uniform Guidance*.







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

November 21, 2019

To the Principals of CliftonLarsonAllen LLP  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2019. 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; audits of employee benefit plans; audits performed under FDICIA; audits of broker-dealers; and examinations of service organizations [SOC 1 and SOC 2 engagements].

As a part of our peer review, we considered reviews by regulatory entities as communicated by 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 CliftonLarsonAllen LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2019, 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*. CliftonLarsonAllen LLP has received a peer review rating of *pass*.

Cherry Bekaert LLP



### 3.5. Licensed CPA's on staff

WVOIA will be served by our specialized government engagement team located in our Baltimore, Maryland office. The table below outlines the number of CPA audit professionals within the Baltimore office, as well throughout the firm. As you will see, CLA has adequate staff to insure WVOIA will have access to a breadth of experience should an engagement team member need to be substituted.

Licensed Audit CPA's on Staff	
Baltimore Office	50
Firm wide	2,500+

### 3.6. Material errors or omissions

CLA 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.

### 3.7. Membership in the AICPA Governmental Audit Quality Center

Because CLA is committed to quality audits for our government clients, we are an active member of the Government Audit Quality Center (GAQC) of the American Institute of Certified Public Accountants (AICPA).

Launched in September 2004, the mission of the GAQC is to raise awareness about the importance of governmental audits and to serve as a comprehensive resource on the topic for member firms.



GAQC member firms must institutionalize annual internal inspection procedures, comply with continuing professional education requirements as set forth by Government Auditing Standards, and establish policies and procedures in compliance with GAQC recognized professional standards.

We leverage our membership to access resources designed to enhance audit quality and to apply audit best practices. The GAQC provides the latest developments in accounting, auditing, and the various rules and regulations that affect governmental audits. CLA's participation in the GAQC is an indicator of our dedication to quality government audits.



### 3.8 Use of subcontractor

While we are not a small or minority-owned business, we are committed to utilizing the services of such firms whenever possible. This includes using small and/or minority-owned businesses as subcontractors, as well as vendors. For this engagement, however, we do not foresee using any subcontractor. CLA strives to fill its professional positions with among the best and most experienced accountants regardless of race or gender.

### 3.9. Use of consulting actuaries

We understand that your financial statements contain many accounting estimates that are the result of actuarial valuations. For several of our large engagements and state audits, we obtain the assistance of independent actuaries to review the actuarial valuations prepared by specialists in the following areas:

- self-insurance loss liabilities (including incurred but not reported claims)
- medical assistance liability
- state workers insurance fund liability
- state unemployment funds
- other post-employment benefits (OPEB) plans
- pensions plans
- 529 guaranteed savings plans

For these actuarial valuations, our independent actuaries perform a limited scope review of the actuarial methods and assumptions to ensure they are reasonable and consistent with those used in preceding years and within industry standards. Our audit approach would consist of gaining an understanding of the significant actuarial estimates within your financial statements and with the assistance of our independent actuaries, performing a limited scope review on the associated actuarial valuations to ensure reasonableness.

We have the following actuarial firms for which we routinely contract with on our state and state agency engagements. The expected hours for subcontracted actuary services are approximately 50-100 hours. We have firm wide negotiated fixed rate for evaluations for these subcontractors on similar state engagements.

<p><b>Milliman</b> <i>William Hogan, FSA, EA, MAAA</i> Principal and Consulting Actuary 15800 W. Bluemound Road, Suite 100 Brookfield, WI 53005-6043 262-796-3364 <a href="mailto:bill.hogan@milliman.com">bill.hogan@milliman.com</a></p>	<p><b>Lewis &amp; Ellis, Inc.</b> <i>Glenn Tobleman, FSA, FSAS, MAAA</i> President and Consulting Actuary 700 S. Central Expressway, Suite 550 Allen, TX 75013 972-850-0850 <a href="mailto:gtobleman@lewisellis.com">gtobleman@lewisellis.com</a></p>
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### ***Staff Summaries – Subcontractors Assigned to this Engagement***

Below is the relevant experience for the proposed actuarial specialists assigned to this engagement. These specialists are subcontractors.

#### ***Consulting Actuary***

##### **William (Bill) Hogan, FSA, EA, MAAA, FCA**

##### **Subcontractor**

Bill is a principal and consulting actuary with the Milwaukee office of Milliman. He joined the firm in 1988. Bill is in charge of managing the Milwaukee office pension practice. He also continues to serve as a lead consultant for a number of clients with work relating to various types of retirement plans, both public and private. His responsibilities include consulting on pension actuarial work, pension administration and compliance, the actuarial valuation of retiree medical benefits to other post-employment benefits such as life insurance, nonqualified pension benefits, gift annuity reserve valuations, and expert analysis and testimony involving pension matters.

Bill has been doing actuarial work since 1978. His work has been primarily with defined benefit and defined contribution plan consulting and administration, retiree medical plan consulting, and other actuarial matters involving retirement programs including expert analysis and testimony. Bill has served both private and public employee retirement systems on a variety of subjects, including employee benefit plan design, experience studies, actuarial valuations, cost estimates, individual benefit calculations, and merger and acquisition consulting. In addition, Bill has provided expert witness services with respect to retirement benefits since he started with Milliman in 1988. These services have been provided in divorce actions, damage awards, and lost earnings.

Bill is a Fellow of the Society of Actuaries, an Enrolled Agent, a member of the American Academy of Actuaries, and Fellow of the Conference for actuaries.

#### ***Consulting Actuary***

##### **Glenn Toblemann, FSA, FCAS, MAAA**

##### **Subcontractor**

Glenn is the President and Managing Principal of Lewis & Ellis (L&E) Actuaries and Consultants. Currently, he helps keep L&E headed in the right direction as President of the company. With over 30 years of insurance and consulting experience, Glenn has gained a great deal of insight into the workings of insurance companies and businesses that choose to self-insure their insurable risks. Glenn is one of a handful of people in the U.S. who has achieved Fellowship in both the Society of Actuaries and the Casualty Actuarial Society. He has significant knowledge and experience in Life, Annuity, Health, Property and Casualty fields, and uses that expertise to help clients meet strategic goals and improve bottom-line profitability. Glenn serves as the Appointed Actuary for several clients, and appreciates the friendships that he has built with many long-term clients.





### 3.10. References

CLA offers its clients the best of two worlds — a firm with national public sector experience, complemented by a local team dedicated to accessibility and responsiveness. We are pleased to provide you with the following references, who can describe their experience in greater detail.

Local Government Insurance Trust	
<b>Client Contact</b>	Earle Beyer, Chief Financial Officer
<b>Phone Number / Email</b>	443-561-1700 / <a href="mailto:earle@lgit.org">earle@lgit.org</a>
<b>Address</b>	7225 Parkway Drive, Hanover, MD 21076
<b>Services Provided</b>	Financial Statement Audit

Prince George's County, Maryland	
<b>Client Contact</b>	Stephen J. McGibbon, Director of Finance
<b>Phone Number / Email</b>	301-952-5385 / <a href="mailto:SJMcGibbon@co.pg.md.us">SJMcGibbon@co.pg.md.us</a>
<b>Address</b>	14741 Governor Oden Bowie Drive, Upper Marlboro, Maryland 20772
<b>Services Provided</b>	Financial Statement Audit; Retirement System Audit; Single Audit; CAFR; 911 Audit; Agreed Upon Procedures related to the National Transit Database Filing

Commonwealth of Pennsylvania	
<b>Client Contact</b>	Brian Lyman, Chief Accounting Officer
<b>Phone Number / Email</b>	717-265-7275 / <a href="mailto:blyman@pa.gov">blyman@pa.gov</a>
<b>Address</b>	9th Floor Forum Place, 555 Walnut Street, Harrisburg, Pennsylvania 17101
<b>Services Provided</b>	Statewide CAFR audit in accordance with <i>Government Auditing Standards</i> , Statewide Single Audit in accordance with <i>OMB Uniform Guidance</i> , Tuition Assistance Program (529 Plan) and IT Systems auditing or consulting services for various agencies



## 4. Mandatory Requirements

### 4.1 Mandatory contract services requirements and deliverables

CLA understands that WVOIC is requesting the following mandatory requirements and will meet or exceed the requirements listed below:

- CLA will express an opinion on the fair presentation of financial statements in conformity with generally accepted accounting principles.
- CLA will prepare all supporting schedules required by the Department of Administration for the preparation of the State's Comprehensive Annual Financial Report (CAFR).
- CLA will also be responsible for assisting in the implementation of supplementary information required by the Governmental Accounting Standards Board (GASB) as mandated by generally accepted auditing standards.
- The audit will be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants. Accounting Standards of Fieldwork will be followed during the audit.
- CLA will provide the deliverables as shown in Attachment A of the RFP.
- All necessitated meetings and/or conference calls will be conducted on Eastern Time, 8:00am to 5:00pm, Monday thru Friday.

### 4.2. Detailed work plan

CLA has provided a summary work plan on the following pages that identify the major tasks to be accomplished which will also be used as a scheduling and managing tool, as well as the basis for invoicing. Prior to commencing the audit CLA will meet with WVOIC to confirm the detailed work plan.



# Additional Information

## Services Approach

Many organizations view an audit as a requirement that doesn't contribute to their overall operations or value. At CLA, we believe an audit should be an annual check-up that gives you insight into your organization, allowing you to take advantage of opportunities and improve your operations.

**Our industry experience makes it easier.** CLA auditors are industry aligned, making our audit process fast and smooth. We focus on operational efficiency and leverage our industry experience to bring you meaningful insights that go beyond compliance requirements. A dedicated team of professionals will listen to your goals and concerns, then work with you to navigate industry pressures, changing markets, and complex standards, all with a common goal to drive your business toward success.

**Your time has value.** We recognize that you and your teams' day is filled with competing priorities and constant distractions. We elevate your experience by utilizing a variety of communication mediums, such as a web-based document portal, video conferencing, email, and phone calls, to keep everyone informed and on track. These mediums provide ultimate flexibility so that you can choose where and how your audit is performed. In contrast to a traditional engagement, where a team spends weeks on site at your location, our Seamless Assurance Advantage focuses on having the right team members on your engagement and isn't dependent upon any physical locations.

**A simple transition.** We recognize changing accounting firms presents an opportunity as well as a challenge. Our approach deliberately and effectively minimizes the impact of transition.



**No surprises.** We will provide the WVOIC with a **no surprises** approach to our services, based on frequent and timely communication and clarity around roles and expectations. If and when issues arise during the course of your audit, we engage the right people in a frank discussion to resolve them.

**Significant involvement of principals and managers.** Because our principals and managers are directly involved in your engagement, we can proactively identify significant issues and resolve them with your management. We





believe that your time is best spent with key decision makers so that you can ask clarifying questions, discuss organizational strategies, and navigate sensitive reporting issues.

**We tailor the audit just for you.** While our audit programs provide typical approaches for given audit areas, CLA designs a client-specific, risk-based audit approach for each client. We use custom, industry-tailored programs, procedures, and tools that are designed specifically to focus on the issues that are applicable to state and local governments.

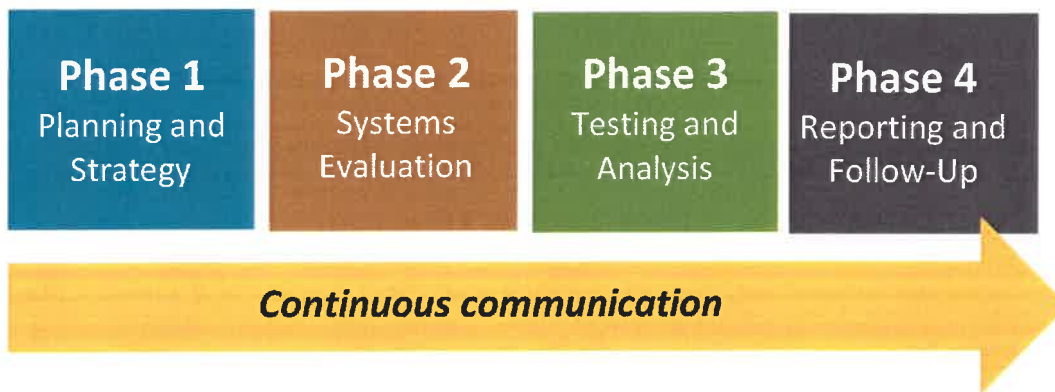
You'll learn about what we're doing and what we've found in plain, everyday language. We believe our services can contribute to better business and administrative practices. By working closely with your staff, CLA continuously learns about your organization. This involvement enables us to offer you recommendations for improvements in your systems and procedures that are more comprehensive, better understood, and more frequently implemented.

When performing an audit, we are sensitive and understanding of the fact that we report to those charged with governance. We maintain objectivity and independence in order to be able to issue our audit opinions. We will act within our philosophy of total client service, maintain the professional relationship refined with management, and fulfill our responsibilities with the utmost professionalism.

**Year-long support.** We encourage your staff to take advantage of our accessibility throughout the year for questions that may arise. Our people, working with you and your staff, can provide proactive advice on new accounting or GAAP pronouncements and their potential impact; help with immediate problems including answers to brief routine questions; and share insights and best practices to assist you in planning for your future success.

## Financial statement audit approach

We will conduct our audit in four primary phases, as shown below.



### *Phase 1: Planning and Strategy*

When performing an audit, we are sensitive to and understanding of the fact that we report to those charged with governance. We maintain objectivity and independence in order to be able to issue our audit opinions. We will act within our philosophy of total client service, maintain the professional relationship refined with management, and fulfill our responsibilities with the utmost professionalism.

The main objective of the planning phase is to identify significant areas and design efficient audit procedures. We will accomplish our planning by following the methodology below:



- Conduct an entrance meeting with the WVOIC – Remi Omisore and staff will meet with the WVOIC personnel to mutually agree on an outline of responsibilities and timeframes.

The agenda will include but not be limited to the following:

- Establish audit approach and timing schedule
  - Assistance to be provided by the WVOIC personnel
  - Application of generally accepted accounting principles
  - Initial audit concerns
  - Concerns of the WVOIC's management
  - Establishment of report parameters and timetables
  - Progress reporting process
  - Establish principal contacts
- Gain an understanding of the operations of the WVOIC, including any changes in its organization, management style, and internal and external factors influencing the operating environment. We will utilize reference materials such as the budget and related materials, organizational charts, manuals and programs, financial, and other management information systems
  - Identify significant accounts and accounting applications, critical audit areas, significant provisions of laws and regulations, and relevant controls over operations
  - Determine the likelihood of effective Information Systems (IS) - related controls
  - Perform a preliminary overall risk assessment
  - Confirm protocol for meeting with and requesting information from relevant staff
  - Establish a timetable for the fieldwork phase of the audit
  - Determine a protocol for using Interactive Data Extraction and Analysis (IDEA), our data extraction and analysis software, to facilitate timely receipt and analysis of reports from management
  - Compile an initial comprehensive list of items to be prepared by the WVOIC, and establish mutually agreed upon deadlines

We will document our planning through preparation of the following:

- ✓ **Entity Profile.** This profile will help us gain an understanding of the WVOIC activities, organizational structure, services, management, key employees and regulatory requirements.
- ✓ **Preliminary Analytical Procedures.** These procedures will assist in planning the nature, timing and extent of auditing procedures that will be used to obtain evidential matter. They will focus on enhancing our understanding of the financial results, and will be used to identify any significant transactions and events that have occurred since the last audit date, as well as to identify any areas that may represent specific risks relevant to the audit.
- ✓ **General Risk Analysis.** This will contain our overall audit plan, including materiality calculations, fraud risk assessments, overall audit risk assessments, effects of our IS assessment, timing, staffing, client assistance, a listing of significant provisions of laws and regulations and other key planning considerations.
- ✓ **Account Risk Analysis.** This document will contain the audit plan for the financial statements, including risk assessment and the extent and nature of testing by assertion.
- ✓ **Prepared by Client Listing.** This document will contain a listing of schedules and reports to be prepared by the WVOIC personnel with due dates for each item.
- ✓ **Assurance Information Exchange.** CLA utilizes a secure web-based application to request and obtain documents necessary to complete client engagements. This application allows clients to view detailed information, including due dates for all of the items CLA is requesting. Additionally, clients have the ability to attach electronic files and add commentary related to the document requests directly on the application.



One of the key elements in the planning of this audit engagement will be the heavy involvement of principals and managers. We will clearly communicate any issues in a timely manner, and will be in constant contact with the WVOIC as to what we are finding and where we expect it will lead.

We will develop our audit programs during this phase. Utilizing the information we have gathered and the risks identified we will produce an audit program specifically tailored to the WVOIC. This program will detail by major section the nature and types of tests to be performed. We view our programs as living documents, subject to change as conditions warrant.

### *Phase 2: Systems Evaluation*

During the systems evaluation phase, we will gain an understanding of the internal control structure of the WVOIC for financial accounting and relevant operations. Next, we will identify control objectives for each type of control that is material to the financial statements, and then identify and gain an understanding of the relevant control policies and procedures that effectively achieve the control objectives. Finally, we will determine the nature, timing, and extent of our control testing and perform tests of controls. This phase of the audit will include testing of certain key internal controls:

- Electronic data, including general and application controls reviews and various user controls
- Financial reporting and compliance with laws and regulations

We will test controls over certain key cycles. One audit efficiency initiative is to rely heavily on internal controls when appropriate, and to creatively look at internal control testing to make it as efficient as possible. This means not routinely performing detailed tests of transactions using large samples. We first seek to identify key controls, and then identify possible testing through alternative methods, such as observation, interviews, and re-performance. These tests serve not only to gather evidence about the existence and effectiveness of internal control for purposes of assessing control risk, but also to gather evidence about the reasonableness of an account balance.

We will also develop our internal control tests to assess the compliance with certain provisions of laws, regulations, contracts, and grants for which noncompliance could have a direct and material effect on the determination of financial statement amounts. Our use of multi-purpose tests allows us to provide a more efficient audit without sacrificing quality.

Our assessment of internal controls will determine whether the WVOIC has established and maintained internal controls to provide reasonable assurance that the following objectives are met:

- Transactions are properly recorded, processed, and summarized to permit the preparation of reliable financial statements and to maintain accountability over assets
- Assets are safeguarded against loss from unauthorized acquisition, use, or disposition
- Transactions are executed in accordance with laws and regulations that could have a direct and material effect on the financial statements

We will finalize our audit programs during this phase. We will also provide an updated Prepared by Client Listing based on our test results and our anticipated substantive testing.

During the internal control phase, we will also perform a review of general and application Information Systems (IS) controls for the applications that are significant to financial statements to conclude whether IS general controls are properly designed and operating effectively, and consider application controls as part of the internal control assessment in the financial statement audit. Our strategy for the IS review of the applications will involve



reviewing all of the general control activities, including the computerized and manual processes. We will determine the scope of work by applying the concepts of materiality and risk assessment to effectively reduce examination inefficiencies. When planning this examination, we will gain an understanding of the WVOIC's operations by reviewing its current controls and control objectives as documented, and will also review prior years' audit work and the status of corrective actions.

Based on our preliminary review, we will perform an initial risk assessment of each critical element in each general control category, as well as an overall assessment of each control category. We will then proceed to assess the significant computer-related controls.

For IS-related controls that we deem to be ineffectively designed or not operating as intended, we will gather sufficient evidence to support appropriate findings and will provide recommendations to improve internal controls. For those IS controls that we deem to be effectively designed, we will perform testing to determine if they are operating as intended through a combination of procedures, including observation, inquiry, inspection, and re-performance.

### *Phase 3: Testing and Analysis*

The extent of our substantive testing will be based on results of our internal control tests. It has been our experience that governmental entities, like the WVOIC, often have a system of internal controls that, with appropriately designed tests and

correlation to account balances, can be used to limit the extent of account balance substantiation testing.

Audit sampling will be used only in those situations where it is the most effective method of testing. Before deciding to sample, we will consider all possible approaches and audit techniques. Items where, in our judgment, acceptance of some sampling risk is not justified will be examined 100 percent. These may include unusual items or items for which potential misstatements could individually equal or exceed tolerable error.

After identifying individually significant or unusual items, we will decide on the audit approach for the remaining balance of items by considering tolerable error and audit risk. This may include (1) testing a sample of the remaining balance; (2) lowering the previously determined threshold for individually significant items to increase the percent of coverage of the account balance; or (3) applying analytical procedures to the remaining balance. When we elect to sample balances, we will use IDEA to efficiently control and select our samples.

Our workpapers during this phase will clearly document our work as outlined in our audit programs. We will also provide the WVOIC with status reports during the course of the audit fieldwork. As in all phases of the audit, we will be in communication with the WVOIC to determine that all identified issues are resolved in a timely manner. We will also hold a final exit conference with the WVOIC to summarize the results of our fieldwork and review significant findings.

### *Phase 4: Reporting and Follow-Up*

Reports to management will include oral and/or written reports regarding:

- Independent Auditors' Report
- Independent Auditors' Report on Internal Control over financial reporting and on compliance and other matters based on an audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Management Letter





- Written Communication to Those Charged with Governance, which includes the following areas:
  - Our responsibility under auditing standards generally accepted in the United States of America
  - Changes in significant accounting policies or their application
  - Unusual transactions
  - Management judgments and accounting estimates
  - Significant audit adjustments
  - Other information in documents containing the audited financial statements
  - Disagreements with the WVOIC
  - the WVOIC’s consultations with other accountants
  - Major issues discussed with management prior to retention
  - Difficulties encountered in performing the audit
  - Fraud or illegal acts

Once the final reviews of working papers and financial statements are completed, which is a process that actually starts while the fieldwork is in process, our opinion, the financial statements and management letter will be issued.

The WVOIC will be provided a draft of any comments that we propose to include in the management letter, enabling you to review the comments for accuracy prior to final release. Any items that come to our attention that are not what we consider major items may be discussed verbally with management and not included in the management letter. Our management letter will include items noted during our analysis of your operations.

We will also make a formal presentation of the results of the audit to those charged with governance of the WVOIC, if requested.

### GASB insight potentially affecting current and future audits

Our significant knowledge of technical issues and GASB pronouncements will be especially beneficial to the WVOIC. The below are recent issues and pronouncements which may have a future impact on the audits and financial statement of the WVOIC. We will proactively work with the WVOIC to address the reporting and auditing impact of each pronouncement or issue in advance of the implementation date.

GASB – Recent and Pending	
Description of Statement	Potential Impact on WVOIC
<p><b>GASB Statement No. 83, Certain Asset Retirement Obligations</b> – The objective of this statement is to provide guidance in recording and disclosing liabilities related to retirement obligations for certain tangible capital assets which have been permanently removed from service.</p>	<p>The Requirements of this statement are effective for reporting periods beginning after June 15, 2018. This statement will impact disclosures in the WVOIC’s financial statements to the extent of the occurrence of these types of capital asset retirement obligations.</p>



**GASB – Recent and Pending**

Description of Statement	Potential Impact on WVOIC
<p><b>GASB Statement No. 84, Fiduciary Activities</b> – The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. It provides criteria for identifying fiduciary activities, identifies four types of fiduciary funds and provides reporting guidance. The four fiduciary fund types are pension (and other employee benefit) trusts, investment trust funds, private-purpose trust funds and custodial funds.</p>	<p>The Requirements of this statement are effective for reporting periods beginning after December 15, 2018. Implementation of this statement will require a change in terminology from agency funds to custodial funds, along with other potential changes. WVOIC would have to report Fiduciary fund statements within its report.</p>
<p><b>GASB Statement No. 87, Leases</b> – The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.</p>	<p>The Requirements of this statement are effective for reporting periods beginning after December 15, 2019. Based on our preliminary review of this Statement, the standard would require the WVOIC to record a liability and an intangible right-to-use lease asset for all non-current (greater than 12 months) leases. There would be little or no change in existing capital leases. The impact of recording the new liabilities on the WVOIC’s legal debt margins and coverage calculations would require review and discussion with the WVOIC legal, accounting and financial advisors.</p>
<p><b>GASB Statement 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements</b> - The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-</p>	<p>The Requirements of this statement are effective for reporting periods beginning after June 15, 2018, and may impact the WVOIC’s debt footnotes.</p>





## GASB – Recent and Pending

Description of Statement	Potential Impact on WVOIC
related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.	
<p><b>GASB Statement No. 89, Accounting For Interest Cost Incurred before the End of a Construction Period</b> – The primary objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.</p>	<p>The Requirements of this statement are effective for reporting periods beginning after December 15, 2019. Interest costs during construction will be expensed as opposed to capitalized.</p>
<p><b>GASB Statement 90 - Equity Interest Ownership Issues</b> - The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.</p>	<p>The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The WVOIC should prepare an inventory of its equity holdings to determine if further evaluation is required.</p>
<p><b>GASB Statement 91 – Conduit Debt Obligations</b> - The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.</p>	<p>The Requirements of this statement are effective for reporting periods beginning after December 15, 2020. This statement will impact the WVOIC’s financial statements to the extent of the occurrence of conduit debt obligations.</p>





The following are some of the current projects being conducted by GASB that may impact the WVOIC in the future:

Future Pronouncements and Projects	
Description of Project	Current Status
<p><b>Revenue and Expense Recognition</b> - The objective of this project is to develop a comprehensive application model for the recognition of revenues and expenses that arise from nonexchange, exchange, and exchange-like transactions, including guidance for exchange transactions that has not been specifically addressed in the current literature.</p>	Currently in the invitation to comment redeliberations stage.
<p><b>Conceptual Framework – Recognition</b> – This project may affect financial statements in the future. The objective of this project is to develop recognition criteria for whether information should be reported in state and local government financial statements and when that information should be reported.</p>	Currently in the 2 <sup>nd</sup> preliminary views redeliberations stage.
<p><b>Conceptual Framework – Disclosure</b> – This project may affect financial statements in the future. The concepts being discussed include development and evaluation of notes to financial statements for the purpose of improving the effectiveness of note disclosures in government financial reports.</p>	Currently in initial deliberations.
<p><b>Financial Reporting Model</b> - The objective of the project is to make improvements to the financial reporting model including GASB Nos. 34, 35, 37, 41, 46 and Interpretation No. 6. The improvements would be to enhance the effectiveness of the model in providing information essential for decision-making, enhance the ability to assess a government’s accounting and address certain application issues.</p>	Currently in the preliminary views redeliberations stage.
<p><b>Public-Private Partnerships, including Reexamination of Statement 60</b> – The objective of this project is to address accounting and financial reporting for public-private partnerships (P3s). The project will consider (1) potential amendments to Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, and potential amended or new implementation guidance to better address accounting and financial reporting for service concession arrangements (SCAs) within its scope, and (2) potential additional accounting and financial reporting guidance for other types of public-private partnerships not within the scope of Statement 60 or subject to the provisions of Statement No. 87, Leases.</p>	Currently in the exposure draft stage. Estimated completion is Q3 2019.
<p><b>Subscription-Based Information Technology Arrangements</b>– The objective of this project is to address accounting and financial reporting for subscription-based information technology arrangements (SBITAs). The project will consider (1) potential accounting and financial reporting guidance for cloud computing arrangements that are not addressed in current guidance and (2) potential amendments to</p>	Currently in the exposure draft stage. Estimated completion is Q3 2019.



## Future Pronouncements and Projects

Description of Project	Current Status
Statement No. 51, Accounting and Financial Reporting for Intangible Assets, and related questions and answers in the Comprehensive Implementation Guide.	
<b>Omnibus</b> – This project will address various technical corrections and other practice issues that have been identified. Those issues include: the effective date of the leases standards; the definition of “collections;” pension and other postemployment benefit (OPEB) plan reporting of intra-entity transfers of assets; effects of the fiduciary activities standards on pension and OPEB reporting; the “available to be issued” concept; exceptions to the use of acquisition value in a government acquisition; a technical correction to a paragraph reference in the standards on fair value; and a technical correction to references associated with accounting for reinsurance recoveries.	Currently in the exposure draft stage. Estimated completion is Q4 2019.
<b>Secured Overnight Financing Rate – London Interbank Offered Rate Replacement</b> – The objective of this project is to consider replacing citations of the London Interbank Offered Rate (LIBOR) in GASB standards with one or more acceptable benchmark reference rates or, alternatively, developing criteria for an acceptable reference rate in lieu of identifying specific rates. The project also will address whether the requirement to cease hedge accounting due to a termination event should be amended to exclude terminations that result from amending an existing derivative instrument or entering into a new derivative instrument for the purpose of replacing LIBOR as the reference rate.	Currently in the initial deliberations stage.
<b>Deferred Compensation Plans – Reexamination of Statement 32</b> – The objective of this project is to consider amending Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, and related implementation guidance, to reflect changes in the characteristics of some Section 457 plans since the issuance of Statement 32. In particular, this project will reconsider existing guidance stating that governments should not report a Section 457 plan under the existing pension plan standards, even if the plan meets the definition of a pension plan.	Currently in the exposure draft stage. Estimated completion is Q3 2019.

### Commitment to communication with management

As you will see, we are committed to ongoing communication throughout the engagement. Continual communication starts when an engagement letter is issued, continues until the completion or closeout of an engagement, and throughout the remainder of the year. We believe effective communication is critical to a successful engagement. This communication includes the exchange of ideas and advice as changes are considered or implemented by the entity or the accounting profession.





During the engagement we will hold regular status meetings with the WVOIC to enhance day-to-day operations, results, and any issues are commonly understood and addressed. The objectives of tracking and formally reporting the engagement status are to:

- Provide a consistent technique for monitoring progress against plan
- Identify any issues quickly to allow for timely corrective action
- Provide an objective rather than subjective evaluation of status
- Provide timely information on a regular basis
- Assist with obtaining buy-in of any audit recommendations on a timely basis

Our proactive measures foster communications, both written and oral, which are ongoing, relevant and routine to our engagements. Our commitment to this practice encourages open lines of communication and often prevents and/or mitigates service delivery issues. Our professionals are trained in documenting observations, recommendations, business issues, and new developments as part of their daily routine.

We explain exactly what we're doing and what we've found in plain, everyday language. We translate our findings into ideas on how you can address them. We believe our services are a contributing factor to better business and administrative practices. We gain a better understanding of your organization by working closely with your staff. This involvement enables us to offer you recommendations or suggestions for improvement in your systems and procedures that are more comprehensive, better understood, and more frequently implemented.

### Assurance Information Exchange (AIE)

To make working with CLA a seamless experience, our team utilizes a secure web-based application to request and obtain documents necessary to complete client engagements. This application allows CLA and our clients to view a "live" client assistance letter clients, which provides detailed information, including due dates for all of the open items CLA is requesting. Additionally, clients have the ability to attach electronic files and add commentary related to the document requests directly on the application.

Below are some examples of the Assurance Information Exchange software:

Two Dimensional Filter Statistics: SOMN Test					
Stage	OPEN	REOPENED	CLIENT	SUBMITTED	T.
Planning	6	0	4	0	10
Interim	42	0	0	1	43
Final Fieldwork	4	1	11	2	21
SOMN Test Company	↓	CLIENT	Planning	City Charter	
SOMN Test Company	↑	CLIENT	Planning	Internal audit plan	
SOMN Test Company	↑	CLIENT	Planning	Regulatory example & response	
SOMN Test Company	↑	CLIENT	Planning	Mgmt letter response	
SOMN Test Company	↑	OPEN	Planning	Lease agreements	
SOMN Test Company	↑	OPEN	Interim	Loan and Deposit sheets	



## Data analytics

In addition to standard auditing methodology, a distinguishing aspect of CLA’s audit services incorporates the power of data analytics to multiply the value of the analyses and the results we produce for clients. CLA’s data methodology is a six-phase, systematic approach to examining an organization’s known risks and identifying unknown risks. Successful data analysis is a dynamic process that continuously evolves throughout the duration of an engagement and requires collaboration of the engagement team.

Data analytics are utilized throughout our audit process, our *Risk Assessment, Data Analytics and Review* (“RADAR”) is a specific application of general ledger data analytics that has been implemented on all audit engagements. RADAR is an innovative approach created and used only by CLA that aims to improve and replace traditional preliminary analytics that were being performed.

The phases in our data analytics process are as follows:

### 1. Planning

In the planning stage of the engagement, the use of data analysis is considered and discussed to determine that analytics are directed and focused on accomplishing objectives within the risk assessment. Areas of focus, such as journal entries, cash disbursements, inventory, and accounts receivable are common.

### 2. Expectations

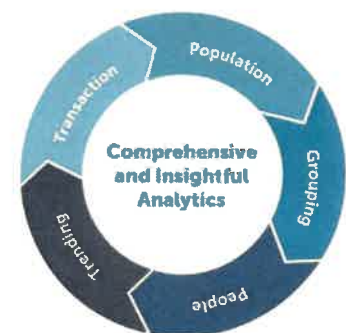
We consider the risks facing our client and design analytics to address these risks. Through preliminary discussions with management and governance, we develop and document expectations of financial transactions and results for the year. These expectations will assist in identifying anomalies and significant audit areas in order to appropriately assess risk.

### 3. Data Acquisition

Sufficient planning, a strong initial risk assessment, and an adequate understanding of your systems will serve as the foundation necessary to prepare our draft data request list. We will initially request information in written format and conduct follow-up conversations helping CLA practitioners our staff share a mutual understanding of the type of data requested and the format required. If there are going to be any challenges/obstacles related to obtaining data, or obtaining data in the preferred format, they will generally be discovered at this point.

### 4. Technical Data Analysis

Technical analysis of the data *requires* the skillful blend of knowledge and technical capability. Meaningful technical analysis provides the engagement team with a better understanding of the organization. The additional clarity assists the engagement team to better assess what is “normal” and, in turn, be better suited to spot anomalies, red-flags and other indications of risk. Analytics generally fall into five categories, each looking into the data set in a different way and deployed with a different purpose.



### 5. Interpret Results and Subsequent Risk Assessment

Trends and anomalies will be identified through the performance of the above referenced analytics. Comments regarding the interpretation of those trends and anomalies will be captured. When trends are identified they are reconciled against expectations. For anomalies identified, the approach to further audit procedures will be considered.

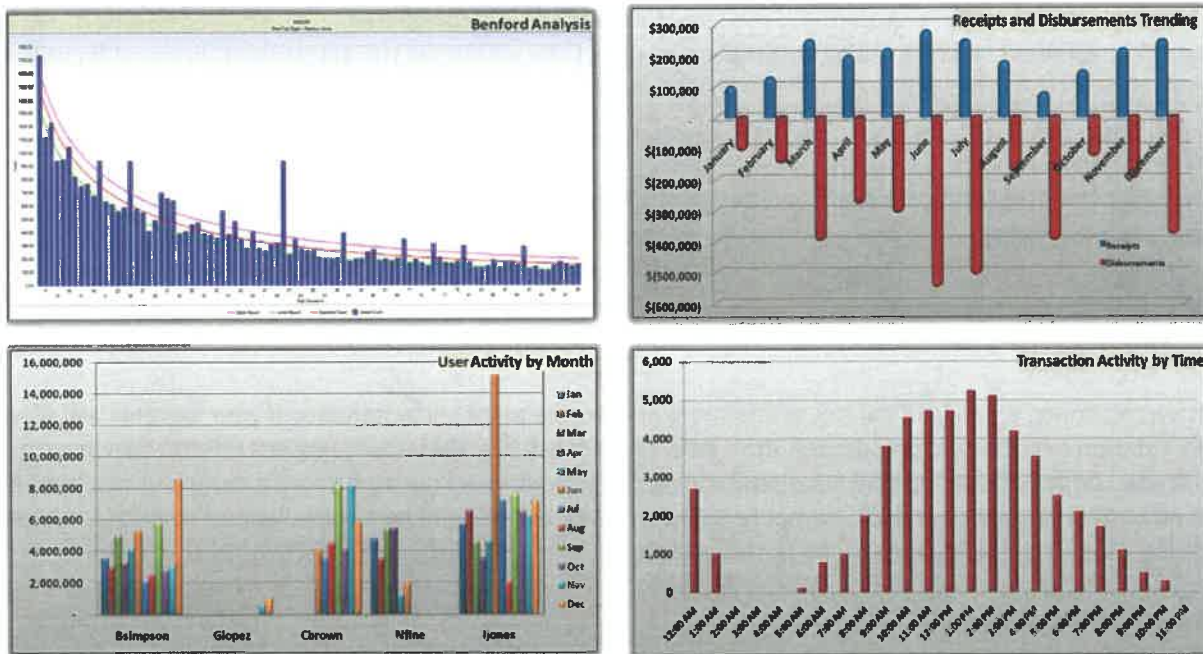


## 6. Response and Document

The last process is to capture responses and determine that our procedures are properly documented. Abstracts, charts or summaries of both trends and anomalies are retained in the audit documentation to support our identification of risks. Our analysis can be tailored and customized to help analyze an array of information, including client specific and proprietary data. Key benefits of data analytics include:

- Built-in audit functionality including powerful, audit specific commands and a self-documenting audit trail
- 100 percent data coverage, which means that certain audit procedures can be performed on entire populations, and not just samples
- Unlimited data access allows us to access and analyze data from virtually any computing environment
- Eliminates the need to extrapolate information from errors (a common effort when manually auditing data) and allows for more precise conclusions

The below figure illustrates typical data analytics scenarios.



**Data Analytics.** At the end of a series of pre-determined analytics (often retrieved from multiple proprietary accounting systems) that are customized to the project at hand, we identify anomalies and potential errors in transactions. In every case, we review what appears to be inappropriate activity, including supporting documentation evidencing the transactions.





## Procedures used to understand internal processes and controls

We understand changing audit firms would require a new set of auditors to develop an understanding of the WVOIC and its internal control and operating structure. We also strive to develop our understanding in the least intrusive manner possible, while still maintaining our professional responsibilities. We would utilize a combination of internal control forms and interviews with key accounting personnel to gain and document our understanding of the WVOIC. We will also use as a baseline any existing internal control processes, policies, organizational charts, etc. the WVOIC may have already documented. Tests of design and operating effectiveness would then be performed to confirm our understanding.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) has established a framework for internal control systems. Under the COSO framework, internal control is a process to provide reasonable assurance that those internal objectives, including effectiveness and efficiency of business operations, reliability of financial reporting, and compliance with applicable laws and regulations, will be met.

Our audit approach is designed to evaluate and test the departmental internal controls in accordance with COSO concepts. Our procedures include a review of the overall control environment, determination of the internal controls which are determined to be direct and material to the federal program under review, determination of the adequacy of those procedures, and testing of the procedures to determine if they are functioning as designed.

During the planning and internal control phases of our audit, we will develop our understanding of the WVOIC business operations and internal control structure for financial accounting and relevant operations through observation, discussion, and inquiries with management and appropriate personnel. During this phase of the audit, we will review budgets and related materials, organization charts, accounting and purchase manuals, and other systems documentation that may be available.

Once we understand your operations, we will then identify control objectives for each type of control that is material to the financial statements. The next step will be to identify and gain an understanding of the relevant control policies and procedures that effectively achieve the control objectives. We will then determine the nature, timing and extent of our control testing, and perform tests of controls.

This phase of the audit will include extensive testing of controls over transactions, financial reporting, and compliance with laws and regulations. Whenever possible, we will use dual-purpose tests to reduce the need to select multiple samples for internal control and compliance testing. We will be as efficient as possible, thereby reducing the disruption to your operations while achieving our audit objectives.

Our assessment of internal controls will determine whether the WVOIC has established and maintained internal controls to provide reasonable assurance that the following objectives are met:

- Transactions are properly recorded, processed, and summarized to permit the preparation of reliable financial statements and to maintain accountability over assets
- Assets are safeguarded against loss from unauthorized acquisition, use, or disposition
- Transactions are executed in accordance with laws and regulations that could have a direct and material effect on the financial statements



*COSO Internal Control:  
Integrated Framework*



Our workpapers during this phase will clearly document our work through the preparation of the following for each significant transaction cycle or accounting application:

- Audit program
- Cycle memo and supporting documentation
- Account risk analysis (ARA)
- Specific control evaluation (SCE)

## Use of computer assisted audit techniques

One of CLA's advantages is access to advanced audit tools and technology. Throughout the audit we may employ the use of Computer Assisted Audit Techniques (CAATs) to increase efficiency and effectiveness. The key CAATs that we will use include:

- **Interactive Data Extraction and Analysis (IDEA)** – IDEA is a statistical data analysis tool that has the ability to import data from virtually any data source or file type, with no limitations on the size of the data files that can be examined. IDEA utilizes powerful, built-in tools designed for the performance of audits and fraud investigations, providing the ability to:
  - Statistically sample, summarize, stratify and/or perform an aging of large data sets
  - Compare, join, append or otherwise manipulate multiple, related populations of data
  - Identify gaps or duplicates in record sequences
  - Extract subsets of data using a variety of criteria or filters
  - Build reports and graphs to summarize testing results
- **FX Engagement** – FX Engagement is our “paperless” audit product. This product allows us to file and save all of our audit workpapers in an electronic storage capacity; allowing our firm to save time and resources associated with maintaining and storing paper files. FX Engagement also boasts a trial balance software program, which is utilized to produce financial statements, lead schedules, and allows us to perform trend analysis utilizing our clients’ trial balances.
- **A Program Generator (APG)** – In order to provide a uniform approach to all engagements, the firm requires the use of APG, a software program custom-written for CLA. This software package allows the tailoring of procedures, based on the requirements of your engagement. We have developed a customized CLA audit program, which effectively makes our audit processes paperless and will enhance our present electronic practices.



In an audit engagement, the primary use of APG is to take a standard audit program and modify, add, and delete procedures to create a program that has been specifically tailored to meet the needs of your engagement. Once tailored, the document can be completed electronically. Specific reports in addition to the basic program are generated to accommodate planning and review of your engagement. APG is an example of a technology tool that is designed to promote audit efficiencies. This software produces an industry-specific base program that is intended to encourage more thoughtful and specific tailoring. For an engagement to be effective in dealing with the risk of errors and efficient in avoiding riskless work, the engagement team will create a plan – the program – that contains the steps necessary to accomplish the goals of your engagement. Using APG is viewed as a thinking process, not just a documentation process.

- **Assurance Information Exchange (AIE)** – CLA utilizes AIE, a secure web-based application, to request and obtain documents necessary to complete client engagements. Our AIE serves as a project management solution that allows clients to view detailed information, including due dates for all of the





items CLA is requesting. Additionally, clients have the ability to attach electronic files and add commentary related to the document requests directly in the application.

- **LeapFILE and Secure File Transfer Protocol** – CLA is committed to keeping client and member data secure. In addition to AIE, we utilize LeapFILE, a secure file transfer protocol (SFTP) software program, to receive and send encrypted files. LeapFILE allows us to transfer files to and receive files from our clients in a secure manner and keeps files with sensitive data out of our email boxes and hard drives.

## Telecom cost savings assessments

In an effort to help our clients eliminate waste by evaluating recurring operating expenses, CLA offers cost saving services such as telecommunications assessments. CLA can provide a detailed assessment of the WVOIC telecommunications-related expenses and offer recommendations to reduce the costs on future bills from its carriers. In fact, we can perform a **complimentary preliminary assessment** to determine whether a deeper investigation makes sense for the WVOIC. Our professionals can dissect the WVOIC phone and internet bills to identify discrepancies and optimization strategies, preparing a comprehensive report outlining precisely how cost savings and refunds might be achieved.



# Appendix

## A. Engagement team biographies



# Remi Omisore, CPA, MBA

CLA (CliftonLarsonAllen LLP)

Principal  
Baltimore, Maryland

410-308-8157  
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## Profile

Remi has more than 12 years of experience with auditing and accounting services. He specializes in governmental auditing and accounting with an emphasis on state and local government agencies. Due to his extensive experience, Remi is designated as a governmental auditing professional. Remi is charged with understanding and applying the most recent GASB, Yellow Book and Single Audit standards, and is well known throughout the firm for his responsiveness, dedication to detail, and ability to communicate findings in an understandable manner.

Within CLA, Remi is one of the principals responsible for client relationships, work quality, and staff development. Remi brings innovative ideas coupled with practical experience to the firm's governmental clients so they can stay apprised of new accounting pronouncements, state laws, fiscal trends and best practices. His personal approach to client service includes frequent communication with his clients and a genuine concern for their best interests. They know that whatever the problem, Remi will be there to get them through.

## Technical experience

- Audits of states and state agencies
- Governmental GAAP
- U.S. Generally Accepted Auditing Standards (GAAS)
- *Government Auditing Standards*
- *Uniform Guidance*
- Assists governmental clients in obtaining and retaining the GFOA Certificate of Achievement for Excellence in Financial Reporting award
- Provides consulting services to state and local governments with regards to the implementation of accounting pronouncements and internal controls
- Assists with agreed upon procedures involving internal audit outsourcing, compliance engagements and general consulting

## Education and professional involvement

- Bachelor of science in accounting from Morgan State University
- Masters in accounting from Morgan State University
- Certified Public Accountant
- American Institute of Certified Public Accountants
  - Young Members Leadership Committee
  - AICPA Advanced Single Audit Certificate
- Maryland Association of Certified Public Accountants, Member
- Government Finance Officers Association, Special Review Committee Member for the Certificate of Achievement for Excellence in Financial Reporting Program
- Certified Internal Auditor, 2019



## Key relevant clients

- Arlington County, Virginia
- Prince George's County, Maryland
- City of Dover, Delaware
- Harford County, Maryland
- Maryland Association of Counties OPEB Trust Plan
- State of South Carolina
- Commonwealth of Pennsylvania
- Maryland Local Government Insurance Trust
- City of Fall River, Massachusetts
- Prince George's County Public Schools, Maryland
- New Castle County, Delaware



# William A. Early, Jr., CPA

CLA (CliftonLarsonAllen LLP)

Principal  
Baltimore, MD

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## Profile

With over 22 years of experience Bill serves as the engagement principal and quality review principal for a wide range of large, complex governmental audit engagements. He has extensive experience specializing in government audits and assisting clients in increasing the efficiency of their operations. During his career Bill has developed a specialty for state and local government audit and accounting services. He is also well versed in OMB Uniform Guidance (UG) compliance audits, and has managed, planned, and performed single audits for a variety of governmental agencies.

Within CLA, Bill is one of the principals responsible for client relationships, work quality, and staff development. He serves on the public sector leadership team for the Eastern Region and is a firm leader in k-12 government auditing. Bill brings innovative ideas coupled with practical experience to the firm's governmental clients so they can stay apprised of new accounting pronouncements, state laws, fiscal trends and best practices. His personal approach to client service includes frequent communication with his clients and a genuine concern for their best interests. They know that whatever the problem, Bill will be there to get them through.

Bill has assisted governmental clients in obtaining and retaining the GFOA Certificate of Achievement for Excellence in Financial Reporting award. He also routinely presents at the annually and quarterly conferences the Association of School Business Officials of Maryland and Washington, DC and the Maryland GFOA.

## Technical experience

- Audits of States and State Agencies
- Assists governmental clients in obtaining and retaining the GFOA Certificate of Achievement for Excellence in Financial Reporting award
- Provides risk assessment consulting services to governmental clients
- Provides consulting services to state and local governments with regards to the implementation of accounting pronouncements and internal controls
- Assists with agreed upon procedures involving internal audit outsourcing, compliance engagements and general consulting
- Throughout his career, Bill has worked with HUD activities on numerous engagements related to housing authorities and municipalities and understands the requirements of HUD

## Education and professional involvement

- Bachelors of science in accounting from Salisbury State University, Salisbury, Maryland
- Associates of science in business management from Salisbury State University, Salisbury, Maryland
- Certified Public Accountant
- American Institute of Certified Public Accountants
- Maryland Association of Certified Public Accountants
- Maryland Government Finance Officers Association, Board Member
- Government Finance Officers Association
- Salisbury University Accounting Advisory, Board Member





- South Carolina Government Finance Officers Association

## Key relevant clients

- State of South Carolina, (CAFR and Single Audit Principal)
- State of Delaware (CAFR Principal)
- Commonwealth of Pennsylvania, (CAFR and Single Audit Quality Control Review Principal)
- State of Mississippi Department of Education, (Financial Statement and Single Audit Principal)
- New Jersey Housing and Finance Mortgage Agency, (Financial Statement and Single Audit Principal)
- Harford County, Maryland, (CAFR and Single Audit Principal)
- New Castle County, Delaware, (CAFR and Single Audit Principal)
- City of Newark, Delaware, (CAFR Principal)
- Montgomery County, Maryland Public Schools, (CAFR and Single Audit Principal)
- Howard County, Maryland Public Schools, (CAFR and Single Audit Principal)



# Cheri King, CPA

CLA (CliftonLarsonAllen LLP)

Signing Director  
Baltimore, Maryland

410-308-8046  
cheri.king@CLAconnect.com



## Profile

Cheri has more than 15 years of experience specializing in a government audits and assisting clients in identifying ways to strengthen their internal controls and achieve operational efficiencies. Cheri has developed a specialty for state and local government audit, accounting and consulting services and has extensive experience with auditing boards of education. She is also well versed in single audits, and has managed, planned and performed single audits for a variety of governmental agencies.

Cheri serves as a consultant for many governmental clients in the implementation of new accounting standards to ensure standards are implemented correctly and clients obtain and retain the GFOA Certificate of Achievement for Excellence in Financial Reporting Award. Prior to joining CLA, Cheri was an internal auditor with Baltimore County, Maryland where she gained experience in reviewing and evaluating internal accounting controls and performed budget analysis of County agencies.

## Technical experience

- State and local government
- Nonprofit entities

## Education and professional involvement

- Bachelors of business administration in finance from James Madison University
- Bachelors of science in accounting from the University of Maryland, College Park
- Certified Public Accountant
- American Institute of Certified Public Accountants, Member
- Maryland Association for Certified Public Accountants, Member
- Government Finance Officers Association, Member
- Maryland Government Finance Officers Association, Member

## Key relevant clients

Howard County, Maryland Public Schools  
Carroll County, Maryland Public Schools  
Montgomery County, Maryland  
Baltimore County Public Library

Montgomery County, Maryland Public Schools  
Baltimore County, Maryland Public Schools  
Baltimore County, Maryland  
Carroll County Public Library



# Shannon Weiss, CPA

CLA (CliftonLarsonAllen LLP)

Director  
Baltimore, Maryland

410-308-8063  
shannon.weiss@CLAconnect.com



## Profile

Shannon has over seven years of experience with auditing and accounting services. Shannon specializes in governmental auditing and accounting with an emphasis on state and local government agencies. Shannon assists clients with technical accounting and reporting issues, she has extensive experience developing audit plans, reviewing all work performed by staff and assisting in their professional development. This work includes the performance of internal control reviews, reliability of financial reporting and compliance with applicable laws and regulations, and compliance audits in accordance with OMB *Uniform Guidance*.

## Technical experience

Due to her extensive experience, Shannon is designated at CLA as a governmental auditing specialist. Shannon is charged with understanding and applying the most recent GASB, Yellow Book and other auditing standards, and is well known throughout the firm for her responsiveness, dedication to detail, and ability to communicate findings in an understandable manner.

## Education and professional involvement

- Bachelor's of science in accounting from Loyola College
- American Institute of Certified Public Accountants
- Certified Public Accountant in the state of Maryland
- Maryland Association of Certified Public Accountants



# Gaby Miller, MAcc, CPA

CLA (CliftonLarsonAllen LLP)

Engagement Director  
Arlington, Virginia

Phone 571-227-9500  
Gaby.Miller@CLAconnect.com



## Profile

Gaby has more than six years of experience and specializes in public sector accounting with an emphasis on housing authorities, nonprofit organizations, and state and local governments. She also provides assurance services relating to compliance with Uniform Grant Guidance requirements.

## Technical experience

- Manages, plans, reviews, and performs audits and accounting services for various state and local government and nonprofit audit engagements typically requiring single audits to be performed
- Government audit and accounting with an emphasis on public housing authorities and other housing-related entities
- Nonprofit audit and accounting
- OMB Uniform Guidance compliance auditing

## Education and professional involvement

- Bachelor's Degree of Science in Accounting from Louisiana State University
- Master's in Accountancy from College of Charleston
- Certified Public Accountant
- American Institute of Certified Public Accountants (AICPA), member
- Virginia Society of Certified Public Accountants
- Greater Washington Society of Certified Public Accountants
- Affordable Housing Association of Certified Public Accountants

