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Header @ 1

List View

General Information | Contact | Default Values | Discount | Document Information | Clarification Request

Procurement Folder: 1039319

Procurement Type: Central Contract - Fixed Amt

Vendor ID: 000000184076

Legal Name: CLIFTONLARSONALLEN LLP

Alias/DBA:

Total Bid: \$90,000.00

Response Date: 05/25/2022

Response Time: 12:38

Responded By User ID: CLA

First Name: Michael

Last Name: Johns

Email: michael.johns@CLAconn

Phone: 215-643-3900

SO Doc Code: CRFQ

SO Dept: 0705

SO Doc ID: LOT2200000013

Published Date: 5/20/22

Close Date: 5/25/22

Close Time: 13:30

Status: Closed

Solicitation Description: Addendum No. 1 - SSAE 18  
AUDIT REVIEW OF IGT CORP

Total of Header Attachments: 1

Total of All Attachments: 1



Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
1	Auditing Services				90000.00

Comm Code	Manufacturer	Specification	Model #
84111600			

**Commodity Line Comments:** The price submitted represents the Year 1 fee and does not include optional years 2 and 3.

**Extended Description:**

lease see Exhibit A Pricing Page.

THE WEST VIRGINIA LOTTERY IS SOLICITING BIDS FOR A STATEMENT ON STANDARDS FOR ATTESTATION ENGAGEMENTS NO. 18 FOR A REVIEW OF IGT FOR THE PERIOD OF 7/1/22 THROUGH 6/30/23



Create  
Opportunities

May 25, 2022

**Proposal to provide professional  
System and Organization Controls (SOC) 1 Type 2 SSAE 21  
assurance services to:**

**State of West Virginia, The West Virginia Lottery**  
**Request for Proposal – CFRQ LOT2200000013**  
**Technical Proposal**

*Prepared by:*

**Jim Kreiser, CISA, CRMA, CFSA, Principal**

717-857-2613 direct

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**CLAconnect.com**

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://nexia.com/member-firm-disclaimer).





CliftonLarsonAllen LLP  
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May 25, 2022

Toby L. Welch  
Senior Buyer  
Department of Administration, Purchasing Division  
2019 Washington St. E  
Charleston, WV 25305

Dear Mr. Welch:

CliftonLarsonAllen, LLP (CLA) Specialized Advisory Services (SAS) Group appreciates the opportunity to present this proposal to State of West Virginia, The West Virginia Lottery for the Statement of Standards for Attestation Engagements (SSAE) No. 21, System and Organization Controls (SOC) 1, Type II assurance examination services (CFR LOT2200000013).

We understand your most important needs are:

- **Acknowledgement of services to be provided** - The SOC 1 Type 2 audit will encompass the Aurora solution operated by IGT for the period July 1, 2021 through June 30, 2022 and annually thereafter as allowed under the contract.
- **A proposed team of professionals with Lottery industry knowledge carefully-selected for compatibility with the Lottery's needs and circumstances** — Your service team understands the strategic, operational, and regulatory issues impacting your organization. These professionals dedicate a substantial percentage of their time working on SOC audits. Our CLA team includes David Nowacki who was the Chief Audit Executive at the Oregon Lottery, and an external auditor for the Montana Lottery.
- **Significant SOC 1 Type 2 experience** - CLA has significant experience in successfully completing SOC 1 and SOC 2 audits. On an annual basis we perform over seventy-five (75) SOC 1, Type 2 audits in a variety of industries. Outlined below is a breakout of SOC 1 audits by industry for 2021. We have an equal amount or more of SOC 2 audits performed annually.
- **Diversity and inclusion** — We are dedicated to building an inclusive culture that thrives on different beliefs and perspectives. By welcoming and respecting our clients and each other, we can all experience success.
- **Commitment to the community** — CLA family members bring meaningful social impact through volunteer efforts, charitable contributions, service on boards, and a focus on sustainable practices. Our community engagement team is bolstered by the diversity and inclusion council and the CLA Foundation — a philanthropic organization that has awarded more than \$3.5 million through 200 grants funded solely by the CLA family.

- **Efficiency** — Our goal is to provide exceptional client service at the lowest possible cost. A well-planned and well-executed engagement by an experienced service team will minimize disruption to your staff and enable timely completion of all deliverables.
- **Fresh perspective** – The Lottery will benefit from a fresh look at your business, systems, and processes. You will be served by an engagement team with enthusiasm and a desire to develop a strong relationship that will help us exceed our expectations. We are confident that our industry experience will reveal new ideas, approaches, and opportunities.

We are eager to work with you and welcome the chance to present our proposal to the Lottery's audit committee or entire management team. Again, if you have any questions about our services, please do not hesitate to contact me.

**CliftonLarsonAllen LLP**



Jim Kreiser, CISA, CRMA, CFSA, Principal  
717-857-2613. direct  
[james.kreiser@claconnect.com](mailto:james.kreiser@claconnect.com)

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# Addendum Acknowledgement Form

## SOC 1 Type 2 SSAE 18 Audit

ADDENDUM ACKNOWLEDGEMENT FORM  
SOLICITATION NO.: CRFQ LOT22\*13

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

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

Addendum Numbers Received:  
(Check the box next to each addendum received)

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

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding.

CliftonLarsonAllen LLP

Company



Authorized Signature

5/25/2022

Date

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

Revised 04/01/2022

By signing Cover Sheet & Signature Page, the authorized agent acknowledges acceptance of all terms and conditions of this RFP.



## 3.1 – Experience and Capabilities (Qualifications)

### CLA History

Established on January 2, 2012 as the nation’s newest top 10 accounting firm, the joint firm CliftonLarsonAllen (CLA) – the result of a union between Clifton Gunderson and LarsonAllen – is uncommon in the industry due to its primary focus on industry specialization as well as public sector organizations.

CLA continues the legacy of quality, service, and experience that each Clifton Gunderson and LarsonAllen built for more than 60+ years. The joint firm is uncommon in the industry due to its deep industry specialization, seamless integrated capabilities, primary focus on privately held businesses and their owners as well as governmental and nonprofit organizations, and career-building strategy. We continue to hold true to the values and culture that have made the individual practices successful in the past.

### Firm Qualifications

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 7,400 people, more than 130 U.S. locations, and a global affiliation, we bring a wide array of approaches to help clients in all markets, foreign and domestic.



### Government Experience

CLA has one of the largest governmental audit and consulting practices in the country, serving more than 4,150 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 more than 400 professionals serve more than 4,150 local, county, and state government agencies. It has been our primary focus for more than 40 years. We understand the legislative changes, funding challenges, compliance responsibilities, service delivery and risk management duties that impact you. Our goal is to become familiar with all aspects of your operations and provide innovative opportunities for excellence. Our consultants will stay in touch with you throughout the project and beyond, so we can offer solutions to challenges as they arise. You'll benefit from a close personal connection with a team of professionals devoted to government agencies.

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 an uncommon 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.

### Lottery Industry Experience

CLA has performed audits, agreed-upon procedures and other projects for various companies in the lottery and gaming industry since 2000. Our audit includes obtaining an understanding of the entity and its environment, including internal controls. This is used to assess the risk of misstatement of the financial statements and to design the nature, timing and extent of audit procedures. An audit is not designed to provide assurance on internal controls or to identify deficiencies in internal controls. However, our efforts during the audit process and related services often help us to identify and address issues related to:

- Internal controls
- Business processes and inefficiencies
- Areas for cash flow improvement
- Company and industry trends
- General business advice and concerns

CLA has performed a number of internal control and agreed-upon procedure engagements for the Connecticut Lottery and Rhode Island Lottery over the past several years. This includes performing Agreed Upon Procedures for the Lucky-For Life game for both lotteries.

We have also provided services for both Twin River and Newport Grand in support of internal control oversight by the Lottery. We have been a strategic business partner by independently assessing core areas within facility operations. As part of these efforts, we have performed the following:

#### **The Rhode Island Lottery**

- In previous years we have attended the drawing at Lottery headquarters on New Year's Eve for the Million Dollar Raffle and verified the winning number.
- For the past three years, we performed an agreed-upon procedures engagement to assist The Rhode Island Lottery and the Party Lotteries (lotteries in the states of Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island and Vermont) with respect to the annual evaluation of the financial information associated with Lucky for Life Game, a multi-state lottery game.
- We observed sweep procedures at Twin River and prepared a report summarizing the procedures and findings.

#### **Twin River**



- We performed an agreed-upon procedures engagement related to Twin River’s Match Your Loss promotion in which play for certain players who participated in the promotion was compared to play for certain players who did not participate in the promotion.
- We performed four agreed-upon procedures engagements related to Twin River marketing costs for which the State reimbursed Twin River in accordance with a calculation specified by Rhode Island state law.
- We performed three agreed-upon procedure engagements related to A/B testing done by Twin River on promotional play. We compared play for players who received promotional play to play for those who did not.
- We performed an agreed-upon procedures engagement comparing play for a 60-day period that included promotional play to play for the three immediately preceding 60-day periods that did not include promotional play.
- We performed an agreed upon procedures engagement, to assist Twin River in evaluating the internal controls related to table games at Twin River.

#### Newport Grand

- We performed an agreed-upon procedures engagement comparing play for a 60-day period that included promotional play to play for the three immediately preceding 60-day periods that did not include promotional play.
- We performed four agreed-upon procedures engagements related to Newport Grand marketing costs for which the State reimbursed Newport Grand in accordance with a calculation specified by Rhode Island state law.
- We performed two agreed-upon procedures engagements related to A/B testing done by Newport Grand on promotional play. We compared play for players who received promotional play to play for those who did not.

#### 3.1.2 – CLA SOC 1 Type 2 SSAE 18 Audit Experience

CLA has significant experience in successfully completing SOC 1 and SOC 2 audits. On an annual basis we perform over seventy-five (75) SOC 1, Type 2 audits in a variety of industries. Outlined below is a breakout of SOC 1 audits by industry for 2021. We have an equal amount or more of SOC 2 audits performed annually.

SOC 1 Audits by Industry	Engagements
Emerging Regulated Industries	2
Employee Benefit Plans	1
Financial Institutions	21
Health Care	4
Manufacturing & Distribution	2
Nonprofit	1
Professional Services	11
Retail	5
State & Local Government	11
Technology	18
Telecommunications	2
<b>Annual Total</b>	<b>78</b>



### Other Related Personnel Experience

As part of the CLA engagement team, David Nowacki brings significant experience in lottery operations from his previous roles as the Chief Audit Executive at the Oregon Lottery, and as an external auditor for the Montana Lottery. David developed an in-depth understanding of lottery operations through comprehensive annual risk assessments, conducting internal audits, procuring external audits, advising on the development of drawing procedures, witnessing drawings and championing enterprise risk management initiatives. David has reviewed internal controls in instant games, online/draw games and multistate games. David has experience auditing Traditional Central Systems, Video Central Systems and Internal Control Systems, and is familiar with MUSL requirements. David has conducted comprehensive reviews of internal controls and security controls of Lottery operations, including security and distribution of instant tickets. David has experience reviewing and ensuring the remediation of remediating issues identified in SSAE 18 reviews of gaming systems.

All employees assigned to this engagement have at a minimum a Certified Information System Auditor designation with some members have multiple certifications associated with performing SOC 1 audit work.

### 3.1.2– References

We are pleased to provide you with the following references, who have used our audit, SOC and Agreed upon Procedure services. Please do not hesitate to contact any of the individuals listed regarding the value provided by CLA.

Organization	Contact Name	Contact Telephone/Email	Services Provided
State of Delaware	Jane L. Cole, CPA Director of Accounting	302.672.5000 Jane.cole@delaware.gov	CLA conducts an annual SOC 1 Type II report for the State of Delaware. The scope of that report includes centralized accounting and financial reporting support performed by the Division of Accounting for various independent agencies, as well as general IT controls supported by the Department of Technology and Information. The report includes a focus on controls and objectives around financial reporting, payment processing, fixed assets, general accounting, receivables, etc.
Rhode Island Lottery <i>Cranston, RI</i>	Mark Furcolo Rhode Island Lottery Director	401.463.6500 mfurcolo@rilot.ri.gov	CLA performs the Lucky for Life Agreed-Upon Procedures work for the RI Lottery. We have also performed other internal controls services to the RI Lottery

CLA can provide additional SOC 1 audit engagements references if required. Please let us know if additional references are required.



## 3.2 – SOC 1 Engagement Team and Resumes

### Overview

SOC engagements are staffed by assurance personnel, individuals with industry experience and resources from the Specialized Advisory Services (SAS) group within CLA that provides business process and information security management consulting services. This team of personnel has a depth of talent and experience with a number of industry-specific enterprise resource planning and information management systems including the underlying technical infrastructure.

### Credentials

**The CLA IT Controls and Business Risk Services teams consist of a combination of personnel with technical and business credentials**, including CBA, CCSE, CEH, CFE, CIA, CICA, CISA, CISM, CISSP, CITP, CPA, CPT, CRISC, CRMA, CTGA, FCSP, GCFE, GCIH, GSEC, ITIL, MCP, MCSE-Security, OSCP, OSWP, PCI-QSA, WCNA and others. The result is an approach to SOC reporting that not only addresses the technical aspects of your controls, but also the practical business and operational aspects.

### Primary Project Team

The primary project management resources are listed below and will be supported by additional resources as needed.

<i>SOC Project Role</i>	<i>CLA Resource</i>	<i>CLA Position</i>	<i>Anticipated Involvement</i>	<i>Years of Experience</i>	<i>Responsibility</i>
<i>Industry Leader and Oversight</i>	<i>Jim Kreiser</i>	<i>Principal</i>	<i>5%</i>	<i>20+</i>	<i>Overall responsibility for management of Lottery account</i>
<i>Engagement Leadership and Oversight</i>	<i>Joel Eshleman</i>	<i>Manager</i>	<i>10%</i>	<i>20+</i>	<i>Responsible for performance and oversight of the SSAE 18 project</i>
<i>Engagement Management – Industry Advisor</i>	<i>David Nowacki</i>	<i>Director</i>	<i>5%</i>	<i>18</i>	<i>Subject matter expert/Project Oversight, Backup day-to day Director</i>
<i>Engagement Management</i>	<i>Ryan Dooley</i>	<i>Manager</i>	<i>20%</i>	<i>6</i>	<i>Manage day-to-day services</i>
<i>Senior and Staff Analysts</i>	<i>TBD</i>	<i>Senior/Staff</i>	<i>50%</i>		

### Professional Resumes

Professional resumes of the primary project team resources are outlined on the following pages.



## James P. Kreiser, CISA, CRMA, CFSA

Principal, Business Risk and IT Services  
Harrisburg, Pennsylvania

717-558-0860  
james.kreiser@CLAconnect.com



### **Profile**

Jim is a Principal in the CliftonLarsonAllen LLP (CLA) Specialized Advisory Services group. He has 23 years of professional services experience in providing consulting and advisory services. Jim spent 10 years of his experience working at a Big 4 firm in their Business Risk and Technical Risk Services groups. Jim has held roles of Chief Risk Officer, General Auditor, and others. His focus has primarily been in the governmental sector, higher education, and healthcare industries. At CLA, Jim has focused on clients particularly on consulting, IT, internal audit, and third-party reporting services.

Some of the key clients Jim has focused on include: the PA State System of Higher Education, Commonwealth of Pennsylvania, State of Rhode Island, Philadelphia Water Department, Maryland Department of Budget and Management, West Virginia Higher Education Policy Commission, State of Delaware, Lower Colorado River Authority, Midwest Independent Service Operators, TECO Energy, Haverford College, California Housing Finance Agency, Washington State Department of Transportation, Maryland Transportation Authority, and many others.

### **Technical Expertise**

Jim's experience includes managing and leading projects, which include engagements related to outsourced and co-sourced internal auditing, IT audit, third-party reviews and performance audits, enterprise risk management processes, IT security and auditing services, SSAE 16 reporting (SOC 1 and SOC2), operational improvements, process solutions and implementation assessments.

His focus within the firm is IT and risk services for governmental clients. His service expertise is Business Risk, IT, and Internal Audit services. Specific experience includes, but is not limited to, the following:

- Internal audit outsourcing and co-sourcing, including information technology, financial, performance audits, and operational audits.
- IT Security and Risk Consulting
- Enterprise-wide risk assessments.
- IIA Quality Assurance Reviews (QAR)
- Vendor Management and Implementation Assessment
- Compliance related activities and benchmarking
- Presentations and Training; including speaking at various conferences/professional organizations on IT controls, Security, ERM, and third-party reporting, and risk management.

### **Education/Professional Involvement**

- Bachelor of Science, Carnegie Mellon University – Pittsburgh, PA
  - BS of Managerial Economics
  - BS of Philosophy
- Certified Information Systems Auditor
- Certified in Risk Management Assurance
- Certified Financial Services Auditor





## Joel Eshleman, CPA, CISA, CIA

Manager

Plymouth Meeting, Pennsylvania

717-857-2611

joel.eshleman@CLAconnect.com



### **Profile**

Joel is manager within the Specialty Advisory Services group and has more than 20 years of experience and is a leader of System and Organization Control (SOC) Reporting service line. In addition provides leadership and performance of information technology audit and attestations to our assurance clients. His experience includes 13 years with CliftonLarsonAllen and five years with a Big 4 firm performing information technology, business process and control, and third-party reporting reviews. Additionally, he has extensive experience with internal control assessments within financial institutions. Joel is responsible for managing the performance and reporting of SSAE 18, previously SAS 70, in a wide range of industries; including financial institutions, government services, healthcare, data center operations, and call center hosting. Beyond his experience in third-party reporting, Joel has experience with assessing internal controls in student loan agencies, state and local government units, financial institutions, and higher education institutions.

### **Technical expertise**

- Leads the operational needs of the SSAE 18 service line by providing:
  - Guidance on interruption of the standards;
  - Establishing practices for planning, risk assessment, performance, and report;
  - Monitoring standards for updates and changes; and
  - Training internal and external practitioner and users of SOC reports.
- Has significant experience in effectively coordinating and directing complex projects ensuring completion with strict regard for client specifications, time and budgetary constraints and the development of numerous risk services offerings including:
  - SSAE18 assurance engagements
  - ERP controls assessments and utilizations
  - Developed procedures for the evaluation of information technology controls in support of a financial audit and service organization reporting
  - Served as the project manager for information technology (IT) control audits, service organization audits, business advisory projects, internal audit projects, and data analytics
  - Current state assessments, including inefficiency and process improvement identification
  - Future state design and process reengineering and implementation
  - Application of Control Objectives for Information and Related Technology (COBIT) guidelines as published by the Information Systems Audit and Control Association (ISACA)

### **Education/professional involvement**

- Bachelor of Science, Accounting, York College of Pennsylvania

### **Professional Certifications**

- Certified Public Account (CPA)
- Certified Information Security Auditor (CISA)
- Certified Internal Auditor (CIA).





## David Nowacki, CISA, CIA

Director  
West Hartford, Connecticut

860-561-6811  
david.nowacki@CLAconnect.com



### Profile

Dave is a Director with the CLA Cybersecurity group, with over 18 years of combined experience in cybersecurity, IT controls, enterprise risk management, internal audit and management consulting. He has worked with government entities, higher education, financial services, and various other private businesses in setting strategies, reviewing and assessing: operations, governance and enterprise risk management practices, project and program management practices, information security programs and identifying process improvement opportunities.

### Technical Experience

- IT General Controls
- IT Audit and Information Security
- Enterprise Risk Management
- SOC-1 and SOC-2 Audits and Reporting
- Multi State Lottery Association (MUSL) Regulations
- Department of Defense (DFARs) Cybersecurity Compliance (CMMC)
- NIST Cybersecurity Framework and NIST SP800 Series
- GLBA and FFIEC Cybersecurity Frameworks
- Cybersecurity Program Development
- Process Improvement
- Organizational Transformation

### Education and professional involvement

- Bachelor of Science in Information Systems from the University of Montana.
- Certified Information Security Auditor (CISA)
- Information Systems Audit and Control Association
- The Institute of Internal Auditors

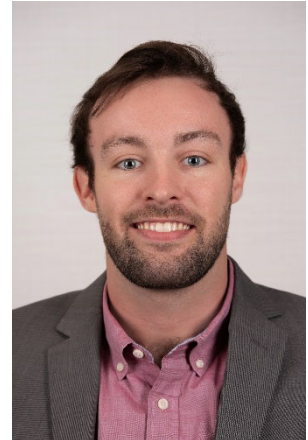
### Lottery Experience

David has extensive experience with the Lottery Industry, having previously served as the Chief Audit Executive with the Oregon State Lottery. Experience also includes audits of Lottery security for the Montana State Lottery, IT Controls Testing for the Connecticut State Lottery, and a comprehensive performance audit of the Indiana Lottery Commission.

## Ryan Dooley, CPA, CISA, CCSFP

IT Senior Associate  
Baltimore, Maryland

410-453-0900  
ryan.dooley@CLAconnect.com



### **Profile**

Ryan is an accomplished senior associate in the CliftonLarsonAllen LLP (CLA) Business Risk and IT Services group. He has over four years of professional services experience, primarily working in the Public Sector and Business Risk Services groups. His experience includes working on System and Organization Controls Reports, Single Audits, Internal Audits, and Financial Audits. In addition to his technical experience, he has two years of supervisory experience on his engagements. Ryan's focus for the firm is in the Public Sector Group: State and Local Government, Government Pensions, Higher Education, and Non-Profit organizations.

### **Technical Experience**

Ryan's experience is in the areas of SSAE18 reporting (SOC1 and SOC2), IT/application control assessments, risk assessment, IT general controls review, and consulting. He has taken the role of in charge for various engagements.

Through this experience, Ryan has become knowledgeable in system and application change management processes, logical and physical access and security, back up and system recovery process as well as business processes, governance, and policy compliance for service organizations across various industries. Additionally, Ryan has experience in single audit and financial statement audit engagements for the Public Sector Group.

### **Education/Professional Involvement**

- Licensed Certified Public Accountant in the State of Maryland
- Certified Information System Auditor
- HITRUST Certified CSF Practitioner
- Bachelor of Science in Accounting and Information Systems from Salisbury University

# Audit Services

## High-level Audit Plan

Outlined below is a high-level overview of CLA's SOC 1 Type 2 audit plan for the Lottery. As indicated in the RFP, the SOC 1 Type 2 audit will encompass the Aurora solution operated by IGT. Based on the requirements identified in the RFP, CLA can meet both the SOC timeline. Our approach is designed to comply with standards defined by the AICPA and achieve engagement objectives in an efficient manner with minimal client impact.

## SOC 1 Attestation

The Attestation phase of the engagement requires CLA to perform "tests of controls" to obtain evidence that the controls described have been implemented as of the start of the period and were complying with control design to determine operating effectiveness for the period as identified in the RFP (*July 1, 2021 to June 30, 2022*). Tests of controls may include: inquiry, observation, inspection and/or reperformance. CLA will document the results of testing and identify any exceptions. If exceptions are identified, organization management will be given the opportunity to respond to the exception.

The scope of the procedures provided will include those that are outlined in Section 5 of the RFQ, and include:

- Control Objective A: Employees
- Control Objective B1: Valid POS
- Control Objective B2: Valid Transactions
- Control Objective B3: Wagers
- Control Objective B4: Cancellation
- Control Objective B5: Winning Numbers
- Control Objective B6: Winning Tickets
- Control Objective B7: High-Tier Winning Tickets
- Control Objective B8: Instant Tickets
- Control Objective B9: Instant Game Transactions
- Control Objective C1: Job Scheduling
- Control Objective C2: Problem Tracking
- Control Objective C3: Backups
- Control Objective D1: Logical Access
- Control Objective E1: System Development
- Control Objective F1: Network Security
- Control Objective G1: Physical Security
- Control Objective H1: Contract

Upon completion of the testing process CLA will evaluate the results and determine if exceptions will require the issuance of a *Qualified Auditors' Opinion*. The objective of an assurance engagement is to obtain an *Unqualified Auditors Opinion* which does not contain qualifying statements. Specific steps associated with Attestation include but are not limited to the following:

### Management Assertion

Prior to the beginning of the attestation engagement, management asserts that, during the period covered by the report, it maintained effective controls over the system under examination to satisfy the control objectives defined by management.



**Engagement Planning**

Controls Testing Work Program

CLA will develop work programs to test the implementation of all key controls described by the organization in support of the defined control objectives.

Engagement Schedule

CLA and the Lottery will jointly establish a schedule for testing including definition of on-site and remote testing activities to assist with staff scheduling. The testing schedule is intended to cause minimal disruption to business operations and avoid peak volume periods.

Advanced Preparation

Prior to actual testing, CLA will identify supporting documentation that can be prepared in advance of testing to minimize the disruption of staff during the business day and make the testing process more efficient for both CLA and Bind Benefits.

**Controls Testing**

Type of tests used during the testing process include: inquiry, observation, inspection, and reperformance of transactions.

Our tests of operating effectiveness of controls will include such tests we consider necessary, based on the circumstances, to evaluate whether those controls, and the extent of compliance, are sufficient to provide reasonable, but not absolute, assurance that the specified control objectives were achieved during the reporting period. As previously stated, testing will focus on controls implemented that support the control objectives defined by management.

**Testing Results**

CLA will document the results of testing and identify any exceptions. If exceptions are identified, Bind Benefits management has the opportunity to respond to the exception.




**SOC 1 Type 2 Report**

Upon completion of the controls testing, we will issue our independent service auditors' report that provides reasonable assurance that the controls described are suitably designed and operating effectively for the period July 1, 2021 to June 30, 2022 as defined by management.

Refer to "*Engagement Deliverables*" below describing our anticipated protocol for issuance of the service auditor's report.

**SOC 1 Engagement Schedule**

The project schedule for each organization will vary based on the complexity of the environment and maturity of controls. However, the following diagram is a graphical illustration of the project schedule that we propose for the Lottery. Colors are important to interpret the tasks associated with the following:

-  Engagement Planning and Initiations
-  Type 2 Controls Validation
-  Project Oversight and Communication

This is a **sample for illustration and future purposes only**, actual dates may be populated after initial planning meetings.



Project Tasks	3/23/2023	3/30/2023	4/6/2023	4/13/2023	4/20/2023	4/27/2023	5/4/2023	5/11/2023	5/18/2023	5/25/2023	6/1/2023	6/8/2023	6/15/2023	6/22/2023	6/29/2023	7/6/2023	7/13/2023	7/20/2023	7/27/2023	8/3/2023	8/10/2023	8/17/2023	8/24/2023	8/31/2023
• Establish/Maintain Engagement Project Plan	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
• Project Kickoff Meeting		■																						
• Validate Engagement Type & Scope		■																						
• Document Business Process(es) / Data Flow				■	■																			
• Confirm Control Objectives				■	■																			
• Confirm Controls in Support of Control Objectives					■	■																		
• Update System Description (Report)					■	■																		
• Develop Controls Test Plan							■	■																
• Perform Controls Validation (Walk Thru)											■													
• Perform Controls Testing for Control Objectives											■	■	■	■	■	■	■							
• Organization Responds to Exceptions																					■	■		
• CLA Finalizes Engagement Documentation																					■	■		
• Report Review																						■		
• Quality / Technical Review																						■		
• Final Report/ Representation Letter																							■	
• Management Letter (Non-Material Issues)																							■	

### Engagement Communication

CLA and the Lottery’s Project Manager will jointly determine the best method for communicating project-related information including but not limited to:

- On-site Meetings
- Teams/Zoom conference calls
- Email communication

Based on previous experience with other clients, we propose a 15 – 30 minute bi-weekly status call with the Project Manager during active phases of the engagement that will be led by CLA’s engagement leaders. During this time, the status of tasks on the Project Plan will be reviewed including those items that need immediate or management attention to achieve the engagement objectives and related schedule.

In addition, CLA will submit a written biweekly summary of the progress of the project which outlines the work accomplished during the two-week period; work to be accomplished during the next two-week period; identify any actual or potential problems and any deviation from the previously agreed-upon audit plan.



# Required Responses

## 3.5.1 Location and Ownership

CLA is not a headquartered firm — there is not a place from which the firm is controlled or directed. Leadership, ownership, and entrepreneurship permeate the firm, independent of location. The service team proposed above will be provided from two locations:

Plymouth Meeting, PA (Philadelphia)  
610 W. Germantown Pike  
Suite 400  
Plymouth Meeting, PA 19462

Timonium, MD (Baltimore)  
1966 Greenspring Drive  
Suite 300  
Timonium, MD 21093

CLA is a Limited Liability Partnership with more than 900 principals, none of whom own more than a 2% interest in the firm.

## 3.5.2 Type of Business

CLA is a limited liability partnership

## 3.5.3 Vendor's Incorporation

N/A – As CLA is a limited liability partnership

## 3.5.4 Point of Contact

Jim Kreiser  
610 W. Germantown Pike  
Suite 400  
Plymouth Meeting, PA 19462  
(717) 857-2613  
James.Kreiser@CLAconnect.com

## 3.5.5 Legal Representation in West Virginia

CLA maintains internal general counsel and supporting department and will supplement our legal needs with outside counsel. At this time, we are unaware of any attorneys or laws firms that are representing CLA in the State of Virginia.

## 3.5.6 Gaming Related Service

In addition to references and example listed above, CLA provides services to the following jurisdictions/clients. This is not listing of all gaming clients services by CLA.

- State of Rhodes Island
- State of Delaware
- State of Colorado
- Twin River
- Newport Grand
- Ho-Chunk Nation Gaming



- Casino White Cloud
- Kla-Mo-Ya Casino
- Kootenai River Inn and Casino
- Lac Courte Oreilles Casino Enterprises
- PGST – The Point Casino
- Quinault Beach Resort & Casino
- Blackbird Bend Casino

### 3.5.7/3.5.8/3.5.9/3.5.11/3.5.12 Disciplinary Actions

From time to time, the firm is a defendant in lawsuits involving alleged professional malpractice. In all cases, the firm believes that it has a strong position and intends to defend itself vigorously. Should the ultimate outcome be unfavorable, however, net of the deductible provisions of the firm's malpractice insurance, all cases are expected to be fully covered by insurance and will not have a material impact on the firm or its ability to perform these services.

Moreover, in those cases where claims have been resolved by settlement (the vast majority of our cases), the firm is typically subject to confidentiality agreements that prohibit the disclosure of information regarding those matters. Disclosure by the firm of any details about those matters could invalidate the settlement agreements

### 3.5.10 Contract Terminations

As a matter of policy, CLA does not disclose information regarding former clients as it may violate the confidentiality terms of the lost clients at issue, especially if the reason for their departure is governed by a Non-Disclosure Agreement, Confidentiality Agreement, or confidentiality terms/provisions found in the engagement terms.

From time to time, clients will leave CLA to engage another CPA firm for audit services. It is not our practice to publicly identify the clients we are engaged to serve, including discussing specific reasons organizations chose to leave our firm. In general terms, any clients who decided to engage a new public accounting firm have done so for the following reasons:

- Organization was acquired by or sold to a larger organization and audits were no longer necessary or larger organization had a different audit firm.
- Long-term clients attempting to comply with interpretations of the Sarbanes-Oxley Act and impression they should change auditors.
- Transition at the CEO or CFO position where a decision was made to engage a firm they had previously established relationships with at their prior positions.

***As part of this, it is important to note none of the client transitions described above was the result of unresolved auditing or accounting matters or due to poor client service.***

### 3.5.13 Federal Employer Identification Number/West Virginia Tax Identification Number

CLA Federal Employer Identification Number: 41-0746749

West Virginia Tax Identification Number: 2261-7591



# SOC 1 Engagement Fees

## Engagement Assumptions & Effort

CLA's philosophy is to provide professional services of the highest quality at a fair value. Clients should expect CLA to conduct engagements effectively based on an efficient approach that emphasizes quality and minimizes costs. We also believe that fees should be mutually satisfactory to both our clients and CLA.

### Estimated Effort

Overview. Effort associated with SOC engagements vary based on scope, complexity of the organization's operational environment, maturity of controls and other factors. More specifically, hours of effort associated with a SOC1 engagement are primarily based on the number of control activities that must be validated or tested to determine if they achieve the control objective(s) defined by management.

Attestation. Effort associated with the attestation are confirmed at the conclusion of the Readiness Assessment when the design and number of controls have been defined to satisfy each specific control objective. As a result, effort associated with validation and/or effectiveness testing can be proposed as a fixed fee.

**Based on our understanding of your organization and knowledge of your industry, we believe our estimates are accurate for budgeting purposes.**

### Assumptions

The following assumptions that were used to calculate effort:

- 1) Due to the short notice between the date of award of this project and the required delivery date, CLA has estimated increased inefficiencies in building the team to service the Lottery and has therefore shown a corresponding increase in the first-year fee. We believe that providing sufficient time to plan and build the team will increase the efficiencies in the audit process and are reflected in years two and three.
- 2) Lottery will provide access to key personnel to assist with assessment of control design and performance of control testing consistent with the agreed upon project schedule.
- 3) Controls described, analyzed and tested are those that are the responsibility of IGT, not subservice organization.
- 4) Client data is located on servers that are within the United States and not stored in off-shore or near shore locations.
- 5) Any changes in assumptions that become known or discovered through interviews with personnel or tests of controls will be presented to management for review and discussion and may impact hours of effort / fees associated with the engagement.





REQUEST FOR QUOTATION  
STATEMENT ON STANDARDS FOR ATTESTATION ENGAGEMENTS NO.18 (SSAE 18)  
REVIEW OF IGT

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**EXHIBIT A  
PRICING PAGE**

<b>YEAR</b>	<b>COST</b>
Year 1	\$90,000
Year 2 – Optional Renewal	\$81,000
Year 3 – Optional Renewal	\$85,000
<b>TOTAL BID AMOUNT</b>	<b>\$256,000</b>

**VENDOR NAME:**

CliftonLarsonAllen LLP

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**VENDOR REPRESENTATIVE NAME:**

Jim Kreiser, Principal

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**VENDOR REPRESENTATIVE SIGNATURE:**



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*Our last word on fees* – we are committed to serving you. Therefore, if fees are a deciding factor in your selection of a professional services firm, we would appreciate the opportunity to discuss with you the scope of our audit plan.