



The following documentation is an electronically-submitted vendor response to an advertised solicitation from the *West Virginia Purchasing Bulletin* within the Vendor Self-Service portal at wvOASIS.gov. As part of the State of West Virginia's procurement process, and to maintain the transparency of the bid-opening process, this documentation submitted online is publicly posted by the West Virginia Purchasing Division at WVPurchasing.gov with any other vendor responses to this solicitation submitted to the Purchasing Division in hard copy format.

Header @ 2

 List View

General Information

[Contact](#)

[Default Values](#)


[Discount](#)

[Document Information](#)

[Clarification Request](#)

Procurement Folder: 1386003

Procurement Type: Central Master Agreement

Vendor ID: 000000202390 


Legal Name: SUTTLE & STALNAKER PLLC

Alias/DBA:

Total Bid: \$0.00

Response Date: 04/19/2024 

Response Time: 13:29

Responded By User ID: Dflint14 

First Name: Diane

Last Name: Flint

Email: dflint@suttlecpas.com

Phone: 304-343-4126

SO Doc Code: CRFQ

SO Dept: 0323

SO Doc ID: WWV2400000008

Published Date: 4/11/24

Close Date: 4/23/24

Close Time: 13:30

Status: Closed

Solicitation Description: Auditing Services

Total of Header Attachments: 2

Total of All Attachments: 2

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
1	PHASE I ENTRANCE CONFERENCE	0.00000	EA	2880.000000	0.00

Comm Code	Manufacturer	Specification	Model #
93151608			

Commodity Line Comments:

Extended Description:

PHASE I
ENTRANCE CONFERENCE

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
2	PHASE I DETAILED AUDIT PLAN	0.00000	EA	7200.000000	0.00

Comm Code	Manufacturer	Specification	Model #
93151608			

Commodity Line Comments:

Extended Description:

PHASE 1
DETAILED AUDIT PLAN

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
3	PHASE I WV REPORTS & FINANCIAL STATEMENTS	0.00000	EA	32400.000000	0.00

Comm Code	Manufacturer	Specification	Model #
93151608			

Commodity Line Comments:

Extended Description:

PHASE I
WORKFORCE WV REPORTS & FINANCIAL STATEMENTS FOR REVIEW

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
4	PHASE II REVISED DRAFTSTATEMENTS	0.00000	EA	7200.000000	0.00

Comm Code	Manufacturer	Specification	Model #
93151608			

Commodity Line Comments:

Extended Description:

PHASE II
REVISED DRAFT WITH ALL REQUESTS CHANGED AND MODIFICATION OF WORKFORCE WEST VIRGINIA REPORTS AND FINANCIAL STATEMENTS FOR REVIEW

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
5	PHASE II DRAFT SUBMITTED TO FARS	0.00000	EA	4320.000000	0.00

Comm Code	Manufacturer	Specification	Model #
93151608			

Commodity Line Comments:

Extended Description:

PHASE II
 DRAFT SUBMITTED TO THE FINANCIAL ACCOUNTING AND REPORTING SECTION (FARS) OF THE WV DEPARTMENT OF ADMINISTRATION WITH COPIES TO EXECUTIVE DIRECTOR OF WORKFORCE WEST VIRGINIA AND DIRECTOR OF FAM

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
6	PHASE III UNSIGNED FINAL DRAFT	0.00000	EA	5760.000000	0.00

Comm Code	Manufacturer	Specification	Model #
93151608			

Commodity Line Comments:

Extended Description:

PHASE III
 UNSIGNED FINAL DRAFT WITH ALL MODIFICATIONS TO WORKFORCE WEST VIRGINIA MANAGEMENT FOR FINAL REVIEW

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
7	PHASE III FINAL SIGNED REPORT	0.00000	EA	5760.000000	0.00

Comm Code	Manufacturer	Specification	Model #
93151608			

Commodity Line Comments:

Extended Description:

PHASE III
 FINAL SIGNED REPORT SUBMITTED TO WORKFORCE WEST VIRGINIA AND FARS

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
8	HOURLY SERVICES	0.00000	EA	2880.000000	0.00

Comm Code	Manufacturer	Specification	Model #
93151608			

Commodity Line Comments:

Extended Description:

HOURLY SERVICES
 **Rate per Hour for Accounting, Auditing, and Consulting Services

COMMITMENT TO SERVE

WORKFORCE
West Virginia



A Professional Limited Liability Company



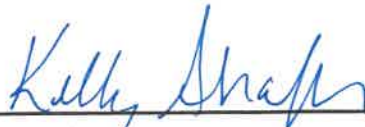
Workforce West Virginia

Auditing Services

Response to Request for Quotation
CRFQ 0323 WWV2400000008

Suttle & Stalnaker, PLLC
The Virginia Center, Suite 100
1411 Virginia Street East
Charleston, West Virginia 25301
(304) 343-4126
(800) 788-3844

Contact Person:



Kelly Shafer, CPA, Member

April 19, 2024



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TRANSMITTAL LETTER



April 19, 2024

Workforce West Virginia
Fiscal & Administrative Management - 5301
Office of Admin. Support-5302
1900 Kanawha Boulevard East
Building 3, 3rd Floor, Suite 300
Charleston, West Virginia 25305

We are pleased to submit our proposal to serve as independent Certified Public Accountants to perform the annual audit of the financial statements of Workforce West Virginia for the year ending June 30, 2024. Suttle & Stalnaker, PLLC welcomes this opportunity to serve you. We are particularly well suited to serve you since our experience is especially strong in working with West Virginia State government and governmentally funded organizations.

The team which we have assembled to serve Workforce West Virginia has a long-standing relationship with various State and local government organizations which means that we know and understand the issues you face and how to address them. Our primary team members have extensive technical knowledge of and experience with Federal and State grants and will be available at your request. Your engagement member will be Kelly Shafer. She has worked with Workforce West Virginia on several past engagements, including the financial statement audit, and serves as engagement partner for a number of other governmental organizations.

We will serve Workforce West Virginia in a dedicated manner and you will be a top priority client of our firm. We would appreciate the opportunity to meet personally to further discuss this written proposal. We possess all of the technical and professional qualifications to serve Workforce West Virginia in the most effective manner. Please feel free to contact Kelly Shafer in respect to any questions you may have concerning this proposal. This proposal is a firm and irrevocable offer for ninety (90) days.

Very truly yours,



Suttle & Stalnaker, PLLC

The Virginia Center
1411 Virginia Street, East
Suite 100
Charleston, WV 25301

MAIN (304) 343-4126
FAX (304) 343-8008

The Rivers Office Park
200 Star Avenue
Suite 220
Parkersburg, WV 26101

MAIN (304) 485-6584
FAX (304) 485-0971

Suncrest Towne Centre
453 Suncrest Towne Centre Drive
Suite 201
Morgantown, WV 26505

MAIN (304) 554-3371
FAX (304) 554-3410

The Somerville Building
501 5th Avenue
Suite 1
Huntington, WV 25701

MAIN (304) 525-0301
FAX (304) 522-1569

QUALIFICATIONS AND MANDATORY
REQUIREMENTS



QUALIFICATIONS AND MANDATORY REQUIREMENTS

3. **QUALIFICATIONS:** Vendor, or Vendor's staff if requirements are inherently limited to individuals rather than corporate entities, shall have the following minimum qualifications:

- 3.1. **Location:** Vendor must be independent and licensed to practice in West Virginia and must attest to this in the proposal.

Vendor Response:

LICENSE TO PRACTICE IN WEST VIRGINIA

Suttle & Stalnaker, PLLC and all assigned key professional staff are properly licensed by the West Virginia Board of Accountancy to practice in West Virginia. All assigned key professional staff are properly licensed by the West Virginia Board of Accountancy to practice in the State of West Virginia. We are in good standing with Encova Insurance Company and the Unemployment Compensation Division of the Workforce West Virginia as required by law.

In addition, all assigned personnel have received adequate continuing professional education within the preceding two years to comply with AICPA and *Government Auditing Standards* (GAS). Suttle & Stalnaker, PLLC is a member in good standing with the American Institute of Certified Public Accountants (AICPA), the AICPA's Private Companies Practice Section, and the West Virginia Society of Certified Public Accountants (CPAs).

Suttle & Stalnaker, PLLC meets all requirements imposed by the State of West Virginia and other local laws, rules and regulations, and are registered resident vendors authorized to transact business with the State of West Virginia.



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

The entity listed below was issued a
FIRM PERMIT
for the period beginning
JULY 1, 2023 THROUGH JUNE 30, 2024

F0090A
SUTTLE & STALNAKER PLLC
1411 VIRGINIA ST E STE 100
CHARLESTON WV 25301-3086



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

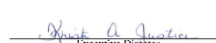
The entity listed below was issued an
Authorization to Perform
Attest and/or Compilation Services
for the period beginning
JULY 1, 2023 THROUGH JUNE 30, 2024

F0090A
SUTTLE & STALNAKER PLLC
1411 VIRGINIA ST E STE 100
CHARLESTON WV 25301-3086


Board President


Executive Director


Board President


Executive Director

Governmental auditing standards required by the governmental accounting office define independence in the second general standard for governmental auditing as follows: "In all matters related to the audit work, the audit organization and the individual auditors, whether government or public, should be free from personal and external impairments to independence, should be organizationally independent, and should maintain an independent attitude and appearance."

The firm must meet standard accounting requirements as promulgated by United States General Accounting Offices and must also provide an affirmative statement that it is independent of the State of West Virginia and any other component units of that entity as defined by those same standards.



In addition, the firm shall give WorkForce West Virginia written notice of any professional relationships entered into during the period of the agreement with any major contractors as defined in WV §29.22.23. The firm will also notify WorkForce West Virginia in writing if any other matters come to its attention during this engagement, which may impair its independence.

Suttle & Stalnaker, PLLC is independent of WorkForce West Virginia, and related systems, the State of West Virginia, and any other component units of the State of West Virginia as defined by auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States, United States General Accounting Office.

Suttle & Stalnaker, PLLC has no relationship with any known major vendors or contractors to WorkForce West Virginia and related systems. In addition, Suttle & Stalnaker, PLLC agrees to give WorkForce West Virginia written notice of any professional relationships entered into during the period of this agreement with any major contractors as defined in West Virginia code §29-22-23.

We affirm to the best of our knowledge and belief that neither the firm, nor any of its members, employees, or subcontractors presently have any interest and shall not acquire any interest, direct or indirect which would conflict or compromise in any manner or degree with the performance of its services hereunder. We further covenant that during the period of the contract, we shall periodically inquire of our members, employees and any subcontractors, concerning such interests. Any such interests discovered shall be promptly presented in detail to WorkForce West Virginia.

3.2. Organization: Vendor must be a certified public accounting firm with a minimum of seven (7) licensed CPAs on staff within the audit firm that are strictly audit, and not tax, professionals. This ensures the firm has a breadth of experience to meet the needs of WorkForce West Virginia and can substitute engagement members should turnover occur. At least five (5) of these audit professionals must all be in the same location and cannot be spread amongst other firm locations.

Vendor Response:

Suttle & Stalnaker, PLLC has 45 licensed CPAs; 29 in our Charleston office of which 16 are audit professionals.



3.3. Experience: Vendor must have experience auditing/consulting with three (3) different state (does not have to be West Virginia) government entities (agencies) over the past five (5) years. The firm must submit a list of those state audits/consulting engagements.

Vendor Response:

STATE OF WEST VIRGINIA AND WORKFORCE WEST VIRGINIA PROGRAMS

Suttle & Stalnaker, PLLC audited Workforce West Virginia's financial statements from 2000-2004, 2007-2008, 2010, and 2020-2023. In addition, Suttle & Stalnaker, PLLC has a long history of serving the State of West Virginia and Workforce West Virginia, having served virtually every major division and department in some capacity, including participating as a joint venturer/subcontractor in every Single Audit of the State of West Virginia. As part of the Single Audit, Suttle & Stalnaker, PLLC personnel have audited the major programs of Workforce West Virginia, including Unemployment Insurance, WIA Cluster, and Employment Services Cluster.

Other engagements with the State of West Virginia have included auditing component units, divisions or programs to be incorporated into the State of West Virginia's Annual Comprehensive Financial Reports. These engagements over the last five year include the Workforce West Virginia, West Virginia Division of Corrections and Rehabilitation, West Virginia Offices of the Insurance Commissioner, West Virginia Educational Broadcasting Authority, West Virginia Economic Development Authority, West Virginia Parkways Authority, West Virginia Division of Highways, West Virginia Racing Commission, West Virginia Division of Multimodal Transportation Facilities, Eastern West Virginia Community and Technical College, Fairmont State University, New River Community and Technical College, Pierpont Community and Technical College, Southern West Virginia Community College, and West Virginia School of Osteopathic Medicine. These engagements demonstrate our ability to meet the time parameters required by WorkForce West Virginia and the Department of Administration's Financial and Reporting Section, as well as our ability to effectively and efficiently complete audits in the complex State environment.

OUR GOVERNMENT AND NONPROFIT PRACTICE

Suttle & Stalnaker, PLLC has specialized in governmental and nonprofit agency auditing and accounting for over 50 years. This segment currently makes up the largest industry concentration of our audit practice, with our professional staff spending well over 20,000 hours per year on audits of governmental and nonprofit entities and programs. Virtually all of the governmental audits are for financial statements prepared in accordance with accounting standards promulgated by the Governmental Accounting Standards Board (GASB). Every member of our audit staff has both training and experience in governmental and nonprofit accounting and auditing.



The State of West Virginia and its departments, divisions, and component units are the cornerstone of our government practice. Through a joint venture, we participate in the audit of the State of West Virginia's financial statements, and perform extensive work related to the requirements of the Single Audit Act and Office of Management and Budget's Circular A-133. In addition, Suttle & Stalnaker, PLLC personnel provided assistance with the State's GAAP conversion project and initial Comprehensive Annual Financial Report. Our Firm has served numerous other governmentally and nonprofit funded clients and similar entities requiring audits in accordance with *Government Auditing Standards*, developing a strong reputation for providing quality services in the West Virginia market. This preeminence in governmental and nonprofit services is not the result of casual experience acquired through an on-going accounting practice. Rather, it results from the commitment of our Firm to the highest standards of service in the governmental and nonprofit sector.

GFOA CERTIFICATE OF EXCELLENCE EXPERIENCE

Only a few entities in West Virginia have applied for and obtained a GFOA Certificate of Excellence in Financial Reporting. We have worked with the City of Charleston, West Virginia Parkways Authority, West Virginia Division of Highways, the West Virginia Consolidated Retirement Board, the West Virginia Public Employee's Insurance Agency and the West Virginia Lottery, all of whom successfully obtained the GFOA Certificate of Excellence. In addition, the State of West Virginia, our client through joint ventures with Ernst & Young, LLP and Deloitte & Touche, LLP, obtained the GFOA Certificate of Excellence. Also, Chris Deweese of our firm has served as a GFOA reviewer in the GFOA Certificate of Excellence program. As stated in the Suttle & Stalnaker, PLLC mission statement, we are continually striving to "provide world class professional services to quality clients by utilizing a team of dynamic individuals and advanced technology to achieve success for our clients and ourselves." If Workforce West Virginia wishes to pursue a GFOA Certificate of Excellence in Financial Reporting, we will be pleased to assist.

CLIENTS SERVED

The following list illustrates Suttle & Stalnaker, PLLC's experience and diversity in serving governmental clients and similar entities:

- Workforce West Virginia
- West Virginia Bureau of Employment Programs
- West Virginia Workers' Compensation Division
- West Virginia Offices of the Insurance Commissioner
- Division of Workers' Compensation - Employer Field Audits
- Single Audit of State of West Virginia, including the following:
- Bureau of Employment Programs
 - Unemployment Insurance Programs
 - Employment Services
 - JTPA Programs
 - WIA Programs
- West Virginia Development Office
 - Community Development Block Grant Program
- Department of Health and Human Resources
 - Temporary Assistance for Needy Families
 - Social Services Block Grant



- Low Income Housing and Emergency Assistance
- Women’s, Infant’s and Children’s
- Foster Care - Title IV
- Child Care Development Fund
- Substance Abuse
- Child Support Enforcement
- Medicaid
- Food Stamp Cluster
- Department of Education
 - Child Nutrition Cluster
 - Office of Special Education
 - Vocational Education
 - Title I - Grants to Local Education Agencies
- Division of Environmental Protection
 - Office of Abandoned Mine Lands
 - Office of Surface Mining
 - Capitalization Grants for State Revolving Loan Funds
- West Virginia Lottery - Drawing Auditors
- West Virginia Lottery - Consultant regarding review of Video Lottery Licensees
- West Virginia Lottery - Financial Statements Audit
- West Virginia Water Pollution Control Revolving Fund
- Twelve County Boards of Education - Single Audits
- Three Regional Education Service Agencies - Single Audits
- Systems and Controls Consulting for West Virginia Treasurer’s Office
- West Virginia PEIA
- West Virginia PERS
- West Virginia Consolidated Public Retirement Board
- West Virginia Division of Corrections and Rehabilitation
- West Virginia Parkways Authority
- Southern West Virginia Community & Technical College
- Bluefield State College
- New River Community & Technical College
- Concord University
- West Virginia School of Osteopathic Medicine
- West Virginia University
- Marshall University
- Fairmont State University
- Pierpont Community & Technical College
- BridgeValley Community & Technical College
- Eastern Community & Technical College
- West Virginia State University



- 3.4 Membership: Vendor must be a member of the American Institute of Certified Public Accountants (AICPA) and, if doing business in West Virginia, a member of the West Virginia Society of Certified Public Accountants. Vendor must also provide a statement of being a member in good standing of the AICPA's Governmental Audit Quality Center.**

Vendor Response:

Suttle & Stalnaker, PLLC belongs to the Governmental Audit Quality Center, the Center for Audit Quality, and the Employee Benefit Plans Audit Quality Center, all established by the American Institute of Certified Public Accountants. Membership in the audit quality centers requires specific rigorous policies and procedures regarding quality control, education and training, and provides the Firm with additional resources from the Centers in the form of webcasts, email blasts and technical support from the Centers' websites or telephone access to Center personnel. The Firm is currently a member in good standing of the AICPA's Governmental Audit Quality Center. Suttle & Stalnaker, PLLC's professional employees are members of the American Institute of Certified Public Accountants (AICPA) and the West Virginia Society of Certified Public Accountants.

3.5. Staff Qualifications

- 3.5.1 Experienced Staff: Vendor must provide experienced staff. All staff accountants assigned to the audit engagement must have at least one (1) year of auditing experience.**

Vendor Response:

Suttle & Stalnaker, PLLC will ensure that all staff accountants assigned to the audit will have a minimum of one (1) year of auditing experience.

- 3.5.2 Directors, Principals or Partner Equivalent Qualifications: All directors, principals or partner equivalents on the engagement must be licensed CPAs with at least five (5) years of audit experience with governmental entities. All manager level employees on this engagement must be CPA's with three (3) years of experience on governmental engagements. WorkForce West Virginia retains the right to approve or reject replacements based upon their qualifications, experience, or performance.**

Vendor Response:

PERSONNEL QUALIFICATIONS AND EXPERIENCE

We firmly believe that the true quality of service can be linked directly to competent people dedicated to excellence. The professionals selected to serve Workforce West Virginia all have extensive governmental experience and prior Workforce West Virginia experience. We will provide for an



organizational structure that ensures ongoing and knowledgeable supervision by management already familiar with Workforce West Virginia to ensure maximum efficiency. All members and managers assigned to your engagement have over 5 years experience auditing governmental entities.

The following individuals will have responsibility to ensure that our services meet your requirements. Their CPA licenses are included below, and their resumes are included in section II.

Kelly Shafer, CPA

Kelly Shafer will serve as Engagement Member. She will be responsible for the direct supervision of the engagement, including ensuring that all professional standards are met. She will act as a direct liaison between Suttle & Stalnaker, PLLC and your personnel during the engagement and throughout the year. She has worked with Workforce West Virginia on several past engagements including financial statement audits, the State of West Virginia's Single Audit of the Unemployment Insurance and WIA Cluster programs, and various consulting engagements. She has also served as engagement member for the financial audits of a number of other state agencies and various major programs of the State of West Virginia's Single Audit. Kelly has over 19 years of experience in auditing governmental entities and programs.

Name: Kelly Shafer, CPA, Member
 Address: Suttle & Stalnaker, PLLC
 The Virginia Center, Suite 100
 1411 Virginia Street East
 Charleston, West Virginia 25301
 Telephone: (304) 720-3113 direct
 (304) 343-4126 main
 Fax: (304) 343-8008
 Email: kshafer@suttlecpas.com

Chris Deweese, CPA, CGMA

Chris Deweese will serve as Independent Review Member, performing a cold review of the financial statements to provide additional assurance that the financial statements are free of material error and that disclosures are adequate. Chris has over 29 years of experience. Chris has served on numerous State of West Virginia engagements, including Workforce West Virginia, the West Virginia Department of Transportation, the West Virginia Division of Highways, the West Virginia Lottery, the West Virginia Public Employees Insurance Agency, and for Suttle & Stalnaker, PLLC's portion of the State of West Virginia Single Audit. Chris also worked closely with the West Virginia Department of Administration regarding the implementation of GASB 45, *Other Post Employment Benefits*.

Natalie Luppold, CPA, CITP, CISA, CRCM

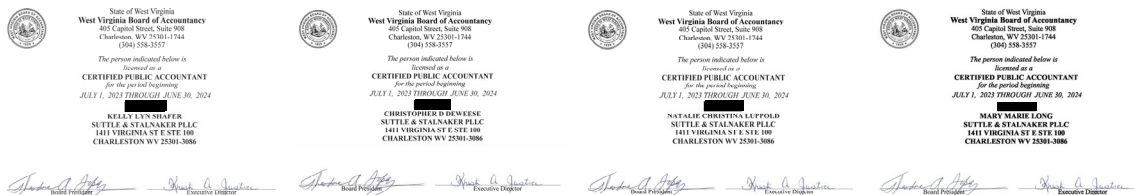
Natalie Luppold is a Member and will be responsible for the internal control involving information technology. She has experience with information systems including the Department of Highways systems and the State of West Virginia mainframe systems.



Marie Long, CPA

Marie Long is a Senior Manager and will be responsible for carrying out the audit plan and supervising staff accountants assigned to the project. She has over 18 years of experience working with governmental and governmentally funded entities ,including past experience with WorkForce West Virginia. Marie has also managed a number of major program audits for the State of West Virginia’s Single Audit.

CPA Licenses



3.6 AICPA Peer Review: The firm shall submit a statement that they have not failed their two (2) most recent AICPA Peer Reviews of their audit/accounting practice and submit the most recent review with their proposal.

Vendor Response:

Our Firm’s two most recent peer reviews of our system of quality control performed by an independent CPA Firm in accordance with standards established by the American Institute of Certified Public Accountants were completed in 2017 and 2020, and **we received a pass rating with no deficiencies identified each time.** In accordance with peer review standards, the peer reviews included a review of selected specific governmental engagements. A copy of these reports are on the following pages.

The Firm also has periodically had its workpapers and/or reports reviewed by federal and state agencies. The desk and/or field audits have uncovered no significant issues, and we have often been complemented by the reviewer on the quality of our work.






**Kelley Galloway
Smith Goolsby, PSC**

Certified Public Accountants and Advisors

1200 Corporate Court • P. O. Box 990 • Ashland, Kentucky 41105

• Phone (606) 329-1811 (606) 329-1171 • Fax (606) 329-8756 (606) 325-0590

• Web www.ksgcpa.com Member of  Allinial GLOBAL

Report on the Firm's System of Quality Control

To the Members of Suttle & Stalnaker, PLLC
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Suttle and Stalnaker, PLLC (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act, and audits of employee benefit plans.

As part of our 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 Suttle & Stalnaker, PLLC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2020, 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*. Suttle & Stalnaker, PLLC has received a peer review rating of *pass*.

Kelley Galloway Smith Goolsby, PSC


Ashland, Kentucky
December 14, 2020

Pikeville, KY

Cincinnati, OH





1200 Corporate Court • P. O. Box 990 • Ashland, Kentucky 41105
 • Phone (606) 329-1811 (606) 329-1171 • Fax (606) 329-8756 (606) 325-0590
 • Web www.ksgcpa.com Member of  **GLOBAL**

Report on the Firm's System of Quality Control

To the Members of Suttle & Stalnaker, PLLC
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Opinion

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Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
 December 6, 2017

Pikeville, KY

Cold Spring, KY

Cincinnati, OH



- 3.7. Material Errors or Omissions:** The firm must not have had a final audit issued by the proposing firm that had to be reissued due to material errors or omission discovered by West Virginia Financial Accounting and Reporting Section or other West Virginia agency two times or more.

Vendor Response:

Suttle & Stalnaker, PLLC has not had to have two or more audits reissued due to material errors or omissions discovered by West Virginia Financial Accounting and Reporting Section or other West Virginia state agency.

4. MANDATORY REQUIREMENTS:

- 4.1 Mandatory Contract Services Requirements and Deliverables:** Contract Services must meet or exceed the mandatory requirements listed below. Only bids meeting mandatory requirements will be considered.

4.1.1 Financial Statements

- 4.1.1.1** Vendor must provide a written statement in conformity with Generally Accepted Accounting Principles, on the presentation of the general purpose financial statements that will include all of WorkForce West Virginia funds to the Director of FAM.
- 4.1.1.2** The audit must be audited in accordance with Government Auditing Standards issued by the Comptroller General of the United States.
- 4.1.1.3** Vendor must audit the additional financial information schedules required by the Financial Accounting and Reporting Section (FARS) of the West Virginia Department of Administration.
- 4.1.1.4** Vendor is responsible for performing certain limited procedures involving required supplementary information required by Governmental Accounting Standards as mandated by Generally Accepted Auditing Standards.
- 4.1.1.5** Vendor must provide all work under the direction of the Executive Director of WorkForce West Virginia or his/her designee.
- 4.1.1.6** Vendor must provide to the Director of the Financial Accounting and Reporting Section (FARS) of the Department of Administration, 2101 Washington Street East, Building 17, 3rd Floor, Charleston, WV 25305, under WorkForce West Virginia of Section 5-A of the State Code, a written report within twenty-four (24) hours of all irregularities and illegal acts of which the firm becomes aware.



- 4.1.1.7** A copy of all such reports must be provided to the Executive Director of WorkForce West Virginia and the Director of Financial Administrative & Management (FAM) in writing of each of the firm's responsibility under general accepted auditing standards, accounting policies, management judgements, accounting estimates and projections, audit adjustments and revisions of past and current estimates and projections, disagreements with management, consultation with other accountants and actuaries, major issues discussed with management prior to retention, and difficulties encountered in performing the audit.
- 4.1.1.8** The firm must immediately communicate to the Executive Director of WorkForce and the Director of FAM any issues that arise during the audit that could cause delays in the issuance of the report or have an adverse impact. A written summary of these issues must be provided within twenty-four (24) hours to the Executive Director of WorkForce West Virginia and the Director of FAM.
- 4.1.1.9** Vendor must submit all written reports initially in draft form for review. This ensures all necessary changes will be discussed and agreed upon before final acceptance.
- 4.1.1.10** Vendor must discuss any public statements with the Executive Director or designee prior to the statements being released or made.
- 4.1.1.11** Vendor, if requested, must provide special assistance to WorkForce West Virginia's auditors, the State's auditors and the Financial Accounting and FARS since the agency's financial statements are to be included in the financial statement of the State of West Virginia.
- 4.1.1.12** Vendor must give agency written notice of any professional relationships entered into during the period of the agreement with any major contractors as defined in WV State Code 29.22.23 (<https://code.wvlegislature.gov/29-22-23/>) the vendor shall also notify the agency in writing any other matters come to its attention during the course of the contract which may impair its independence. No subcontracting is allowed on this proposal.

4.1.2 Audit Plan

- 4.1.2.1** Vendor must provide a detailed audit plan to WorkForce West Virginia annually by June 30th.



4.1.3 Review and Retention of Records

4.1.3.1 All working papers and reports must be retained at the vendor's expense in a secure storage area for a minimum of five (5) years, unless the vendor is notified by the agency of the need to extend the retention period. The vendor will be required to make working papers available upon request to the Executive Director of WorkForce West Virginia, the Director of FAM, and FARS. In addition, the firm must respond to the inquiries of grantors and successor auditors and allow them to review working papers. The agency must be provided access keys to the storage area upon request.

4.1.4 Deadlines

4.1.4.1 Vendor shall deliver contract deliverables within the timeframes set forth in the Delivery Schedule attached hereto as Exhibit B.

4.1.4.2 Items must be delivered to WorkForce West Virginia, Suite 300, 1900 Kanawha Blvd East, Charleston, WV, 25305, or their current location.

4.1.5 Final Report Copies

4.1.5.1 Vendor must deliver five (5) copies of the bound final report to the Director of FAM, Building 3, Suite 300, 1900 Kanawha Blvd East, Charleston, WV 25305, or current location by October 15, 2024 and subsequent years allowed under this contract. An electronic copy of the report must be provided in a PDF or similar format for public review on the agency's website.

Vendor Response:

Suttle & Stalnaker, PLLC understands the above mandatory contract services requirements 4.1 through 4.1.5.1 and deliverables.



SECTION I:
FIRM QUALIFICATIONS AND EXPERIENCE



SECTION I: FIRM QUALIFICATIONS AND EXPERIENCE

SUTTLE & STALNAKER, PLLC

Locations. Suttle & Stalnaker, PLLC (S&S), Certified Public Accountants, has offices located at 1411 Virginia Street East, The Virginia Center, Suite 100, Charleston, West Virginia 25301; 501 5th Avenue, The Somerville Building, Suite 1, Huntington, West Virginia 25701; 453 Suncrest Towne Centre Drive, The Suncrest Towne Centre, Suite 201, Morgantown, West Virginia 26505; and at 200 Star Avenue, The Rivers Office Park, Suite 220, PO Box 150, Parkersburg, West Virginia 26102.

Statistics. S&S was founded in 1973 and has approximately 100 professionals, including 17 members (partners). S&S has 45 certified public accountants on staff. S&S is one of the largest accounting firms in the State of West Virginia and has a rich heritage in the West Virginia market. **We are the largest CPA firm headquartered in West Virginia.** S&S, for the seventh year in a row, has been included in the Inside Public Accounting Top 500 Firms in the United States based on the amount of revenue. We perform a full range of services including financial reporting consulting, SOX consulting and compliance, audit and attest services, tax and tax planning, merger and acquisition consulting, operational consulting, internal audit assistance, audit preparation consulting, business valuations, and outsourcing. The Firm is one of the fastest growing CPA firms in West Virginia which is a result of our high quality services, commitment to clients and competitive fees.

We are experienced in and perform a full range of services. Our professionals are organized according to their functional discipline: accounting and auditing, tax and tax consulting, and management consulting. We consider ourselves business advisors who not only solve problems but also prevent them.

ABOUT ALLINIAL GLOBAL



Allinial Global is an accounting firm association of legally independent accounting and consulting firms with offices in North America and throughout the world through international members and partnerships.

Allinial Global firms have the flexibility to find not just a good solution to your business challenges—but the best solution for you. Working with an Allinial Global firm means that you have access to the experience and knowledge of every firm in our organization through our Transfer of Excellence.

And because the Allinial Global structure is fluid, our reach is broader and our member firms can be more responsive, both locally and globally. There aren't many business challenges that can't be resolved or questions that can't be answered by members of our association or their connections. Put the agility of Allinial Global to work for you.

The member firms of Allinial Global share education, marketing resources, and technical knowledge in a wide range of services and sectors. They have access to a broad array of resources and support that benefit both our member firms and their clients in eight key impact areas:





Learning & Development

- Become a leader you'd want to follow through progressive leadership development.
- Trust the guidance of an advisor up-to-date on the highest levels of technical training.



Human Resources

- Improve employee retention through the Retaining Employees Through Active Involvement Now (RETAIN©) program and develop talent from hire to retire.
- Collaborate with advisors who are in it for the long haul and dedicated to your continued success.



International Connection

- We'll go wherever we need to secure the highest quality solutions to your business needs, whether in or outside of our association.
- You're covered wherever you do business: get the best solution, not the best available.



Technical Support

- Depend on your Allinial Global Technical Support liaison to connect you directly to an experienced specialist.
- Have confidence that your advisor will provide a tailored solution to all your business needs.



Communities of Practice

- Tap our collective experience in a wide range of industries and service lines through our online portal and both in-person and virtual events.
- When advisors keep abreast of industry trends, you work with leaders who keep you ahead of the competition.



Marketing Resources

- Reduce your learning curve by connecting to peers who've already implemented the marketing projects you're considering.
- An Allinial Global firm won't bombard you with self-congratulatory promotions. Get the educational content that will help you make sound business decisions.





Information Technology



Practice Management

- IT services are like umpires: you shouldn't even notice they're at work. Keep your technology on track with our education and best practices-sharing.
- Rest assured that your personal data is protected by advisors who value your security and keep abreast of security best practices.
- Go through your firm with a fine-toothed comb: learn how you can improve your processes with the Firm Management Review and benchmarking tools.
- Work with a dynamic firm devoted to continuous improvement. Allinial Global firms are proud, but never satisfied.

At Suttle & Stalnaker, PLLC, our goal is to be your most trusted advisors, both locally and globally. Allinial Global helps us deliver. For more information, please visit www.allinialglobal.com.

PROFESSIONAL AFFILIATIONS

Our firm and its professionals are members of numerous organizations that conduct educational training and provide educational publications to keep up with the current developments. Some of those organizations include:

American Institute of Certified Public Accountants (AICPA)
 PCPS: The AICPA Alliance for CPA Firms
 AICPA Government Audit Quality Center
 AICPA Employee Benefit Plan Audit Quality Center
 AICPA Center for Audit Quality
 West Virginia Society of CPAs
 Allinial Global
 Government Finance Officers Association (GFOA)
 Public Company Accounting Oversight Board (PCAOB)
 Association of School Business Officials
 Association of Government Accountants (AGA)
 West Virginia Bankers Association (WVBA)
 Community Bankers of West Virginia (CBWV)
 Medical Group Management Association
 National Association of Certified Valuators and Analysts (NACVA)
 National CPA Health Care Advisors Association (HCAA)
 CPA Firm Management Association (CPAFMA)
 Contractors Association of West Virginia (CAWV)
 National Electrical Contractors Association (NECA) West Virginia - Ohio Valley Chapter
 Associated Builders and Contractors, Inc. - West Virginia Chapter (ABCWV)



OUR GOVERNMENT PRACTICE

Suttle & Stalnaker, PLLC has audited WorkForce West Virginia and its predecessor West Virginia Bureau of Employment Program's financial statements under various contracts from 2000-2004, 2007-2008, 2010, and 2020-2023. In addition, Suttle & Stalnaker, PLLC has a long history of serving the State of West Virginia having served virtually every major division and department in some capacity. Suttle & Stalnaker, PLLC has specialized in governmental and nonprofit agency auditing and accounting for over 50 years. This segment currently makes up the largest industry concentration of our audit practice, with our professional staff spending well over 20,000 hours per year on audits of governmental and nonprofit entities and programs. Every member of our audit staff has both training and experience in governmental and nonprofit accounting and auditing.

The State of West Virginia and its departments, divisions, and component units are the cornerstone of our government practice. Through a joint venture, we participate in the audit of the State of West Virginia's financial statements, and perform extensive work related to the requirements of the Single Audit Act, Office of Management and Budget's Circular A-133, Single Audit Act Amendments and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). In addition, our Firm has served numerous other governmental clients and similar entities requiring audits in accordance with *Government Auditing Standards*, developing a strong reputation for providing quality services in the West Virginia market.

Other engagements with the State of West Virginia have included auditing component units, divisions or programs to be incorporated into the State of West Virginia's Annual Comprehensive Financial Reports. These engagements include the West Virginia Division of Corrections and Rehabilitation, West Virginia Offices of the Insurance Commissioner, West Virginia Educational Broadcasting Authority, West Virginia Economic Development Authority, West Virginia Regional Jail and Correctional Facility, West Virginia Parkways Authority, West Virginia Division of Highways, West Virginia Racing Commission, West Virginia Division of Multimodal Transportation Facilities, Eastern West Virginia Community and Technical College, Fairmont State University, New River Community and Technical College, Pierpont Community and Technical College, Southern West Virginia Community College, and West Virginia School of Osteopathic Medicine. These engagements demonstrate our ability to meet the time parameters required by WorkForce West Virginia, as well as our ability to effectively and efficiently complete audits in the complex State environment. This preeminence in governmental and nonprofit services is not the result of casual experience acquired through an on-going accounting practice. Rather, it results from the commitment of our Firm to the highest standards of service in the governmental and nonprofit sector.

EXTERNAL REVIEWS OF FIRM WORK

Our Firm's most recent peer reviews of our system of quality control performed by an independent CPA Firm in accordance with standards established by the American Institute of Certified Public Accountants were completed in 2017 and 2020, and **we received a pass rating with no deficiencies identified**. In accordance with peer review standards, the peer review included a review of selected specific governmental engagements. A copy of these reports is included in this proposal.



ACCOUNTING AND AUDITING

We have a strong reputation as auditors and business consultants to small and middle market companies, assisting in the analysis of business opportunities and threats, operations improvement, profit management, and design and installation of computer accounting and statistical systems. We are especially well known and respected for our experience and expertise in governmental and nonprofit entities, programs and activities, including Federal financial assistance programs, and cost allocation plans.

Our professionals are skilled in the unique financial reporting, accounting and auditing, and tax concerns of our clients as well as assisting them in such specialized projects as business financing, and operational analysis and improvement.



REFERENCES
PRIOR ENGAGEMENTS WITH THE STATE OF WEST VIRGINIA

Engagement	Scope of Work	Date	Engagement Member	Avg. Annual Hours	Client Contact	Telephone Number
WorkForce West Virginia 1900 Kanawha Blvd. East Charleston, WV 25305	Annual Financial Statement Audit	2020 thru present	Kelly Shafer	500	Jane Shinn	304.558.2631
West Virginia Division of Corrections and Rehabilitation 1124 Smith Street, Suite 2100 Charleston, WV 25301	Annual Financial Statement Audit	2019 thru present	Chris Lambert	600	Bryan D. Arthur	304.558.2350
Single Audit of the State of WV Building 1, Room E-119 1900 Kanawha Blvd., E. Charleston, WV 25305-0120	Participation in financial and compliance auditing for several departments, including numerous federal award programs	1986 thru present	Chris Deweese/ Kelly Shafer	3,500	Stephanie Bailes	304.558.4083
WV Division of Highways Building 5, Room 109 1900 Kanawha Blvd., E. Charleston, WV 25305-0403	Annual Financial Statement Audit including assistance with ACFR and FARS forms, including numerous federal award programs	2001 thru 2006; 2013 - 2014; 2017 – present	Horace Emery / Chris Lambert / Chris Deweese	900	Justin Robinson Legislative Post Audit Div. Building 1, Room 329W 1900 Kanawha Blvd., E. Charleston, WV 25305	304.347.4800
West Virginia State Rail Authority PO Box 470 Moorefield, WV 26836	Annual Financial Statement Audit	2001 thru 2006; 2013 -2022	Chris Deweese	300	Lucinda Butler	304.414.4645
WV Division of Multimodal Transportation Facilities 1900 Kanawha Blvd., East Building 5 - Room 132 Charleston, WV 25305	Annual Financial Statement Audit	2023	Chris Deweese	400	Lucinda Butler	304.414.4645
West Virginia Parkways Authority 3310 Piedmont Road Charleston, WV 25306-6633	Annual Financial Statement Audit including assistance with ACFR	2011 thru present	Chris Lambert	250	Parrish French	304.926.1900
WV Offices of the Insurance Commissioner 1124 Smith Street Charleston, WV 25301	Annual Financial Statement Audit	2000 thru 2011; 2015 - 2023	Horace Emery / Natalie Luppold	1,250	Melinda Ashworth Kiss	304.558.3029 X1205
West Virginia Racing Commission 900 Pennsylvania Avenue, Suite 533 Charleston, WV 25301	Annual Financial Statement Audit	2012 thru present	Chris Lambert	200	Joe Moore	304.558.2150
West Virginia Educational Broadcasting Authority 124 Industrial Park Road Beckley, WV 25813	Annual Financial Statement Audit	2020 thru present	Kelly Shafer	400	Tammy Treadway	304.254.7842



SECTION II:
PERSONNEL QUALIFICATIONS AND EXPERIENCE



Section II - PERSONNEL QUALIFICATIONS AND EXPERIENCE

We firmly believe that the true quality of service can be linked directly to competent people dedicated to excellence. The professionals selected to serve Workforce West Virginia all have extensive governmental experience and prior Bureau experience. We will provide for an organizational structure that ensures ongoing and knowledgeable supervision by management already familiar with Workforce West Virginia to ensure maximum efficiency.

The following individuals will have responsibility to ensure that our services meet your requirements. Resumes and continuing professional education records are included on the following pages.

Managing Member

Name: Patricia "Tricia" D. Clark, CPA
 Address: Suttle & Stalnaker, PLLC
 The Virginia Center, Suite 100
 1411 Virginia Street East
 Charleston, West Virginia 25301
 Direct Telephone: (304) 720-3141
 Fax: (304) 343-8008
 email: tclark@suttlecpas.com

Personnel



Kelly Shafer, CPA
 Member

Kelly will serve as the engagement Member. She will be responsible for the engagement, including ensuring that all professional standards are met as well as performing the detail Member review. Kelly has over 19 years of experience. She has served on numerous State of West Virginia engagements, including Workforce West Virginia, the West Virginia Parkways Authority, seven public colleges and universities, and for Suttle & Stalnaker, PLLC's portion of the State of West Virginia Single Audit. Kelly has worked with Workforce West Virginia on several past engagements, including the financial statement audit, audits of the Unemployment Insurance and WIA Cluster programs under the State of West Virginia Single Audit, and various consulting engagements.





Chris Deweese, CPA, CGMA

Member

Chris Deweese will serve as independent Member. Chris has over 29 years of experience. Chris has served on numerous State of West Virginia engagements, including the Workforce West Virginia, the West Virginia Department of Transportation, the West Virginia Division of Highways, the West Virginia Lottery, the West Virginia Public Employees Insurance Agency, West Virginia Public Defender Services, and for Suttle & Stalnaker, PLLC's portion of the State of West Virginia Single Audit. Chris also worked closely with the West Virginia Department of Administration regarding the implementation of GASB 45, *Other Post Employment Benefits*.



Natalie Luppold, CPA, CISA, CITP, CRCM

Member

Natalie Luppold, CPA, CISA, CITP, CRCM is a Member who will be responsible for the internal control involving information technology. Natalie has performed various engagement reviews for West Virginia State Agencies in the past and has over 17 years experience. She has extensive experience with information systems including the State of West Virginia mainframe systems. This range of experience and background will be a significant asset to the engagement team.



Marie Long, CPA

Senior Manager

Marie Long is a Senior Manager who works primarily in the audit, accounting, and consulting areas of Suttle & Stalnaker, PLLC. Her responsibilities include, but are not limited to, carrying out engagement plans, supervising other staff and senior accountants, and communication with clients during the course of the fieldwork. Marie has over 18 years experience in auditing governmental entities and programs. She has prior experience auditing Workforce West Virginia and serves as manager on several programs under the State of West Virginia's Single Audit.

Other Staff

Other staff will be assigned and will meet the mandatory requirements of the contract. No subcontractors are anticipated to be used in this contract.



ABILITY TO MAINTAIN QUALITY OF STAFF

Suttle & Stalnaker, PLLC realizes that our number one resource in effectively and efficiently serving our clients begins with our staff. As such, every effort will be taken to provide for staff continuity on your engagement team. In preparing and planning for the future success of Suttle & Stalnaker, PLLC and in an effort to provide our clients with the highest quality professional services, Suttle & Stalnaker, PLLC has established human resources policies that allow each individual the flexibility to establish personal work commitments, continuing education goals, and career goals while ensuring that our commitments to our clients are met. This flexibility in today's work environment has been an instant success in helping to attract dynamic career oriented personnel dedicated to achieving success for our clients. The direct results of this program for Suttle & Stalnaker, PLLC have been a significantly lower turnover than other firms in public accounting. This results in an increased ability to assign a core group of the same individuals to recurring engagements, thus improving client service, and audit effectiveness. However, over the course of the engagement, there may well be a need to change staff assigned to the engagement. We believe our hiring, promotion, and personnel assignment policies and practices will ensure the quality of staff assigned to the engagement.

If any key staff or specialists need to be changed during the engagement, we will provide Workforce WV a resume similar to the ones included in this proposal, to ensure that Workforce WV agrees that the new person is suitable for the engagement based on their qualifications, experience and performance. We will also maintain the same mix of credentials throughout the audit engagement. Suttle & Stalnaker, PLLC continually strives to hire the best personnel available to serve our clients. We are committed to this effort in order to provide our clients with the high quality service they deserve.



KELLY SHAFER, CPA
Member



- Kelly will serve as the Engagement and Coordinating member of Suttle & Stalnaker, PLLC. Kelly will have overall responsibility for engagement activities and deliverables. She will work closely with management and the audit committee to coordinate and execute the engagement.
- Kelly has over 19 years of experience in public accounting practice during which time she has specialized in auditing of governmental and nonprofit entities, as well as, financial institutions. She has extensive consulting and audit experience with clients in the governmental industry and specifically audits in accordance with OMB Circular A-133 and Uniform Guidance. Kelly has served the following clients:
 - WorkForce West Virginia
 - West Virginia Economic Development Authority
 - West Virginia Parkways Authority
 - West Virginia Educational Broadcasting Authority
 - State of West Virginia, Single Audit, including the following:
 - West Virginia Department of Education
 - West Virginia Bureau of Employment Programs
 - West Virginia Department of Environmental Protection
 - West Virginia Department of Health and Human Resources
 - West Virginia School of Osteopathic Medicine
 - Bluefield State College
 - Concord University
 - New River Community and Technical College
 - Southern West Virginia Community and Technical College
 - Pierpont Community and Technical College
 - Fairmont State University
 - 10 community banks in West Virginia and Ohio
 - Tyler County Board of Education - Single Audit
 - Roane County Board of Education - Single Audit
 - Boone County Board of Education - Single Audit
- Kelly graduated summa cum laude from West Virginia University with a bachelor of science degree in accounting and a master of professional accountancy. She is a Certified Public Accountant in the State of West Virginia. She has received the AICPA Advanced Single Audit Certificate.
- Certified public accountant. Kelly is a member of the American Institute of Certified Public Accountants, the West Virginia Society of Certified Public Accountants, the Charleston Chapter of the West Virginia Society of Certified Public Accountants, serves on the Banking, Industry, and Government Services and the Awards Committees of the West Virginia Society of Certified Public Accountants. She also serves on several local boards and is involved with various civic organizations as a member or volunteer. Kelly was the 2015 recipient of the Young CPA of the Year Award and the 2017 Women to Watch Emerging Leader Award from the West Virginia Society of Certified Public Accountants.



CHRIS DEWEESE, CPA, CGMA**Member**

- Chris will serve as the Independent Review Member on the engagement and will be responsible for ensuring that client deliverables are met and quality control standards are followed.
- Chris has over 29 years of public accounting experience. His industry experience includes government, manufacturing, energy and other for-profit entities. He also has experience in accounting systems, internal audit assistance, financial reporting consultation, audit preparation consulting, internal control systems, and operational improvement reviews, including SOX consulting and compliance. Chris has extensive consulting and audit experience with clients in the governmental industry and specifically audits in accordance with OMB Circular A-133 and Uniform Guidance. He has also served as engagement member for the audits of WORKFORCE West Virginia, West Virginia State Rail Authority, West Virginia Department of Transportation, West Virginia Consolidated Public Retirement Board and the West Virginia Economic Development Authority.
- Graduated with a bachelor's degree with a major in Accounting from the University of Charleston. He is a Certified Public Accountant in the State of West Virginia. He has also achieved the designation of Chartered Global Management Accountant.
- Chris is a member of the American Institute of Certified Public Accountants, West Virginia Society of Certified Public Accountants, the Government Finance Officers Association, the Association of School Business Officials, and the Charleston Chapter of the West Virginia Society of Certified Public Accountants. Chris is a past President, member of the Executive Committee of the West Virginia Society of Certified Public Accountants, and also serves on the WVSCPA Professional Ethics Committee. In addition, he currently serves or has served on the AICPA Council as the representative of WV, the Accounting Procedures Committee of the Association of School Business Officials, the Special Review Committee of the Government Finance Officers Association for the GFOA Certificate of Excellence in Financial Reporting and is an associate member of the Association of Certified Fraud Examiners. Chris is the 2004 recipient of the Young CPA of the Year Award from the West Virginia Society of Certified Public Accountants. Chris is also a frequent speaker and serves on several nonprofit boards in the community.



NATALIE LUPPOLD, CPA, CISA, CITP, CRCM**Member**

- Natalie Luppold is a member who works primarily in the audit and accounting areas of Suttle & Stalnaker, PLLC. Her responsibilities include, but are not limited to, carrying out audit plans, communication with clients during the course of the fieldwork, completion of final audit reports.
- Natalie has over 17 years of experience during which time she has worked on several audit engagements that are similar to the client being proposed on:
 - West Virginia Department of Transportation - Division of Highways
 - PRIDE Community Services, Inc.
 - Coalfield Community Action Partnership
 - West Virginia Offices of the Insurance Commissioner
 - Single Audit of West Virginia
 - Engagement to evaluate cost sharing compliance with provisions of a federal program. Involved visiting 10 different states
 - Engagement to test compliance with a specific new federal program. Involved visiting approximately 20 states and testing a total of 27 State run programs and 1 federally run program
- Natalie has worked on several IT specific engagements, including those testing controls, compliance and social engineering. Her experience includes working on the WVDOH IT portion of the audit and working on several financial institution related engagements.
- Natalie graduated from Concord College with a bachelor of science degree in business administration and from West Virginia University with a masters of professional accountancy. She is a certified public accountant having received certificate number 5010 from the State of West Virginia. Additionally, Natalie is a certified information systems auditor having received certificate number [REDACTED] from the international Information Systems Audit and Control Association and a certified information technology professional.
- Certified Public Accountant. Certified Information Systems Auditor. Certified Information Technology Professional. Member of the American Institute of Certified Public Accountants, West Virginia Society of Certified Public Accountants, the Charleston Chapter of the West Virginia Society of Certified Public Accountants, Information Systems and Audit Control Association, and the AICPA Information Technology Section. Natalie currently serves on the Board of Directors of the Charleston Chapter of the WVSCPA and previously served on the Board of three local nonprofits.



MARIE LONG, CPA
Senior Manager

- Marie is a senior manager in audit and consulting divisions of Suttle & Stalnaker, PLLC. Her responsibilities include, but are not limited to, carrying out engagement plans, communication with clients during the course of the fieldwork, and completion of final reports.
- Marie has over 18 years of experience in public accounting during which time she has worked on several audit and consulting engagements with a focus in governmental. She has served as an auditor for the following clients:
 - Workforce West Virginia
 - West Virginia Racing Commission
 - West Virginia Regional Jail Authority
 - West Virginia Department of Agriculture
 - Workforce Investment Boards
 - West Virginia Economic Development Authority
 - Eastern Community and Technical College
 - West Virginia School of Osteopathic Medicine
 - Bluefield State College
 - Concord University
 - Blue Ridge Community and Technical College
 - BridgeValley Community and Technical College
 - Mountwest Community & Technical College
 - New River Community & Technical College
 - Southern WV Community & Technical College
 - Council for Community and Technical College Education
 - Charleston Sanitary Board
 - Mineral Wells Public Service District
 - Parkersburg Utility Board
 - Tyler County Board of Education
 - Kanawha County Board of Education
- Marie graduated Summa Cum Laude from West Virginia State University with a Bachelor of Science in Business Administration with major concentrations in accounting, finance, and management and a minor in economics.
- Certified public accountant. Member of the American Institute of Certified Public Accountants, the West Virginia Society of Certified Public Accountants, the Charleston Chapter of the West Virginia Society of Certified Public Accountants, the Association of Governmental Accountants, the Charleston Chapter of the Association of Governmental Accountants, and the Children's Home Society of West Virginia.
- Marie received the Young CPA of the Year Award from the West Virginia Society of Certified Public Accounts in 2014.



SPECIFIC WORKPLAN



SERVICES TO BE PROVIDED

We understand that Workforce West Virginia requires an audit of its financial statements including supplemental schedules if any are required by the West Virginia Department of Administration, Financial and Reporting Section (FARS) and the Government Accounting Standards Board (GASB). The audit will include our opinion as to the conformity of the financial statements with GAAP and will be conducted in accordance with Government Auditing Standards. We will provide routine technical assistance to the financial personnel for the continuation of GASB 34, SAS 99, and other technical requirements. We understand we will be under the direction of the Executive Director of Workforce West Virginia.

We believe that planning is the single most important element in the conduct of a quality audit. Suttle & Stalnaker, PLLC will be prepared to begin the planning of the engagement within two weeks after receiving the signed contract and accordingly, we will schedule the work at a mutually agreeable time. Following is an outline of our audit plan for Workforce West Virginia as a guideline for your understanding our process. This plan is flexible innovative and at the leading edge of technology and will be altered as necessary, ensuring that your needs are met.

- Planning and terms of engagement
- Knowledge of entity and risk assessment
- Identification of transaction types, sources of audit evidence and potential errors
- Systems descriptions and documentation
- Evaluation of internal controls
- Development of overall audit plan
- Coordination of client assistance
- Design internal control, compliance, and substantive procedures
- Perform testing of accounting and administrative internal controls
- Perform tests of transactions
- Design substantive procedures for year-end balances
- Perform substantive testing of year-end balances
- Trial balance and adjustments
- Report preparation
- Meetings with management to review results of audit

We understand that Workforce West Virginia requires an audit for the fiscal year ended June 30, 2024, of its financial statements prepared on the accrual basis of accounting. We will audit the government-wide and fund financial statements of Workforce West Virginia as of June 30, 2024.

4.1 – 4.1.5.1

We also understand all of the mandatory requirements included in the request for quotation and will meet or exceed these. Specifically 4.1 through 4.1.5.1, we will meet these mandatory requirements.



We will conduct the audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error, fraudulent financial reporting, or misappropriation of assets. Accordingly, a material misstatement, whether caused by error, fraudulent financial reporting, or misappropriation of assets, may remain undetected. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. As a result, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit will provide a reasonable basis for our report.

In addition to our report on Workforce West Virginia's financial statements, we will also issue the following reports or types of reports:

Report on internal control related to the financial statements. This report will describe the scope of testing of internal control and the result of our tests of internal control.

Report on compliance with laws, regulations, and the provision of contracts or grant agreements. We will report on any noncompliance which could have a material effect on the financial statements.

Our report on internal control will include any significant deficiencies and material weaknesses in the system of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards identified above. Our report on compliance will address material errors, fraud; violations of compliance requirements, and other responsibilities imposed by state and federal statutes and regulations and assumed by contracts; and any state or federal grant, entitlement of loan program questioned costs of which we become aware, consistent with requirements of the standards identified above.

If circumstances arise relating to the conditions of your records, the availability of sufficient, competent evidential matter, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, misappropriation of assets, or noncompliance which in our professional judgment prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawal from the engagement.

As you know, management is responsible for 1) the preparation of Workforce West Virginia's financial statements, 2) establishing and maintaining effective internal control over financial reporting and safeguarding assets, and for informing us of all significant deficiencies in the design or operation of such controls of which it has knowledge, 3) properly recording transactions in the records, 4) identifying and ensuring that Authority complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations, 5) the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management, employees who have significant roles in internal control and others where the fraud could have a material effect on the financial statements, 6) informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, regulators, or others, 7) making all financial records



and related information available to us, 8) for adjusting the financial statements to correct material misstatements, and 9) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings, and a corrective action plan. At the conclusion of our audit, we will request certain written representations from management about the financial statements and matters related thereto. We will also require that you affirm to us that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Workforce West Virginia is responsible for informing us of its views about the risks of fraud within the entity, and its knowledge of any fraud or suspected fraud affecting the entity. We will also determine that certain matters related to the conduct of the audit are communicated to Workforce West Virginia including 1) fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements, 2) illegal acts that come to our attention (unless they are clearly inconsequential), 3) disagreements with management and other serious difficulties encountered in performing the audit, and 4) various matters related to the entity's accounting policies and financial statements.

The working papers for this engagement are the property of Suttle & Stalnaker, PLLC. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit working papers upon their request; and that we shall maintain the working papers for a period of at least five years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested workpapers will be provided under the supervision of Suttle & Stalnaker, PLLC audit personnel and at a location designated by our Firm.

The two overarching principles of the independence standards of the *Government Auditing Standards* issued by the Comptroller General of the United States provide that management is responsible for the substantive outcomes of the work, and therefore, has a responsibility and is able to make any informed judgment on the results of the services described above. Accordingly, Workforce West Virginia agrees to the following:

Workforce West Virginia will be accountable and responsible for overseeing the financial statement preparation and will approve all proposed adjustments.

Workforce West Virginia will establish and monitor the performance of the preparation of financial statements and approval of the adjustments to ensure that they meet management's objectives.

Workforce West Virginia will make any decisions that involve management functions related to the preparation of the financial statements and approval of the adjustments and accepts full responsibility for such decisions.

Workforce West Virginia will evaluate the adequacy of services performed and any findings that result.

During the course of our engagement, we may accumulate records containing data which should be reflected in your books and records. You will determine that all such data, if necessary, will be so reflected. Accordingly, you will not expect us to maintain copies of such records in our possession.



The assistance to be supplied by organization personnel, including the preparation of schedules and analyses of accounts, will be discussed and coordinated with management. Specific information related to timelines, adjusting journal entries, draft financial statements and the timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Professional standards and our Firm policies require that we perform certain additional procedures whenever our reports are included, or we are named as accountants, auditors, or "experts" in a document used in a public offering of debt securities. Our report on the financial statements is not to be included in an official statement or other document involved with the sale of debt instruments without our prior consent. Additionally, if you intend to publish or otherwise reproduce the financial statements and/or make reference to us or our audit, you agree to provide us with printer's proofs or master for our review and consent before reproduction and/or release occurs. You also agree to provide us with a copy of the final reproduced material for our consent before it is distributed or released. Our fees for any additional services that may be required under our quality assurance system as a result of the above will be established with you at the time such services are determined to be necessary.

Our acceptance of this engagement is subject to our satisfactorily completing communication with and review of the working papers of your previous auditors (accountants). We will notify you promptly if we become aware of anything during that communication or review which results in our not being able to continue this engagement.

This proposal constitutes the complete and exclusive statement of agreement between Suttle & Stalnaker, PLLC and Workforce West Virginia, superseding all proposals oral or written and all other communication, with respect to the terms of the engagement between the parties.

Reporting

Following the completion of the audit of the fiscal year's financial statements, we will issue our report on the fair presentation of the financial statements in conformity with generally accepted accounting principles. In addition, we will provide an "in-relation-to" report on the supplemental schedules to be submitted to the West Virginia Department of Administration, Financial and Reporting Section based on the auditing procedures applied during the audit of the financial statements.

We will also communicate in a letter to management any reportable conditions found during the audit. Reportable conditions involve matters coming to our attention that involve significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

We will also report at a minimum, to Workforce West Virginia Finance/Audit Committee the following:

1. The auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments, accounting estimates and projections
4. Significant audit adjustments and significant revisions of past and current estimates and projections
5. Other information in documents containing audited financial statements and/or estimates and projections



6. Disagreements with management
7. Consultation with other accountants and actuaries
8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit

We will be available to meet in person with Workforce West Virginia Finance/Audit Committee to present and discuss the results of our audit.

4.1.3 Review and Retention of Records

4.1.3.1

Audit Workpapers

The workpapers for this engagement are the property of Suttle & Stalnaker, PLLC and constitute confidential information. However, we may be requested to make certain workpapers available to other agencies pursuant to authority given to them by law or regulation. If requested, access to such workpapers will be provided under the supervision of Suttle & Stalnaker, PLLC personnel. Furthermore, upon request, we may provide photocopies of selected workpapers to such agencies, which may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies.

All working papers and reports will be retained, for a minimum of five (5) years, unless the firm is notified in writing by Workforce West Virginia of the need to extend the retention period. We will make working papers available, upon reasonable request, under the supervision of Suttle & Stalnaker, PLLC personnel to the following parties or their designees:

Deputy Executive Director of Administration
Workforce West Virginia

Assistant Director of FAM Accounting Services
Workforce West Virginia

Director
Financial Accounting and Reporting Section
Department of Administration
State of West Virginia



4.1.4 Deadlines

The dates in the following schedule are required delivery deadlines:

Deliverables/Event	Required Date
Entrance Conference (Planning Event)	Before May 30
Interim work Completed and Detailed Audit Plan Prepared	By June 30
Draft of Agency's reports and financial statements for review	August 21
Revised draft with all requested changes and modifications of agency's reports and financial statements for review	August 28
Draft submitted to the Financial Accounting and Reporting Section (FARS) with copies to Executive Director or WorkForce West Virginia and the Director of FAM	September 5
Unsigned final draft with all modifications to the agency's management for final review	October 13
Final signed report submitted to the agency and FARS	October 15

4.1.5.1

We understand that the financial statements of Workforce West Virginia are to be included as a component unit of the financial statements of the State of West Virginia.

We will deliver five copies of the bound final report to the Director of FAM in accordance with 4.1.5.1 of the contract.



REQUEST FOR QUOTATION





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

State of West Virginia
 Centralized Request for Quote
 Service - Prof

Proc Folder: 1386003	Reason for Modification:
Doc Description: Auditing Services	
Proc Type: Central Master Agreement	

Date Issued	Solicitation Closes	Solicitation No	Version
2024-03-20	2024-04-09 13:30	CRFQ 0323 WWW2400000008	1

BID RECEIVING LOCATION

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

VENDOR

Vendor Customer Code: 202390

Vendor Name : Suttle & Stalnaker, PLLC

Address :

Street : 1411 Virginia Street East, Suite 100

City : Charleston


State : WV **Country :** USA **Zip :** 25301

Principal Contact : Kelly Shafer, CPA, Member

Vendor Contact Phone: 304.343.4126 **Extension:** 3113

FOR INFORMATION CONTACT THE BUYER

Brandon L Barr
 304-558-2652
 brandon.l.barr@wv.gov

Vendor Signature X  **FEIN#** 55-0538163 **DATE** 04/19/2024

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

ADDITIONAL INFORMATION

The West Virginia Purchasing Division for the Agency, The WorkForce West Virginia is soliciting bids from qualified vendors to establish an open-end contract for Auditing services per the Specifications, Terms & Conditions and bid requirements as attached herein.

INVOICE TO		SHIP TO	
WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
1	PHASE I ENTRANCE CONFERENCE	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:

PHASE I

ENTRANCE CONFERENCE

INVOICE TO		SHIP TO	
WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
2	PHASE I DETAILED AUDIT PLAN	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:

PHASE 1

DETAILED AUDIT PLAN

INVOICE TO		SHIP TO	
WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
3	PHASE I WV REPORTS & FINANCIAL STATEMENTS	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:

PHASE I
WORKFORCE WV REPORTS & FINANCIAL STATEMENTS FOR REVIEW

INVOICE TO		SHIP TO	
WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
4	PHASE II REVISED DRAFTSTATEMENTS	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:

PHASE II
REVISED DRAFT WITH ALL REQUESTS CHANGED AND MODIFICATION OF WORKFORCE WEST VIRGINIA REPORTS AND FINANCIAL STATEMENTS FOR REVIEW

INVOICE TO		SHIP TO	
WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
5	PHASE II DRAFT SUBMITTED TO FARS	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:
PHASE II

DRAFT SUBMITTED TO THE FINANCIAL ACCOUNTING AND REPORTING SECTION (FARS) OF THE WV DEPARTMENT OF ADMINISTRATION WITH COPIES TO EXECUTIVE DIRECTOR OF WORKFORCE WEST VIRGINIA AND DIRECTOR OF FAM

INVOICE TO		SHIP TO	
WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
6	PHASE III UNSIGNED FINAL DRAFT	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:
PHASE III

UNSIGNED FINAL DRAFT WITH ALL MODIFICATIONS TO WORKFORCE WEST VIRGINIA MANAGEMENT FOR FINAL REVIEW

INVOICE TO		SHIP TO	
WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
7	PHASE III FINAL SIGNED REPORT	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:

PHASE III
FINAL SIGNED REPORT SUBMITTED TO WORKFORCE WEST VIRGINIA AND FARS

INVOICE TO		SHIP TO	
WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
8	HOURLY SERVICES	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:

HOURLY SERVICES
**Rate per Hour for Accounting, Auditing, and Consulting Services

SCHEDULE OF EVENTS

Line	Event	Event Date
1	Questions due by 3/28/24 at 10:00am ET	2024-03-28

	Document Phase	Document Description	Page
WWV240000008	Final	Auditing Services	6

ADDITIONAL TERMS AND CONDITIONS

See attached document(s) for additional Terms and Conditions

INSTRUCTIONS TO VENDORS SUBMITTING BIDS

1. REVIEW DOCUMENTS THOROUGHLY: The attached documents contain a solicitation for bids. Please read these instructions and all documents attached in their entirety. These instructions provide critical information about requirements that if overlooked could lead to disqualification of a Vendor's bid. All bids must be submitted in accordance with the provisions contained in these instructions and the Solicitation. Failure to do so may result in disqualification of Vendor's bid.

2. MANDATORY TERMS: The Solicitation may contain mandatory provisions identified by the use of the words "must," "will," and "shall." Failure to comply with a mandatory term in the Solicitation will result in bid disqualification.

3. PREBID MEETING: The item identified below shall apply to this Solicitation.

A pre-bid meeting will not be held prior to bid opening

A **MANDATORY PRE-BID** meeting will be held at the following place and time:

All Vendors submitting a bid must attend the mandatory pre-bid meeting. Failure to attend the mandatory pre-bid meeting shall result in disqualification of the Vendor's bid. No one individual is permitted to represent more than one vendor at the pre-bid meeting. Any individual that does attempt to represent two or more vendors will be required to select one vendor to which the individual's attendance will be attributed. The vendors not selected will be deemed to have not attended the pre-bid meeting unless another individual attended on their behalf.

An attendance sheet provided at the pre-bid meeting shall serve as the official document verifying attendance. Any person attending the pre-bid meeting on behalf of a Vendor must list on the attendance sheet his or her name and the name of the Vendor he or she is representing.

Additionally, the person attending the pre-bid meeting should include the Vendor's E-Mail address, phone number, and Fax number on the attendance sheet. It is the Vendor's responsibility to locate the attendance sheet and provide the required information. Failure to complete the attendance sheet as required may result in disqualification of Vendor's bid.

All Vendors should arrive prior to the starting time for the pre-bid. Vendors who arrive after the starting time but prior to the end of the pre-bid will be permitted to sign in but are charged with knowing all matters discussed at the pre-bid.

Questions submitted at least five business days prior to a scheduled pre-bid will be discussed at the pre-bid meeting if possible. Any discussions or answers to questions at the pre-bid meeting are preliminary in nature and are non-binding. Official and binding answers to questions will be published in a written addendum to the Solicitation prior to bid opening.

4. VENDOR QUESTION DEADLINE: Vendors may submit questions relating to this Solicitation to the Purchasing Division. Questions must be submitted in writing. All questions must be submitted on or before the date listed below and to the address listed below to be considered. A written response will be published in a Solicitation addendum if a response is possible and appropriate. Non-written discussions, conversations, or questions and answers regarding this Solicitation are preliminary in nature and are nonbinding.

Submitted emails should have the solicitation number in the subject line.

Question Submission Deadline:

Submit Questions to:
2019 Washington Street, East
Charleston, WV 25305
Fax: (304) 558-3970
Email:

5. VERBAL COMMUNICATION: Any verbal communication between the Vendor and any State personnel is not binding, including verbal communication at the mandatory pre-bid conference. Only information issued in writing and added to the Solicitation by an official written addendum by the Purchasing Division is binding.

6. BID SUBMISSION: All bids must be submitted on or before the date and time of the bid opening listed in section 7 below. Vendors can submit bids electronically through *wvOASIS*, in paper form delivered to the Purchasing Division at the address listed below either in person or by courier, or in facsimile form by faxing to the Purchasing Division at the number listed below. Notwithstanding the foregoing, the Purchasing Division may prohibit the submission of bids electronically through *wvOASIS* at its sole discretion. Such a prohibition will be contained and communicated in the *wvOASIS* system resulting in the Vendor's inability to submit bids through *wvOASIS*. The Purchasing Division will not accept bids, modification of bids, or addendum acknowledgment forms via email. Bids submitted in paper or facsimile form must contain a signature. Bids submitted in *wvOASIS* are deemed to be electronically signed.

Any bid received by the Purchasing Division staff is considered to be in the possession of the Purchasing Division and will not be returned for any reason.

For Request for Proposal ("RFP") Responses Only: Submission of a response to a Request for Proposal is not permitted in *wvOASIS*. In the event that Vendor is responding to a request for proposal, the Vendor shall submit one original technical and one original cost proposal prior to the bid opening date and time identified in Section 7 below, plus _____ convenience copies of each to the Purchasing Division at the address shown below. Additionally, the Vendor should clearly identify and segregate the cost proposal from the technical proposal in a separately sealed envelope.

Bid Delivery Address and Fax Number:

Department of Administration, Purchasing Division
2019 Washington Street East
Charleston, WV 25305-0130
Fax: 304-558-3970

A bid submitted in paper or facsimile form should contain the information listed below on the face of the submission envelope or fax cover sheet. Otherwise, the bid may be rejected by the Purchasing Division.

VENDOR NAME:

BUYER:

SOLICITATION NO.:

BID OPENING DATE:

BID OPENING TIME:

FAX NUMBER:

7. BID OPENING: Bids submitted in response to this Solicitation will be opened at the location identified below on the date and time listed below. Delivery of a bid after the bid opening date and time will result in bid disqualification. For purposes of this Solicitation, a bid is considered delivered when confirmation of delivery is provided by wvOASIS (in the case of electronic submission) or when the bid is time stamped by the official Purchasing Division time clock (in the case of hand delivery).

Bid Opening Date and Time:

Bid Opening Location: Department of Administration, Purchasing Division
2019 Washington Street East
Charleston, WV 25305-0130

8. ADDENDUM ACKNOWLEDGEMENT: Changes or revisions to this Solicitation will be made by an official written addendum issued by the Purchasing Division. Vendor should acknowledge receipt of all addenda issued with this Solicitation by completing an Addendum Acknowledgment Form, a copy of which is included herewith. Failure to acknowledge addenda may result in bid disqualification. The addendum acknowledgement should be submitted with the bid to expedite document processing.

9. BID FORMATTING: Vendor should type or electronically enter the information onto its bid to prevent errors in the evaluation. Failure to type or electronically enter the information may result in bid disqualification.

10. ALTERNATE MODEL OR BRAND: Unless the box below is checked, any model, brand, or specification listed in this Solicitation establishes the acceptable level of quality only and is not intended to reflect a preference for, or in any way favor, a particular brand or vendor. Vendors may bid alternates to a listed model or brand provided that the alternate is at least equal to the model or brand and complies with the required specifications. The equality of any alternate being bid shall be determined by the State at its sole discretion. Any Vendor bidding an alternate model or brand should clearly identify the alternate items in its bid and should include manufacturer's specifications, industry literature, and/or any other relevant documentation demonstrating the equality of the alternate items. Failure to provide information for alternate items may be grounds for rejection of a Vendor's bid.

This Solicitation is based upon a standardized commodity established under W. Va. Code § 5A-3-61. Vendors are expected to bid the standardized commodity identified. Failure to bid the standardized commodity will result in your firm's bid being rejected.

11. EXCEPTIONS AND CLARIFICATIONS: The Solicitation contains the specifications that shall form the basis of a contractual agreement. Vendor shall clearly mark any exceptions, clarifications, or other proposed modifications in its bid. Exceptions to, clarifications of, or modifications of a requirement or term and condition of the Solicitation may result in bid disqualification.

12. COMMUNICATION LIMITATIONS: In accordance with West Virginia Code of State Rules §148-1-6.6, communication with the State of West Virginia or any of its employees regarding this Solicitation during the solicitation, bid, evaluation or award periods, except through the Purchasing Division, is strictly prohibited without prior Purchasing Division approval. Purchasing Division approval for such communication is implied for all agency delegated and exempt purchases.

13. REGISTRATION: Prior to Contract award, the apparent successful Vendor must be properly registered with the West Virginia Purchasing Division and must have paid the \$125 fee, if applicable.

14. UNIT PRICE: Unit prices shall prevail in cases of a discrepancy in the Vendor's bid.

15. PREFERENCE: Vendor Preference may be requested in purchases of motor vehicles or construction and maintenance equipment and machinery used in highway and other infrastructure projects. Any request for preference must be submitted in writing with the bid, must specifically identify the preference requested with reference to the applicable subsection of West Virginia Code § 5A-3-37, and must include with the bid any information necessary to evaluate and confirm the applicability of the requested preference. A request form to help facilitate the request can be found at: www.state.wv.us/admin/purchase/vrc/Venpref.pdf.

15A. RECIPROCAL PREFERENCE: The State of West Virginia applies a reciprocal preference to all solicitations for commodities and printing in accordance with W. Va. Code § 5A-3-37(b). In effect, non-resident vendors receiving a preference in their home states, will see that same preference granted to West Virginia resident vendors bidding against them in West Virginia. Any request for reciprocal preference must include with the bid any information necessary to evaluate and confirm the applicability of the preference. A request form to help facilitate the request can be found at: www.state.wv.us/admin/purchase/vrc/Venpref.pdf.

16. SMALL, WOMEN-OWNED, OR MINORITY-OWNED BUSINESSES: For any solicitations publicly advertised for bid, in accordance with West Virginia Code §5A-3-37 and W. Va. CSR § 148-22-9, any non-resident vendor certified as a small, women- owned, or minority-owned business under W. Va. CSR § 148-22-9 shall be provided the same preference made available to any resident vendor. Any non-resident small, women-owned, or minority-owned business must identify itself as such in writing, must submit that writing to the Purchasing Division with its bid, and must be properly certified under W. Va. CSR § 148-22-9 prior to contract award to receive the preferences made available to resident vendors. Preference for a non-resident small, women-owned, or minority owned business shall be applied in accordance with W. Va. CSR § 148-22-9.

17. WAIVER OF MINOR IRREGULARITIES: The Director reserves the right to waive minor irregularities in bids or specifications in accordance with West Virginia Code of State Rules § 148-1-4.6.

18. ELECTRONIC FILE ACCESS RESTRICTIONS: Vendor must ensure that its submission in wvOASIS can be accessed and viewed by the Purchasing Division staff immediately upon bid opening. The Purchasing Division will consider any file that cannot be immediately accessed and viewed at the time of the bid opening (such as, encrypted files, password protected files, or incompatible files) to be blank or incomplete as context requires and are therefore unacceptable. A vendor will not be permitted to unencrypt files, remove password protections, or resubmit documents after bid opening to make a file viewable if those documents are required with the bid. A Vendor may be required to provide document passwords or remove access restrictions to allow the Purchasing Division to print or electronically save documents provided that those documents are viewable by the Purchasing Division prior to obtaining the password or removing the access restriction.

19. NON-RESPONSIBLE: The Purchasing Division Director reserves the right to reject the bid of any vendor as Non-Responsible in accordance with W. Va. Code of State Rules § 148-1-5.3, when the Director determines that the vendor submitting the bid does not have the capability to fully perform or lacks the integrity and reliability to assure good-faith performance.”

20. ACCEPTANCE/REJECTION: The State may accept or reject any bid in whole, or in part in accordance with W. Va. Code of State Rules § 148-1-4.5. and § 148-1-6.4.b.”

21. YOUR SUBMISSION IS A PUBLIC DOCUMENT: Vendor's entire response to the Solicitation and the resulting Contract are public documents. As public documents, they will be disclosed to the public following the bid/proposal opening or award of the contract, as required by the competitive bidding laws of West Virginia Code §§ 5A-3-1 et seq., 5-22-1 et seq., and 5G-1-1 et seq. and the Freedom of Information Act West Virginia Code §§ 29B-1-1 et seq.

DO NOT SUBMIT MATERIAL YOU CONSIDER TO BE CONFIDENTIAL, A TRADE SECRET, OR OTHERWISE NOT SUBJECT TO PUBLIC DISCLOSURE.

Submission of any bid, proposal, or other document to the Purchasing Division constitutes your explicit consent to the subsequent public disclosure of the bid, proposal, or document. The Purchasing Division will disclose any document labeled "confidential," "proprietary," "trade secret," "private," or labeled with any other claim against public disclosure of the documents, to include any "trade secrets" as defined by West Virginia Code § 47-22-1 et seq. All submissions are subject to public disclosure without notice.

22. WITH THE BID REQUIREMENTS: In instances where these specifications require documentation or other information with the bid, and a vendor fails to provide it with the bid, the Director of the Purchasing Division reserves the right to request those items after bid opening and prior to contract award pursuant to the authority to waive minor irregularities in bids or specifications under W. Va. CSR § 148-1-4.6. This authority does not apply to instances where state law mandates receipt with the bid.

23. EMAIL NOTIFICATION OF AWARD: The Purchasing Division will attempt to provide bidders with e-mail notification of contract award when a solicitation that the bidder participated in has been awarded. For notification purposes, bidders must provide the Purchasing Division with a valid email address in the bid response. Bidders may also monitor *wvOASIS* or the Purchasing Division's website to determine when a contract has been awarded.

24. ISRAEL BOYCOTT CERTIFICATION: Vendor's act of submitting a bid in response to this solicitation shall be deemed a certification from bidder to the State that bidder is not currently engaged in, and will not for the duration of the contract, engage in a boycott of Israel. This certification is required by W. Va. Code § 5A-3-63.

GENERAL TERMS AND CONDITIONS:

1. CONTRACTUAL AGREEMENT: Issuance of an Award Document signed by the Purchasing Division Director, or his designee, and approved as to form by the Attorney General's office constitutes acceptance by the State of this Contract made by and between the State of West Virginia and the Vendor. Vendor's signature on its bid, or on the Contract if the Contract is not the result of a bid solicitation, signifies Vendor's agreement to be bound by and accept the terms and conditions contained in this Contract.

2. DEFINITIONS: As used in this Solicitation/Contract, the following terms shall have the meanings attributed to them below. Additional definitions may be found in the specifications included with this Solicitation/Contract.

2.1. "Agency" or "Agencies" means the agency, board, commission, or other entity of the State of West Virginia that is identified on the first page of the Solicitation or any other public entity seeking to procure goods or services under this Contract.

2.2. "Bid" or "Proposal" means the vendors submitted response to this solicitation.

2.3. "Contract" means the binding agreement that is entered into between the State and the Vendor to provide the goods or services requested in the Solicitation.

2.4. "Director" means the Director of the West Virginia Department of Administration, Purchasing Division.

2.5. "Purchasing Division" means the West Virginia Department of Administration, Purchasing Division.

2.6. "Award Document" means the document signed by the Agency and the Purchasing Division, and approved as to form by the Attorney General, that identifies the Vendor as the contract holder.

2.7. "Solicitation" means the official notice of an opportunity to supply the State with goods or services that is published by the Purchasing Division.

2.8. "State" means the State of West Virginia and/or any of its agencies, commissions, boards, etc. as context requires.

2.9. "Vendor" or "Vendors" means any entity submitting a bid in response to the Solicitation, the entity that has been selected as the lowest responsible bidder, or the entity that has been awarded the Contract as context requires.

3. CONTRACT TERM; RENEWAL; EXTENSION: The term of this Contract shall be determined in accordance with the category that has been identified as applicable to this Contract below:

Term Contract

Initial Contract Term: The Initial Contract Term will be for a period of _____. The Initial Contract Term becomes effective on the effective start date listed on the first page of this Contract, identified as the State of West Virginia contract cover page containing the signatures of the Purchasing Division, Attorney General, and Encumbrance clerk (or another page identified as _____), and the Initial Contract Term ends on the effective end date also shown on the first page of this Contract.

Renewal Term: This Contract may be renewed upon the mutual written consent of the Agency, and the Vendor, with approval of the Purchasing Division and the Attorney General's office (Attorney General approval is as to form only). Any request for renewal should be delivered to the Agency and then submitted to the Purchasing Division thirty (30) days prior to the expiration date of the initial contract term or appropriate renewal term. A Contract renewal shall be in accordance with the terms and conditions of the original contract. Unless otherwise specified below, renewal of this Contract is limited to _____ successive one (1) year periods or multiple renewal periods of less than one year, provided that the multiple renewal periods do not exceed the total number of months available in all renewal years combined. Automatic renewal of this Contract is prohibited. Renewals must be approved by the Vendor, Agency, Purchasing Division and Attorney General's office (Attorney General approval is as to form only)

Alternate Renewal Term – This contract may be renewed for _____ successive _____ year periods or shorter periods provided that they do not exceed the total number of months contained in all available renewals. Automatic renewal of this Contract is prohibited. Renewals must be approved by the Vendor, Agency, Purchasing Division and Attorney General's office (Attorney General approval is as to form only)

Delivery Order Limitations: In the event that this contract permits delivery orders, a delivery order may only be issued during the time this Contract is in effect. Any delivery order issued within one year of the expiration of this Contract shall be effective for one year from the date the delivery order is issued. No delivery order may be extended beyond one year after this Contract has expired.

Fixed Period Contract: This Contract becomes effective upon Vendor's receipt of the notice to proceed and must be completed within _____ days.

Fixed Period Contract with Renewals: This Contract becomes effective upon Vendor's receipt of the notice to proceed and part of the Contract more fully described in the attached specifications must be completed within _____ days. Upon completion of the work covered by the preceding sentence, the vendor agrees that:

the contract will continue for _____ years;

the contract may be renewed for _____ successive _____ year periods or shorter periods provided that they do not exceed the total number of months contained in all available renewals. Automatic renewal of this Contract is prohibited. Renewals must be approved by the Vendor, Agency, Purchasing Division and Attorney General's Office (Attorney General approval is as to form only).

One-Time Purchase: The term of this Contract shall run from the issuance of the Award Document until all of the goods contracted for have been delivered, but in no event will this Contract extend for more than one fiscal year.

Construction/Project Oversight: This Contract becomes effective on the effective start date listed on the first page of this Contract, identified as the State of West Virginia contract cover page containing the signatures of the Purchasing Division, Attorney General, and Encumbrance clerk (or another page identified as _____), and continues until the project for which the vendor is providing oversight is complete.

Other: Contract Term specified in _____

4. AUTHORITY TO PROCEED: Vendor is authorized to begin performance of this contract on the date of encumbrance listed on the front page of the Award Document unless either the box for "Fixed Period Contract" or "Fixed Period Contract with Renewals" has been checked in Section 3 above. If either "Fixed Period Contract" or "Fixed Period Contract with Renewals" has been checked, Vendor must not begin work until it receives a separate notice to proceed from the State. The notice to proceed will then be incorporated into the Contract via change order to memorialize the official date that work commenced.

5. QUANTITIES: The quantities required under this Contract shall be determined in accordance with the category that has been identified as applicable to this Contract below.

Open End Contract: Quantities listed in this Solicitation/Award Document are approximations only, based on estimates supplied by the Agency. It is understood and agreed that the Contract shall cover the quantities actually ordered for delivery during the term of the Contract, whether more or less than the quantities shown.

Service: The scope of the service to be provided will be more clearly defined in the specifications included herewith.

Combined Service and Goods: The scope of the service and deliverable goods to be provided will be more clearly defined in the specifications included herewith.

One-Time Purchase: This Contract is for the purchase of a set quantity of goods that are identified in the specifications included herewith. Once those items have been delivered, no additional goods may be procured under this Contract without an appropriate change order approved by the Vendor, Agency, Purchasing Division, and Attorney General's office.

Construction: This Contract is for construction activity more fully defined in the specifications.

6. EMERGENCY PURCHASES: The Purchasing Division Director may authorize the Agency to purchase goods or services in the open market that Vendor would otherwise provide under this Contract if those goods or services are for immediate or expedited delivery in an emergency. Emergencies shall include, but are not limited to, delays in transportation or an unanticipated increase in the volume of work. An emergency purchase in the open market, approved by the Purchasing Division Director, shall not constitute of breach of this Contract and shall not entitle the Vendor to any form of compensation or damages. This provision does not excuse the State from fulfilling its obligations under a One-Time Purchase contract.

7. REQUIRED DOCUMENTS: All of the items checked in this section must be provided to the Purchasing Division by the Vendor as specified:

LICENSE(S) / CERTIFICATIONS / PERMITS: In addition to anything required under the Section of the General Terms and Conditions entitled Licensing, the apparent successful Vendor shall furnish proof of the following licenses, certifications, and/or permits upon request and in a form acceptable to the State. The request may be prior to or after contract award at the State's sole discretion.

The apparent successful Vendor shall also furnish proof of any additional licenses or certifications contained in the specifications regardless of whether or not that requirement is listed above.

8. INSURANCE: The apparent successful Vendor shall furnish proof of the insurance identified by a checkmark below prior to Contract award. The insurance coverages identified below must be maintained throughout the life of this contract. Thirty (30) days prior to the expiration of the insurance policies, Vendor shall provide the Agency with proof that the insurance mandated herein has been continued. Vendor must also provide Agency with immediate notice of any changes in its insurance policies, including but not limited to, policy cancelation, policy reduction, or change in insurers. The apparent successful Vendor shall also furnish proof of any additional insurance requirements contained in the specifications prior to Contract award regardless of whether that insurance requirement is listed in this section.

Vendor must maintain:

Commercial General Liability Insurance in at least an amount of: _____ per occurrence.

Automobile Liability Insurance in at least an amount of: _____ per occurrence.

Professional/Malpractice/Errors and Omission Insurance in at least an amount of: _____ per occurrence. Notwithstanding the forgoing, Vendor's are not required to list the State as an additional insured for this type of policy.

Commercial Crime and Third Party Fidelity Insurance in an amount of: _____ per occurrence.

Cyber Liability Insurance in an amount of: _____ per occurrence.

Builders Risk Insurance in an amount equal to 100% of the amount of the Contract.

Pollution Insurance in an amount of: _____ per occurrence.

Aircraft Liability in an amount of: _____ per occurrence.

9. WORKERS' COMPENSATION INSURANCE: Vendor shall comply with laws relating to workers compensation, shall maintain workers' compensation insurance when required, and shall furnish proof of workers' compensation insurance upon request.

10. VENUE: All legal actions for damages brought by Vendor against the State shall be brought in the West Virginia Claims Commission. Other causes of action must be brought in the West Virginia court authorized by statute to exercise jurisdiction over it.

11. LIQUIDATED DAMAGES: This clause shall in no way be considered exclusive and shall not limit the State or Agency's right to pursue any other available remedy. Vendor shall pay liquidated damages in the amount specified below or as described in the specifications:

_____ for _____.

Liquidated Damages Contained in the Specifications.

Liquidated Damages Are Not Included in this Contract.

12. ACCEPTANCE: Vendor's signature on its bid, or on the certification and signature page, constitutes an offer to the State that cannot be unilaterally withdrawn, signifies that the product or service proposed by vendor meets the mandatory requirements contained in the Solicitation for that product or service, unless otherwise indicated, and signifies acceptance of the terms and conditions contained in the Solicitation unless otherwise indicated.

13. PRICING: The pricing set forth herein is firm for the life of the Contract, unless specified elsewhere within this Solicitation/Contract by the State. A Vendor's inclusion of price adjustment provisions in its bid, without an express authorization from the State in the Solicitation to do so, may result in bid disqualification. Notwithstanding the foregoing, Vendor must extend any publicly advertised sale price to the State and invoice at the lower of the contract price or the publicly advertised sale price.

14. PAYMENT IN ARREARS: Payments for goods/services will be made in arrears only upon receipt of a proper invoice, detailing the goods/services provided or receipt of the goods/services, whichever is later. Notwithstanding the foregoing, payments for software maintenance, licenses, or subscriptions may be paid annually in advance.

15. PAYMENT METHODS: Vendor must accept payment by electronic funds transfer and P-Card. (The State of West Virginia's Purchasing Card program, administered under contract by a banking institution, processes payment for goods and services through state designated credit cards.)

16. TAXES: The Vendor shall pay any applicable sales, use, personal property or any other taxes arising out of this Contract and the transactions contemplated thereby. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.

17. ADDITIONAL FEES: Vendor is not permitted to charge additional fees or assess additional charges that were not either expressly provided for in the solicitation published by the State of West Virginia, included in the Contract, or included in the unit price or lump sum bid amount that Vendor is required by the solicitation to provide. Including such fees or charges as notes to the solicitation may result in rejection of vendor's bid. Requesting such fees or charges be paid after the contract has been awarded may result in cancellation of the contract.

18. FUNDING: This Contract shall continue for the term stated herein, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise made available, this Contract becomes void and of no effect beginning on July 1 of the fiscal year for which funding has not been appropriated or otherwise made available. If that occurs, the State may notify the Vendor that an alternative source of funding has been obtained and thereby avoid the automatic termination. Non-appropriation or non-funding shall not be considered an event of default.

19. CANCELLATION: The Purchasing Division Director reserves the right to cancel this Contract immediately upon written notice to the vendor if the materials or workmanship supplied do not conform to the specifications contained in the Contract. The Purchasing Division Director may also cancel any purchase or Contract upon 30 days written notice to the Vendor in accordance with West Virginia Code of State Rules § 148-1-5.2.b.

20. TIME: Time is of the essence regarding all matters of time and performance in this Contract.

21. APPLICABLE LAW: This Contract is governed by and interpreted under West Virginia law without giving effect to its choice of law principles. Any information provided in specification manuals, or any other source, verbal or written, which contradicts or violates the West Virginia Constitution, West Virginia Code, or West Virginia Code of State Rules is void and of no effect.

22. COMPLIANCE WITH LAWS: Vendor shall comply with all applicable federal, state, and local laws, regulations and ordinances. By submitting a bid, Vendor acknowledges that it has reviewed, understands, and will comply with all applicable laws, regulations, and ordinances.

SUBCONTRACTOR COMPLIANCE: Vendor shall notify all subcontractors providing commodities or services related to this Contract that as subcontractors, they too are required to comply with all applicable laws, regulations, and ordinances. Notification under this provision must occur prior to the performance of any work under the contract by the subcontractor.

23. ARBITRATION: Any references made to arbitration contained in this Contract, Vendor's bid, or in any American Institute of Architects documents pertaining to this Contract are hereby deleted, void, and of no effect.

24. MODIFICATIONS: This writing is the parties' final expression of intent. Notwithstanding anything contained in this Contract to the contrary no modification of this Contract shall be binding without mutual written consent of the Agency, and the Vendor, with approval of the Purchasing Division and the Attorney General's office (Attorney General approval is as to form only). Any change to existing contracts that adds work or changes contract cost, and were not included in the original contract, must be approved by the Purchasing Division and the Attorney General's Office (as to form) prior to the implementation of the change or commencement of work affected by the change.

25. WAIVER: The failure of either party to insist upon a strict performance of any of the terms or provision of this Contract, or to exercise any option, right, or remedy herein contained, shall not be construed as a waiver or a relinquishment for the future of such term, provision, option, right, or remedy, but the same shall continue in full force and effect. Any waiver must be expressly stated in writing and signed by the waiving party.

26. SUBSEQUENT FORMS: The terms and conditions contained in this Contract shall supersede any and all subsequent terms and conditions which may appear on any form documents submitted by Vendor to the Agency or Purchasing Division such as price lists, order forms, invoices, sales agreements, or maintenance agreements, and includes internet websites or other electronic documents. Acceptance or use of Vendor's forms does not constitute acceptance of the terms and conditions contained thereon.

27. ASSIGNMENT: Neither this Contract nor any monies due, or to become due hereunder, may be assigned by the Vendor without the express written consent of the Agency, the Purchasing Division, the Attorney General's office (as to form only), and any other government agency or office that may be required to approve such assignments.

28. WARRANTY: The Vendor expressly warrants that the goods and/or services covered by this Contract will: (a) conform to the specifications, drawings, samples, or other description furnished or specified by the Agency; (b) be merchantable and fit for the purpose intended; and (c) be free from defect in material and workmanship.

29. STATE EMPLOYEES: State employees are not permitted to utilize this Contract for personal use and the Vendor is prohibited from permitting or facilitating the same.

30. PRIVACY, SECURITY, AND CONFIDENTIALITY: The Vendor agrees that it will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the Agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the Agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in www.state.wv.us/admin/purchase/privacy.

31. YOUR SUBMISSION IS A PUBLIC DOCUMENT: Vendor's entire response to the Solicitation and the resulting Contract are public documents. As public documents, they will be disclosed to the public following the bid/proposal opening or award of the contract, as required by the competitive bidding laws of West Virginia Code §§ 5A-3-1 et seq., 5-22-1 et seq., and 5G-1-1 et seq. and the Freedom of Information Act West Virginia Code §§ 29B-1-1 et seq.

DO NOT SUBMIT MATERIAL YOU CONSIDER TO BE CONFIDENTIAL, A TRADE SECRET, OR OTHERWISE NOT SUBJECT TO PUBLIC DISCLOSURE.

Submission of any bid, proposal, or other document to the Purchasing Division constitutes your explicit consent to the subsequent public disclosure of the bid, proposal, or document. The Purchasing Division will disclose any document labeled "confidential," "proprietary," "trade secret," "private," or labeled with any other claim against public disclosure of the documents, to include any "trade secrets" as defined by West Virginia Code § 47-22-1 et seq. All submissions are subject to public disclosure without notice.

32. LICENSING: In accordance with West Virginia Code of State Rules § 148-1-6.1.e, Vendor must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, West Virginia Insurance Commission, or any other state agency or political subdivision. Obligations related to political subdivisions may include, but are not limited to, business licensing, business and occupation taxes, inspection compliance, permitting, etc. Upon request, the Vendor must provide all necessary releases to obtain information to enable the Purchasing Division Director or the Agency to verify that the Vendor is licensed and in good standing with the above entities.

SUBCONTRACTOR COMPLIANCE: Vendor shall notify all subcontractors providing commodities or services related to this Contract that as subcontractors, they too are required to be licensed, in good standing, and up-to-date on all state and local obligations as described in this section. Obligations related to political subdivisions may include, but are not limited to, business licensing, business and occupation taxes, inspection compliance, permitting, etc. Notification under this provision must occur prior to the performance of any work under the contract by the subcontractor.

33. ANTITRUST: In submitting a bid to, signing a contract with, or accepting a Award Document from any agency of the State of West Virginia, the Vendor agrees to convey, sell, assign, or transfer to the State of West Virginia all rights, title, and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to Vendor.

34. VENDOR NON-CONFLICT: Neither Vendor nor its representatives are permitted to have any interest, nor shall they acquire any interest, direct or indirect, which would compromise the performance of its services hereunder. Any such interests shall be promptly presented in detail to the Agency.

35. VENDOR RELATIONSHIP: The relationship of the Vendor to the State shall be that of an independent contractor and no principal-agent relationship or employer-employee relationship is contemplated or created by this Contract. The Vendor as an independent contractor is solely liable for the acts and omissions of its employees and agents. Vendor shall be responsible for selecting, supervising, and compensating any and all individuals employed pursuant to the terms of this Solicitation and resulting contract. Neither the Vendor, nor any employees or subcontractors of the Vendor, shall be deemed to be employees of the State for any purpose whatsoever. Vendor shall be exclusively responsible for payment of employees and contractors for all wages and salaries, taxes, withholding payments, penalties, fees, fringe benefits, professional liability insurance premiums, contributions to insurance and pension, or other deferred compensation plans, including but not limited to, Workers' Compensation and Social Security obligations, licensing fees, etc. and the filing of all necessary documents, forms, and returns pertinent to all of the foregoing.

Vendor shall hold harmless the State, and shall provide the State and Agency with a defense against any and all claims including, but not limited to, the foregoing payments, withholdings, contributions, taxes, Social Security taxes, and employer income tax returns.

36. INDEMNIFICATION: The Vendor agrees to indemnify, defend, and hold harmless the State and the Agency, their officers, and employees from and against: (1) Any claims or losses for services rendered by any subcontractor, person, or firm performing or supplying services, materials, or supplies in connection with the performance of the Contract; (2) Any claims or losses resulting to any person or entity injured or damaged by the Vendor, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use, or disposition of any data used under the Contract in a manner not authorized by the Contract, or by Federal or State statutes or regulations; and (3) Any failure of the Vendor, its officers, employees, or subcontractors to observe State and Federal laws including, but not limited to, labor and wage and hour laws.

37. NO DEBT CERTIFICATION: In accordance with West Virginia Code §§ 5A-3-10a and 5-22-1(i), the State is prohibited from awarding a contract to any bidder that owes a debt to the State or a political subdivision of the State. By submitting a bid, or entering into a contract with the State, Vendor is affirming that (1) for construction contracts, the Vendor is not in default on any monetary obligation owed to the state or a political subdivision of the state, and (2) for all other contracts, neither the Vendor nor any related party owe a debt as defined above, and neither the Vendor nor any related party are in employer default as defined in the statute cited above unless the debt or employer default is permitted under the statute.

38. CONFLICT OF INTEREST: Vendor, its officers or members or employees, shall not presently have or acquire an interest, direct or indirect, which would conflict with or compromise the performance of its obligations hereunder. Vendor shall periodically inquire of its officers, members and employees to ensure that a conflict of interest does not arise. Any conflict of interest discovered shall be promptly presented in detail to the Agency.

39. REPORTS: Vendor shall provide the Agency and/or the Purchasing Division with the following reports identified by a checked box below:

Such reports as the Agency and/or the Purchasing Division may request. Requested reports may include, but are not limited to, quantities purchased, agencies utilizing the contract, total contract expenditures by agency, etc.

Quarterly reports detailing the total quantity of purchases in units and dollars, along with a listing of purchases by agency. Quarterly reports should be delivered to the Purchasing Division via email at purchasing.division@wv.gov.

40. BACKGROUND CHECK: In accordance with W. Va. Code § 15-2D-3, the State reserves the right to prohibit a service provider's employees from accessing sensitive or critical information or to be present at the Capitol complex based upon results addressed from a criminal background check. Service providers should contact the West Virginia Division of Protective Services by phone at (304) 558-9911 for more information.

41. PREFERENCE FOR USE OF DOMESTIC STEEL PRODUCTS: Except when authorized by the Director of the Purchasing Division pursuant to W. Va. Code § 5A-3-56, no contractor may use or supply steel products for a State Contract Project other than those steel products made in the United States. A contractor who uses steel products in violation of this section may be subject to civil penalties pursuant to W. Va. Code § 5A-3-56. As used in this section:

- a. "State Contract Project" means any erection or construction of, or any addition to, alteration of or other improvement to any building or structure, including, but not limited to, roads or highways, or the installation of any heating or cooling or ventilating plants or other equipment, or the supply of and materials for such projects, pursuant to a contract with the State of West Virginia for which bids were solicited on or after June 6, 2001.
- b. "Steel Products" means products rolled, formed, shaped, drawn, extruded, forged, cast, fabricated or otherwise similarly processed, or processed by a combination of two or more or such operations, from steel made by the open heath, basic oxygen, electric furnace, Bessemer or other steel making process.
- c. The Purchasing Division Director may, in writing, authorize the use of foreign steel products if:
 1. The cost for each contract item used does not exceed one tenth of one percent (.1%) of the total contract cost or two thousand five hundred dollars (\$2,500.00), whichever is greater. For the purposes of this section, the cost is the value of the steel product as delivered to the project; or
 2. The Director of the Purchasing Division determines that specified steel materials are not produced in the United States in sufficient quantity or otherwise are not reasonably available to meet contract requirements.

42. PREFERENCE FOR USE OF DOMESTIC ALUMINUM, GLASS, AND STEEL: In Accordance with W. Va. Code § 5-19-1 et seq., and W. Va. CSR § 148-10-1 et seq., for every contract or subcontract, subject to the limitations contained herein, for the construction, reconstruction, alteration, repair, improvement or maintenance of public works or for the purchase of any item of machinery or equipment to be used at sites of public works, only domestic aluminum, glass or steel products shall be supplied unless the spending officer determines, in writing, after the receipt of offers or bids, (1) that the cost of domestic aluminum, glass or steel products is unreasonable or inconsistent with the public interest of the State of West Virginia, (2) that domestic aluminum, glass or steel products are not produced in sufficient quantities to meet the contract requirements, or (3) the available domestic aluminum, glass, or steel do not meet the contract specifications. This provision only applies to public works contracts awarded in an amount more than fifty thousand dollars (\$50,000) or public works contracts that require more than ten thousand pounds of steel products.

The cost of domestic aluminum, glass, or steel products may be unreasonable if the cost is more than twenty percent (20%) of the bid or offered price for foreign made aluminum, glass, or steel products. If the domestic aluminum, glass or steel products to be supplied or produced in a “substantial labor surplus area”, as defined by the United States Department of Labor, the cost of domestic aluminum, glass, or steel products may be unreasonable if the cost is more than thirty percent (30%) of the bid or offered price for foreign made aluminum, glass, or steel products. This preference shall be applied to an item of machinery or equipment, as indicated above, when the item is a single unit of equipment or machinery manufactured primarily of aluminum, glass or steel, is part of a public works contract and has the sole purpose or of being a permanent part of a single public works project. This provision does not apply to equipment or machinery purchased by a spending unit for use by that spending unit and not as part of a single public works project.

All bids and offers including domestic aluminum, glass or steel products that exceed bid or offer prices including foreign aluminum, glass or steel products after application of the preferences provided in this provision may be reduced to a price equal to or lower than the lowest bid or offer price for foreign aluminum, glass or steel products plus the applicable preference. If the reduced bid or offer prices are made in writing and supersede the prior bid or offer prices, all bids or offers, including the reduced bid or offer prices, will be reevaluated in accordance with this rule.

43. INTERESTED PARTY SUPPLEMENTAL DISCLOSURE: W. Va. Code § 6D-1-2 requires that for contracts with an actual or estimated value of at least \$1 million, the Vendor must submit to the Agency a disclosure of interested parties prior to beginning work under this Contract. Additionally, the Vendor must submit a supplemental disclosure of interested parties reflecting any new or differing interested parties to the contract, which were not included in the original pre-work interested party disclosure, within 30 days following the completion or termination of the contract. A copy of that form is included with this solicitation or can be obtained from the WV Ethics Commission. This requirement does not apply to publicly traded companies listed on a national or international stock exchange. A more detailed definition of interested parties can be obtained from the form referenced above.

44. PROHIBITION AGAINST USED OR REFURBISHED: Unless expressly permitted in the solicitation published by the State, Vendor must provide new, unused commodities, and is prohibited from supplying used or refurbished commodities, in fulfilling its responsibilities under this Contract.

45. VOID CONTRACT CLAUSES: This Contract is subject to the provisions of West Virginia Code § 5A-3-62, which automatically voids certain contract clauses that violate State law.

46. ISRAEL BOYCOTT: Bidder understands and agrees that, pursuant to W. Va. Code § 5A-3-63, it is prohibited from engaging in a boycott of Israel during the term of this contract.

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

(Printed Name and Title) Kelly Shafer, CPA, Member

(Address) 1411 Virginia Street, East, Suite 100, Charleston, WV 25301

(Phone Number) / (Fax Number) 304.343.4126 / 304.343.8008

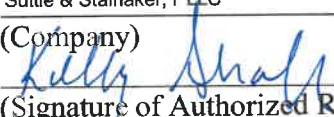
(email address) KShafer@suttlecpas.com

CERTIFICATION AND SIGNATURE: By signing below, or submitting documentation through wvOASIS, I certify that: I have reviewed this Solicitation/Contract in its entirety; that I understand the requirements, terms and conditions, and other information contained herein; that this bid, offer or proposal constitutes an offer to the State that cannot be unilaterally withdrawn; that the product or service proposed meets the mandatory requirements contained in the Solicitation/Contract for that product or service, unless otherwise stated herein; that the Vendor accepts the terms and conditions contained in the Solicitation, unless otherwise stated herein; that I am submitting this bid, offer or proposal for review and consideration; that this bid or offer was made without prior understanding, agreement, or connection with any entity submitting a bid or offer for the same material, supplies, equipment or services; that this bid or offer is in all respects fair and without collusion or fraud; that this Contract is accepted or entered into without any prior understanding, agreement, or connection to any other entity that could be considered a violation of law; that I am authorized by the Vendor to execute and submit this bid, offer, or proposal, or any documents related thereto on Vendor's behalf; that I am authorized to bind the vendor in a contractual relationship; and that to the best of my knowledge, the vendor has properly registered with any State agency that may require registration.

By signing below, I further certify that I understand this Contract is subject to the provisions of West Virginia Code § 5A-3-62, which automatically voids certain contract clauses that violate State law; and that pursuant to W. Va. Code 5A-3-63, the entity entering into this contract is prohibited from engaging in a boycott against Israel.

Suttle & Stalnaker, PLLC

(Company)


(Signature of Authorized Representative)

Kelly Shafer, CPA, Member

(Printed Name and Title of Authorized Representative) (Date)

304.343.4126 / 304.343.8008

(Phone Number) (Fax Number)

KShafer@suttlecpas.com

(Email Address)

REQUEST FOR QUOTATION
Financial Auditing Services

SPECIFICATIONS

1. **PURPOSE AND SCOPE:** The West Virginia Purchasing Division is soliciting bids on behalf of WorkForce West Virginia to establish a contract for financial auditing services of the agency's financial statements for the fiscal year ending June 30, 2024 and subsequent years allowed under this contract. Last year's audit is included as Exhibit C. Last Year's report to the commissioner is included as Exhibit D.
 - 1.1 **Current Environment:** The accounting staff of WorkForce West Virginia, as well as management, will be available during the audit to assist the auditing firm by providing information, documentation, and explanations. The preparation of conformations will be the responsibility of the auditor. An appropriate number of hours of clerical support will be made available to the auditing firm for preparation of routine conformation and/or informational letters and memoranda. The agency will provide the auditing firm with workspace, desks, and chairs. The auditing firm will also be provided with access to telephone lines, internet, photocopying facilities, and fax machines. The firm will provide WorkForce West Virginia with an estimate of the number of personnel to be assigned to the audit in the detailed audit plan. Final report preparation, editing, and printing shall be the responsibility of the auditing firm. No internal audit support is available.

2. **DEFINITIONS:** The terms listed below shall have the meanings assigned to them below. Additional definitions can be found in section 2 of the General Terms and Conditions.
 - 2.1 **"Contract Services"** means the audit of the agency's financial statements for the fiscal year ending June 30, 2024 and subsequent years as more fully described in these specifications.
 - 2.2 **"Pricing Page"** means the pages, contained wvOASIS or attached hereto as Exhibit A, upon which Vendor should list its proposed price for the Contract Services.
 - 2.3 **"Solicitation"** means the official notice of an opportunity to supply the State with goods or services that is published by the Purchasing Division.
 - 2.4 **"FAM"** means the Fiscal and Administrative Management Division of WorkForce West Virginia.
 - 2.5 **"FARS"** means the Financial Accounting and Reporting Section of the West Virginia Department of Administration.
 - 2.6 **"GASB"** means Government Accounting Standards Board.

REQUEST FOR QUOTATION
Financial Auditing Services

2.7 “SAS” means Statements on Auditing Standards.

3. **QUALIFICATIONS:** Vendor, or Vendor’s staff if requirements are inherently limited to individuals rather than corporate entities, shall have the following minimum qualifications:

3.1. Location: Vendor must be independent and licensed to practice in West Virginia and must attest to this in the proposal.

3.2. Organization: Vendor must be a certified public accounting firm with a minimum of seven (7) licensed CPAs on staff within the audit firm that are strictly audit, and not tax, professionals. This ensures the firm has a breadth of experience to meet the needs of WorkForce West Virginia and can substitute engagement members should turnover occur. At least five (5) of these audit professionals must all be in the same location and cannot be spread amongst other firm locations.

3.3. Experience: Vendor must have experience auditing/consulting with three (3) different state (does not have to be West Virginia) government entities (agencies) over the past five (5) years. The firm must submit a list of those state audits/consulting engagements.

3.4. Membership: Vendor must be a member of the American Institute of Certified Public Accountants (AICPA) and, if doing business in West Virginia, a member of the West Virginia Society of Certified Public Accountants. Vendor must also provide a statement of being a member in good standing of the AICPA’s Governmental Audit Quality Center.

3.5. Staff Qualifications

3.5.1 Experienced Staff: Vendor must provide experienced staff. All staff accountants assigned to the audit engagement must have at least one (1) year of auditing experience.

REQUEST FOR QUOTATION
Financial Auditing Services

- 3.5.2 Directors, Principals or Partner Equivalents Qualifications:** All directors, principals or partner equivalents on the engagement must be licensed CPAs with at least five (5) years of audit experience with governmental entities. All manager level employees on this engagement must be CPA's with three (3) years of experience on governmental engagements. WorkForce West Virginia retains the right to approve or reject replacements based upon their qualifications, experience, or performance.
- 3.6. AICPA Peer Review:** The firm shall submit a statement that they have not failed their two (2) most recent AICPA Peer Reviews of their audit/accounting practice and submit the most recent review with their proposal.
- 3.7. Material Errors or Omissions:** The firm must not have had a final audit issued by the proposing firm that had to be reissued due to material errors or omission discovered by West Virginia Financial Accounting and Reporting Section or other West Virginia agency two times or more.

4. MANDATORY REQUIREMENTS:

4.1 Mandatory Contract Services Requirements and Deliverables: Contract Services must meet or exceed the mandatory requirements listed below. **Only bids meeting mandatory requirements will be considered.**

4.1.1 Financial Statements

4.1.1.1 Vendor must provide a written statement in conformity with Generally Accepted Accounting Principles, on the presentation of the general purpose financial statements that will include all of WorkForce West Virginia funds to the Director of FAM.

4.1.1.2 The audit must be audited in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

REQUEST FOR QUOTATION
Financial Auditing Services

- 4.1.1.3** Vendor must audit the additional financial information schedules required by the Financial Accounting and Reporting Section (FARS) of the West Virginia Department of Administration.
- 4.1.1.4** Vendor is responsible for performing certain limited procedures involving required supplementary information required by Governmental Accounting Standards as mandated by Generally Accepted Auditing Standards.
- 4.1.1.5** Vendor must provide all work under the direction of the Executive Director of WorkForce West Virginia or his/her designee.
- 4.1.1.6** Vendor must provide to the Director of the Financial Accounting and Reporting Section (FARS) of the Department of Administration, 2101 Washington Street East, Building 17, 3rd Floor, Charleston, WV 25305, under the authority of Section 5-A of the State Code, a written report within twenty-four (24) hours of all irregularities and illegal acts of which the firm becomes aware.
- 4.1.1.7** A copy of all such reports must be provided to the Executive Director of WorkForce West Virginia and the Director of Financial Administrative & Management (FAM) in writing of each of the firm's responsibility under general accepted auditing standards, accounting policies, management judgements, accounting estimates and projections, audit adjustments and revisions of past and current estimates and projections, disagreements with management, consultation with other accountants and actuaries, major issues discussed with management prior to retention, and difficulties encountered in performing the audit.
- 4.1.1.8** The firm must immediately communicate to the Executive Director of WorkForce and the Director of FAM any issues that arise during the audit that could cause delays in the issuance of the report or have an adverse impact. A written summary of these issues must be provided within twenty-four (24) hours to the Executive Director of WorkForce West Virginia and the Director of FAM.

REQUEST FOR QUOTATION
Financial Auditing Services

- 4.1.1.9** Vendor must submit all written reports initially in draft form for review. This ensures all necessary changes will be discussed and agreed upon before final acceptance.
- 4.1.1.10** Vendor must discuss any public statements with the Executive Director or designee prior to the statements being released or made.
- 4.1.1.11** Vendor, if requested, must provide special assistance to WorkForce West Virginia's auditors, the State's auditors and the Financial Accounting and FARS since the agency's financial statements are to be included in the financial statement of the State of West Virginia.
- 4.1.1.12** Vendor must give agency written notice of any professional relationships entered into during the period of the agreement with any major contractors as defined in WV State Code 29.22.23 (<https://code.wvlegislature.gov/29-22-23/>) the vendor shall also notify the agency in writing any other matters come to its attention during the course of the contract which may impair its independence. **No subcontracting is allowed on this proposal.**

4.1.2 Audit Plan

- 4.1.2.1** Vendor must provide a detailed audit plan to WorkForce West Virginia annually by June 30th.

4.1.3 Review and Retention of Records

- 4.1.3.1** All working papers and reports must be retained at the vendor's expense in a secure storage area for a minimum of five (5) years, unless the vendor is notified by the agency of the need to extend the retention period. The vendor will be required to make working papers available upon request to the Executive Director of WorkForce West Virginia, the Director of FAM, and FARS. In addition, the firm must respond to the inquiries of grantors and successor auditors and allow them to review working papers. The agency must be provided access keys to the storage area upon request.

REQUEST FOR QUOTATION
Financial Auditing Services

4.1.4 Deadlines

4.1.4.1 Vendor shall deliver contract deliverables within the timeframes set forth in the Delivery Schedule attached hereto as Exhibit B.

4.1.4.2 Items must be delivered to WorkForce West Virginia, Suite 300, 1900 Kanawha Blvd East, Charleston, WV, 25305, or their current location.

4.1.5 Final Report Copies

4.1.5.1 Vendor must deliver five (5) copies of the bound final report to the Director of FAM, Building 3, Suite 300, 1900 Kanawha Blvd East, Charleston, WV 25305, or current location by October 15, 2024 and subsequent years allowed under this contract. An electronic copy of the report must be provided in a PDF or similar format for public review on the agency's website.

5. CONTRACT AWARD:

5.1 Contract Award: The Contract is intended to provide Agency with a purchase price for the Contract Services. The Contract shall be awarded to the Vendor that provides the Contract Services meeting the required specifications for the lowest overall total cost as shown on the Pricing Pages.

5.2 Pricing Page: Vendor should complete the Pricing Page, hereby attached as Exhibit A, in accordance with the instructions on the Pricing Page. Vendor should complete the Pricing Page in full as failure to complete the Pricing Page in its entirety may result in Vendor's bid being disqualified.

Vendor should type or electronically enter the information into the Pricing Pages through wvOASIS.

6. PERFORMANCE: Vendor and Agency shall agree upon a schedule for performance of Contract Services and Contract Services Deliverables, unless such a schedule is already included herein by Agency. In the event that this Contract is designated as an open-end contract, Vendor shall perform in accordance with the release orders that may be issued against this Contract.

REQUEST FOR QUOTATION
Financial Auditing Services

- 7. PAYMENT:** Agency shall pay hourly rate as shown on the Pricing Pages, for all Contract Services performed and accepted under this Contract. Vendor shall accept payment in accordance with the payment procedures of the State of West Virginia.
- 8. TRAVEL:** Vendor shall be responsible for all mileage and travel costs, including travel time, associated with performance of this Contract. Any anticipated mileage or travel costs may be included in the flat fee or hourly rate listed on Vendor's bid, but such costs will not be paid by the Agency separately.
- 9. FACILITIES ACCESS:** Performance of Contract Services may require access cards and/or keys to gain entrance to Agency's facilities. In the event that access cards and/or keys are required:
- 9.5.** Vendor must identify principal service personnel which will be issued access cards and/or keys to perform service.
 - 9.6.** Vendor will be responsible for controlling cards and keys and will pay replacement fee, if the cards or keys become lost or stolen.
 - 9.7.** Vendor shall notify Agency immediately of any lost, stolen, or missing card or key.
 - 9.8.** Anyone performing under this Contract will be subject to Agency's security protocol and procedures.
 - 9.9.** Vendor shall inform all staff of Agency's security protocol and procedures.
- 10. VENDOR DEFAULT:**
- 10.5.** The following shall be considered a vendor default under this Contract.
 - 3.5.2** Failure to perform Contract Services in accordance with the requirements contained herein.
 - 4.5.2** Failure to comply with other specifications and requirements contained herein.
 - 5.5.2** Failure to comply with any laws, rules, and ordinances applicable to the Contract Services provided under this Contract.

REQUEST FOR QUOTATION
Financial Auditing Services

6.5.2 Failure to remedy deficient performance upon request.

10.6. The following remedies shall be available to Agency upon default.

3.5.2 Immediate cancellation of the Contract.

4.5.2 Immediate cancellation of one or more release orders issued under this Contract.

5.5.2 Any other remedies available in law or equity.

11. MISCELLANEOUS:

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

Contract Manager: Kelly Shafer, CPA, Member
Telephone Number: 304.343.4126
Fax Number: 304.343.8008
Email Address: KShafer@suttlecpas.com

WORKFORCE WEST VIRGINIA

Exhibit A - Pricing Page

DELIVERABLES	Estimated Hours	Hourly Rates Year One	Extended cost	*OPTIONAL* Hourly Rates Year Two	Extended Cost Year Two	*OPTIONAL* Hourly Rates Year Three	Extended Cost Year Three	*OPTIONAL* Hourly Rates Year Four	Extended Cost Year Four	
PHASE I										
Entrance Conference	20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Detailed Audit Plan	50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Draft of WORKFORCE West Virginia Reports and Financial Statements for Review	225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL PHASE I			\$ -	TOTAL PHASE I YEAR TWO	\$ -	TOTAL PHASE I YEAR THREE	\$ -	TOTAL PHASE I YEAR FOUR	\$ -	
PHASE II										
Revised draft with all requests changed and modification of WORKFORCE West Virginia reports and financial statements for review	50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Draft submitted to the Financial Accounting and Reporting Section (FARS) of the WV Department of Administration with copies to Executive Director of WORKFORCE West Virginia and Director of FAM	30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL PHASE II			\$ -	TOTAL PHASE II YEAR TWO	\$ -	TOTAL PHASE II YEAR THREE	\$ -	TOTAL PHASE II YEAR FOUR	\$ -	
PHASE III										
Unsigned Final Draft with all modifications to WORKFORCE West Virginia management for final review	40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Final signed report submitted to WORKFORCE West Virginia and FARS	40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL PHASE III			\$ -	TOTAL PHASE III YEAR TWO	\$ -	TOTAL PHASE III YEAR THREE	\$ -	TOTAL PHASE III YEAR FOUR	\$ -	

Phase Total = PHASE 1 + PHASE II + PHASE III

Hourly Services	**Rate per Hour for Accounting, Auditing, and Consulting Services	20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total YEAR ONE (Total Hourly Services + Total Phases)			\$ -	GRAND TOTAL (HRLY SERVICE & PHASES) YR 2	\$ -	GRAND TOTAL (HRLY SERVICE & PHASES) YR 3	\$ -	GRAND TOTAL (HRLY SERVICE & PHASES) YR 4	\$ -

HOURS SHOWN ARE AN ESTIMATION AND IS FOR AWARD PURPOSES ONLY

AWARD WILL BE BASED ON GRAND TOTAL , HOWEVER THE COST OF THE HOURS WILL BE ACTUAL PAYMENT AND THOSE HOURS ARE NOT GUARANTEED.

Vendor may request payment pursuant to the following schedule :

* First Payment and can be submitted upon completion of Phase I , identified in the above table

* Second Payment can submitted upon completion of Phase II , identified in the above table

* Third payment can be submitted upon completion of Phase III , identified in the table

**WORKFORCE West Virginia requires that the accounting first be available to assist with accounting Issues and new reporting requirements as they arise on an as-needed basis. The bid must include firm fixed fee for the services shown as well as an hourly rate for accounting and auditing consulting services. The total cost submitted for bid must include all travel and out-of -the -pocket expenses.

WORKFORCE WV AUDIT SERVICES

EXHIBIT B

AUDITING SERVICES DELIVERY SCHEDULE OF THE CURRENT AND SUBSEQUENT YEARS

DELIVERABLES	REQUIRED DATE
Entrance conference	Before May 30
Interim work Completed and Detailed Audit Plan Prepared	By June 30
Draft of Agency's reports and financial statement of review	August 21
Revised draft with all requests changed and modifications of agency's reports and financial statements for review	August 28
Draft submitted to the Financial Accounting and Reporting Section (FARS) with copies to Executive Director or WorkForce West Virginia and the Director of FAM	September 5
Unsigned final draft with all modifications to the agency's management for final review.	October 13
Final signed report submitted to the agency and FARS	October 15

**WorkForce West Virginia
A Component Unit of the State of West Virginia
Auditing RFQ
(Continued)**

Exhibit C

Copy of the WorkForce West Virginia Audit for the Year Ended June 30, 2023

WORKFORCE WEST VIRGINIA

(A Division of the State of West Virginia)

**AUDITED FINANCIAL STATEMENTS
WITH OTHER FINANCIAL INFORMATION**

June 30, 2023



Certified
Public
Accountants

A Professional Limited Liability Company

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INDEPENDENT AUDITOR'S REPORT

The Commissioner
WORKFORCE West Virginia
1900 Kanawha Blvd. East, Building 3, Suite 300
Charleston, West Virginia 25305

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of WORKFORCE West Virginia (the Division), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Division's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the Division, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Division and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The Virginia Center
1411 Virginia Street, East
Suite 100
Charleston, WV 25301

MAIN (304) 343-4126
FAX (304) 343-8008

The Rivers Office Park
200 Star Avenue
Suite 220
Parkersburg, WV 26101

MAIN (304) 485-6584
FAX (304) 485-0971

Suncrest Towne Centre
453 Suncrest Towne Centre Drive
Suite 201
Morgantown, WV 26505

MAIN (304) 485-6584
FAX (304) 485-0971

The Somerville Building
501 5th Avenue
Suite 1
Huntington, WV 25701

MAIN (304) 525-0301
FAX (304) 522-1569

Emphasis of Matter

As discussed in Note 1, the financial statements of the Division are intended to present the financial position, and the changes in financial position and cash flows, where applicable, of only that portion of the governmental activities, the business-type activities, and each major fund of the West Virginia Department of Commerce and of the State of West Virginia that is attributable to the transactions of the Division. They do not purport to, and do not, present fairly, the financial position of the West Virginia Department of Commerce or the State of West Virginia as of June 30, 2023 and the changes in their financial position and their cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Division's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Division's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 14; the budgetary comparison information on pages 48 through 49; the schedule of proportionate share of the net pension (asset)/liability, schedule of pension contributions, schedule of proportionate share of the net OPEB (asset)/liability, schedule of OPEB contributions, and related notes on pages 50 through 57; to be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the financial statements. The other information includes the individual fund budgetary comparison schedules on pages 59 through 63 but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2023, on our consideration of the Division's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Division's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Division's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Suttle & Stalnakor, PLLC".

Charleston, West Virginia
October 12, 2023

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(In Thousands Unless Otherwise Noted)

The management of WORKFORCE West Virginia (Division), a Division of the West Virginia Department of Commerce, State of West Virginia, provides this *Management's Discussion and Analysis* of the Division's financial standing for the readers of the audited financial statements. As of June 30, 2023, WORKFORCE West Virginia consisted of four primary operating Divisions: the Field Operations Division; the Employment Services Division; the Unemployment Compensation Division; and the Research Information and Analysis Division.

This narrative overview and analysis of the financial activities for the Division is for the fiscal year ended June 30, 2023. Please read it in conjunction with the Division's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Division Wide Highlights:

The assets of the Division exceeded the liabilities for the fiscal year ended June 30, 2023, by \$434.9 million as compared to assets exceeding liabilities by \$398.5 million for the fiscal year ended June 30, 2022, primarily due to employer contributions being higher than claimant benefit payments and the net change in OPEB and pension's deferred inflows.

Fund Level Highlights:

At the close of the fiscal year, the governmental activities of the Division reported a net position of \$4.2 million as compared to a net position of \$1.7 million for the fiscal year ended June 30, 2022. The increase is primarily due to the net change in the OPEB and pension's deferred inflows and GASB 87 activity for leases.

The business-type activities reported a net position of \$430.7 million for the Unemployment Compensation Trust Fund at June 30, 2023, as compared to a net position of \$396.8 million at June 30, 2022. The increase in net position is primarily due to employer contributions being higher than claimant benefit payments and an increase in interest revenue.

More detailed information regarding these funds and their activities is contained in Footnote 1 to the audited financial statements, which follow.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts - *management's discussion and analysis* (this section), *the basic financial statements*, *required supplementary information*, and *other financial information*. The basic financial statements include two types of statements that present different views of the Division.

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the Division's overall financial status.

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(In Thousands Unless Otherwise Noted)

- The remaining statements are *fund* financial statements that focus on *individual* parts of the Division's government, reporting the Division's operations in *more* detail than the government-wide statements.
 - The *government fund* statements tell how *general government* services like education were financed in the *short term* as well as what remains for future spending. For the Division, this consists primarily of federally funded workforce development programs.
 - *Proprietary fund* statements offer short and long-term financial information about the activities the government operates like businesses (business-type activities). For the Division, this consists of the Unemployment Compensation Trust Fund.
 - *Fiduciary fund* statements provide information about the financial relationships - like the retirement plan for the Division's employees - in which the State acts solely as a *trustee* or *agent* for the benefit of others, to whom the resources in question belong. The Division has no fiduciary funds.
- The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Division as a whole, using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the reporting entity's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Division's *net position* and how it has changed. Net position - the difference between the Division's assets and deferred outflows of resources and liabilities and deferred inflows of resources - is one way to measure the Division's financial health or *position*.

- Over time, increases or decreases in the Division's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Division, one needs to consider additional non-financial factors such as changes in the Division's revenue sources and the condition of the Division's assets.

The government-wide financial statements of the State of West Virginia are divided into three categories:

- *Governmental activities* - These are the activities that are necessary for the government to function and meet its intended purpose. They are generally funded through a tax. For the Division, this consists primarily of federally funded workforce development programs.
- *Business-type activities* - The Division charges fees to customers to help it cover the costs of certain services it provides. For the Division, this consists of the Unemployment Compensation Trust Fund.

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(In Thousands Unless Otherwise Noted)

- *Component Units* - The State of West Virginia includes other entities in its report such as West Virginia Housing Development, Parkways, Economic Development and Tourism Authority, and Higher Education. These "component units" are important because the State is financially accountable for them. The Division has no component units. However, the Division exists within the State of West Virginia, and is considered part of the primary government in the State of West Virginia's Annual Comprehensive Financial Report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Division's most significant *funds* - not the Division as a whole. Funds are accounting devices that the governmental agencies use to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The State Legislature establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The Division has two kinds of funds:

- *Governmental funds* - Most of the Division's basic services are included in the governmental general fund, which focuses on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps readers determine whether there are more or fewer financial resources that can be spent in the near future to finance the Division's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental fund statements, that explains the relationship (or differences) between them. For the Division, this fund consists primarily of federally funded workforce development programs.
- *Proprietary funds* - Services for which the Division charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. For the Division, this consists of the Unemployment Compensation Trust Fund, which is shown as a business-type activity.

FINANCIAL ANALYSIS OF THE DIVISION AS A WHOLE

Net Position

The Division's *combined* net position (governmental and business-type) totaled \$434.9 million at the end of FY 2023, compared to \$398.5 million net position at the end of the previous year. (See table below).

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(In Thousands Unless Otherwise Noted)

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**Statements of Net Position
(Expressed in Thousands)**

	Governmental Activities		Business-Type Activities		Total Primary Government		% of Change Primary Government 2023-2022
	2023	2022	2023	2022	2023	2022	
Current and other assets	\$ 6,864	\$ 23,647	\$ 450,145	\$ 412,243	\$ 457,009	\$ 435,890	5%
Noncurrent assets	-	7,469	-	-	-	7,469	100%
Capital assets	10,361	7,348	-	-	10,361	7,348	41%
Total assets	17,225	38,464	450,145	412,243	467,370	450,707	4%
Deferred outflows of resources	4,256	4,173	-	-	4,256	4,173	2%
Current liabilities	4,429	22,745	19,427	15,427	23,856	38,172	-38%
Other long-term liabilities	11,340	5,075	-	-	11,340	5,075	123%
Total liabilities	15,769	27,820	19,427	15,427	35,196	43,247	-19%
Deferred inflows of resources	1,513	13,093	-	-	1,513	13,093	-88%
Net position							
Net investment in capital assets	(140)	19	-	-	(140)	19	-837%
Restricted	-	1,611	430,718	396,816	430,718	398,427	8%
Unrestricted	4,339	94	-	-	4,339	94	4,516%
Total net position	\$ 4,199	\$ 1,724	\$ 430,718	\$ 396,816	\$ 434,917	\$ 398,540	9%

The total net position of the Division's governmental activities increased 144% to a net position of \$4.2 million. The increase is primarily due to the net change in the OPEB and pension's deferred inflows and GASB 87 activity for leases.

The total net position of the Division's business-type activities increased 9% to a net position of \$430.7 million. The increase in net position is primarily due to employer contributions being higher than claimant benefit payments and an increase in interest revenue.

Changes in net position

The Division's total revenues decreased by 52% to \$227 million (See table below). The Governmental Activities revenues represent 29% of the Division's revenues which comes from federal grant programs aimed at workforce analysis and development. The Business-Type Activities revenues represent 71% of the Division's revenues which primarily come from fees charged for services to employers by the unemployment compensation.

The total cost of all programs and services was \$191 million. The Division's expenses can be categorized into two categories: general government and direct benefits. General government expenses include all costs associated with operation of the Division and its programs, which includes administration and federal grant expenses incurred for employment training, statistics, and support. Direct benefits consist of unemployment insurance benefits and comprised 67% of the total expenses of the Division for the fiscal year ended June 30, 2023.

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(In Thousands Unless Otherwise Noted)

**Change in Net Position
(Expressed in Thousands)**

	Governmental Activities		Business-Type Activities		Total Primary Government		% of Change Primary Government 2023-2022
	2023	2022	2023	2022	2023	2022	
Revenues							
Program revenues							
Charges for services	\$ -	\$ -	\$ 154,023	\$ 168,180	\$ 154,023	\$ 168,180	-8%
Federal grants	65,875	64,560	365	235,197	66,240	299,757	-78%
General revenues							
Investment earnings	-	-	7,081	4,193	7,081	4,193	69%
Gain on lease modification	36	-	-	-	36	-	100%
Special funding - payments on behalf	(403)	(86)	-	-	(403)	(86)	369%
Total revenues	<u>65,508</u>	<u>64,474</u>	<u>161,469</u>	<u>407,570</u>	<u>226,977</u>	<u>472,044</u>	<u>-52%</u>
Expenses							
Program expenses							
General government	63,033	58,750	-	-	63,033	58,750	7%
Unemployment compensation trust	-	-	127,567	117,319	127,567	117,319	9%
Total expenses	<u>-</u>	<u>58,750</u>	<u>127,567</u>	<u>117,319</u>	<u>190,600</u>	<u>176,069</u>	<u>8%</u>
Increase in net position	2,475	5,724	33,902	290,251	36,377	295,975	-88%
Beginning net position (deficit)	<u>1,724</u>	<u>(4,000)</u>	<u>396,816</u>	<u>106,565</u>	<u>398,540</u>	<u>102,565</u>	<u>289%</u>
Ending net position	<u>\$ 4,199</u>	<u>\$ 1,724</u>	<u>\$ 430,718</u>	<u>\$ 396,816</u>	<u>\$ 434,917</u>	<u>\$ 398,540</u>	<u>9%</u>

Business-type Activities

For the Unemployment Compensation Trust Program, the unemployment benefits expenditures increased \$10 million as compared with last year. The expenditure increase is related to the maximum benefit weekly rate increasing from \$424 to \$630 as of July 1, 2022. As for revenue, the Unemployment revenue categories decreased by \$246 million. The revenue decrease is primarily related to the prior year transfer of Coronavirus Relief Funds from the Governor's Office that increased the Trust Fund balance by \$220 million. Additionally, there was a decrease in revenue due to the State Unemployment Insurance (SUI) taxable wage base decreasing from \$12,000 to \$9,000 for 2022.

FINANCIAL ANALYSIS OF THE DIVISION'S FUNDS

Governmental Funds

The focus of the Division's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Division's financing requirements.

The general fund is the chief operating fund of the Division's federal program activities. At the end of the current fiscal year, the Division's governmental fund reported an ending fund balance of \$3.6 million.

Proprietary Funds

The Payment Integrity Information Act (PIIA) of 2019, requires programs to report an annual improper payment rate below 10 percent, and the Unemployment Insurance program established a performance measure for states to meet the 10% requirement. For the 2022 reporting period, the national UI program reported an estimated national improper payment rate of 21.52%. The State of West Virginia's Unemployment Compensation Program improper payment rate for the 12-month period ending March 31, 2023, was 6.16%.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original general fund budget of the Division remained unchanged during the year ended June 30, 2023. Funds are awarded by US Department of Labor for the following reasons:

- Some of the grants received by the Division may be adjusted based upon workloads. As the economy worsens, workloads increase/decrease and funds are adjusted; therefore, amounts are budgeted in case additional grant funds are received.
- Additional funds are budgeted in case grants are received in the event of natural or health disasters.
- The Division operates the Workforce Innovation and Opportunity Act (WIOA). WIOA allotments for states are based on formula provisions contained in WIOA and vary each year. Amounts are budgeted in case additional grant funds are received.

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(In Thousands Unless Otherwise Noted)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2023, the Division had invested \$10.4 million in capital assets that consist entirely of buildings, office furniture, and equipment. (See table below). This amount represents a net increase of \$3.0 million or 41% from last year.

**Capital Assets at Year-end
(Expressed in Thousands)
(Net of Depreciation and Amortization)**

	Governmental Activities		Total Percentage Change
	2023	2022	2022 - 2023
Governmental activities	\$10,361	\$ 7,348	41%

The increase in capital assets from 2022 to 2023 is due to GASB 87 activity for leases. More detailed information is presented in Note 1 to the financial statements.

Long-term Debt

At year-end, the Division had \$11.3 million in the long-term portion of compensated absences, pension liability, OPEB liability, and lease liability, an increase of 123% as shown in the table below. More detailed information is presented in Notes 3, 4, 7, and 8 to the financial statements.

**Outstanding Long-Term Debt at Year-end
(Expressed in Thousands)**

	Governmental Activities		Total Percentage Change
	2023	2022	2022 - 2023
Governmental activities	\$ 11,340	\$ 5,075	123%

WORKFORCE WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(In Thousands Unless Otherwise Noted)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following indicators were taken into account when adopting the Division's budget for FY 2023.

Employment by Major Industry 2022

<u>Employment by major industry</u>	<u>2023</u>
Mining and logging	19,900
Construction	32,100
Manufacturing	46,200
Trade, transportation, and utilities	122,200
Information	7,700
Financial activities	25,400
Professional and business services	71,700
Educational and health services	127,800
Leisure and hospitality	69,700
Other services	24,000
Government	149,400
Total employment	<u>696,100</u>

In 2022, the US had an annual average unemployment rate of 3.6% and West Virginia had an annual average unemployment rate of 3.9%.

CONTACTING THE DIVISION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Division's finances and to demonstrate the Division's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact WORKFORCE West Virginia, 1900 Kanawha Blvd East, Building 3 Suite 300, Charleston, WV 25305.

WORKFORCE WEST VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2023
(In Thousands)

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
	General Fund	Unemployment Compensation Trust	
Assets and deferred outflows of resources			
Current assets:			
Cash and cash equivalents	\$ 3,272	\$ 419,889	\$ 423,161
Receivables, net:			
Unemployment Compensation premiums	-	27,926	27,926
Other	15	-	15
Due from federal government	3,570	2	3,572
Due from other governments	-	2,234	2,234
Due from other funds - primary government	-	94	94
Inventories	7	-	7
Total current assets	<u>6,864</u>	<u>450,145</u>	<u>457,009</u>
Noncurrent assets:			
Capital assets, net	10,361	-	10,361
Total noncurrent assets	<u>10,361</u>	<u>-</u>	<u>10,361</u>
Total assets	<u>17,225</u>	<u>450,145</u>	<u>467,370</u>
Deferred outflows of resources:			
Pension related	3,512	-	3,512
OPEB related	744	-	744
Total deferred outflows of resources	<u>4,256</u>	<u>-</u>	<u>4,256</u>
Liabilities, deferred inflows of resources, and net position			
Current liabilities:			
Accounts payable	1,805	-	1,805
Payroll payable	762	-	762
Accrued expenses and other liabilities	-	5,170	5,170
Due to federal government	131	-	131
Due to other governments	-	152	152
Unemployment Compensation benefits payable	-	14,105	14,105
Compensated absences due within one year	553	-	553
Lease liability due within one year	1,178	-	1,178
Total current liabilities	<u>4,429</u>	<u>19,427</u>	<u>23,856</u>
Noncurrent liabilities:			
Net OPEB liability	365	-	365
Net pension liability	1,283	-	1,283
Compensated absences due in more than one year	369	-	369
Lease liability due in more than one year	9,323	-	9,323
Total noncurrent liabilities	<u>11,340</u>	<u>-</u>	<u>11,340</u>
Total liabilities	<u>15,769</u>	<u>19,427</u>	<u>35,196</u>
Deferred inflows of resources:			
Pension related	2	-	2
OPEB related	1,511	-	1,511
Total deferred inflows of resources	<u>1,513</u>	<u>-</u>	<u>1,513</u>
Net position			
Net investment in capital assets	(140)	-	(140)
Restricted for:			
Benefit payments	-	430,718	430,718
Unrestricted	4,339	-	4,339
Total net position	<u>\$ 4,199</u>	<u>\$ 430,718</u>	<u>\$ 434,917</u>

The Accompanying Notes are an Integral
Part of These Financial Statements

WORKFORCE WEST VIRGINIA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(In Thousands)

<u>Functions/Programs</u>	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary government:						
Governmental activities:						
General government	\$ 61,522	\$ -	\$ 65,875	\$ 4,353	\$ -	\$ 4,353
Unallocated depreciation and amortization	1,511	-	-	(1,511)	-	(1,511)
Total governmental activities	63,033	-	65,875	2,842	-	2,842
Business-type activities:						
Unemployment Compensation Trust	127,567	154,023	365	-	26,821	26,821
Total business-type activities	127,567	154,023	365	-	26,821	26,821
Total primary government	\$ 190,600	\$ 154,023	\$ 66,240	2,842	26,821	29,663
General revenues:						
Investment earnings				-	7,081	7,081
Gain on lease modification and remeasurements				36	-	36
Special funding - payments on behalf				(403)	-	(403)
Change in net position				2,475	33,902	36,377
Net position - beginning				1,724	396,816	398,540
Net position - ending				\$ 4,199	\$ 430,718	\$ 434,917

The Accompanying Notes are an Integral
Part of These Financial Statements

WORKFORCE WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2023
(In Thousands)

	Governmental Activities
	General Fund
Assets	
Cash and cash equivalents	\$ 3,272
Accounts receivable - other	15
Due from federal government	3,570
Inventories	7
Total assets	\$ 6,864
Liabilities and fund balance	
Liabilities	
Accounts payable	\$ 1,805
Payroll payable	762
Due to federal government	131
Compensated absences due within one year	553
Total liabilities	3,251
Fund balance	
Non-spendable for inventories	7
Restricted	2,269
Assigned	1,137
Unassigned	200
Total fund balance	3,613
Total liabilities and fund balance	\$ 6,864
Total fund balance	\$ 3,613
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	10,361
Long term liabilities (compensated absences) are not due and payable in the current period and therefore are not reported in the funds.	(369)
Repayment of principal on the lease liability is not reported until due and payable therefore these liabilities are not reported in the funds until paid.	(10,501)
Deferred outflows and inflows related to pension and OPEB activity are not required to be reported in the funds but are required to be reported at the government wide level.	
Deferred outflows - pension related	3,512
Deferred outflows - OPEB related	744
Deferred inflows - pension related	(2)
Deferred inflows - OPEB related	(1,511)
	2,743
Certain other long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds. These include the net pension liability and net OPEB liability.	(1,648)
Net position of governmental activities	\$ 4,199

The Accompanying Notes are an Integral
Part of These Financial Statements

WORKFORCE WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2023
(In Thousands)

	Governmental Activities
	General Fund
Revenues:	
Grants	\$ 65,875
Expenditures:	
Employment training, statistics, and support	65,799
Excess of revenues over expenditures	76
Fund balance - beginning	3,537
Fund balance - ending	\$ 3,613
Net change in fund balance - total governmental funds	\$ 76
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation and amortization expense to allocate those expenditures over the life of the assets.	
Depreciation and amortization expense	(1,511)
Capital outlay for capital assets	7
Capital outlay for leased right-to-use assets	7,240
Capital outlay for leased right-to-use assets were financed using lease financing. Governmental funds report the financing while governmental activities report the payments of principal and interest when due and payable.	
Lease liability	(7,240)
Principal paid	1,312
Interest paid	329
Gain on modifications and remeasurements of leases	36
Amounts reported as deferred inflows/outflows, changes in net pension liability, and changes in net OPEB liability are not reported as expenditures in the governmental funds.	
	2,617
Special funding for OPEB is not reported as a general revenue in the governmental funds.	
	(403)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the amount by which revenues exceeded expense for long term compensated absences.	
	12
Change in net position of governmental activities	\$ 2,475

The Accompanying Notes are an Integral
Part of These Financial Statements

WORKFORCE WEST VIRGINIA
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2023
(In Thousands)

	<u>Business-type Activities - Enterprise Fund Unemployment Compensation Trust</u>
Assets:	
Cash and cash equivalents	\$ 419,889
Receivables, net:	
Unemployment Compensation premiums	27,926
Due from federal government	2
Due from other governments	2,234
Due from other funds - primary government	94
Total assets	<u>\$ 450,145</u>
 Liabilities and net position:	
Liabilities	
Accrued expenses and other liabilities	\$ 5,170
Due to other governments	152
Unemployment Compensation benefits payable	14,105
Total liabilities	<u>19,427</u>
 Net position:	
Restricted for:	
Benefit payments	430,718
Total net position	<u>430,718</u>
 Total liabilities and net position	<u>\$ 450,145</u>

The Accompanying Notes are an Integral
 Part of These Financial Statements

WORKFORCE WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2023
(In Thousands)

	<u>Business-type Activities - Enterprise Fund Unemployment Compensation Trust</u>
Operating revenues:	
Unemployment Compensation premiums	\$ 154,023
Federal pandemic assistance funds	365
Total operating revenues	<u>154,388</u>
Operating expenditures:	
Unemployment insurance benefits	<u>127,567</u>
Total operating expenditures	<u>127,567</u>
Operating income	<u>26,821</u>
Nonoperating revenues:	
Investment earnings	<u>7,081</u>
Total nonoperating revenues	<u>7,081</u>
Increase in net position	33,902
Total net position - beginning	<u>396,816</u>
Total net position - ending	<u><u>\$ 430,718</u></u>

The Accompanying Notes are an Integral
Part of These Financial Statements

WORKFORCE WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2023
(In Thousands)

	<u>Business-type Activities - Enterprise Fund Unemployment Compensation Trust</u>
Cash flows from operating activities:	
Received from employers	\$ 148,924
Received from federal and local agencies	8,824
Payments to claimants and providers	<u>(123,568)</u>
Net cash provided by operating activities	<u>34,180</u>
Cash flows from investing activities:	
Investment earnings	<u>7,081</u>
Net cash provided by investing activities	<u>7,081</u>
Net increase in cash and cash equivalents	41,261
Cash and cash equivalents - beginning of year	<u>378,628</u>
Cash and cash equivalents - end of year	<u><u>\$ 419,889</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 26,821
Net change in assets and liabilities:	
Unemployment Compensation premiums receivable	4,363
Due from federal government	(2)
Due from other governments	(908)
Due from other funds - primary government	(94)
Accrued expenses and other liabilities	1,936
Due to federal government	(108)
Due to other governments	(555)
Due to other funds - primary government	(938)
Unemployment Compensation benefits payable	<u>3,665</u>
Net cash provided by operating activities	<u><u>\$ 34,180</u></u>

(1) Summary of Significant Accounting Policies

(a) Financial Reporting Entity

WORKFORCE West Virginia (Division) is a Division of the West Virginia Department of Commerce and as of June 30, 2023, consisted of four primary operating Divisions: the One Stop Operations Division (OS); the WIA Dislocated Worker and Employment Services Division (ES); the Unemployment Compensation Division (UC); and the Research, Information and Analysis Division (RIA).

The financial statements of the Division are intended to present the financial position, and the results of operations of only that portion of the West Virginia Department of Commerce and of the State of West Virginia that is attributable to the transactions of WORKFORCE West Virginia. They do not purport to, and do not, present fairly the financial position of the West Virginia Department of Commerce or the State of West Virginia as of June 30, 2023, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in the United States of America. The Division is reported as part of the primary government in the State of West Virginia Annual Comprehensive Financial Report.

The General Fund of the Division includes funds received from the United States Department of Labor (USDOL) for Employment Services, Unemployment Compensation and Labor Statistics. These funds allow for operating local offices throughout the State of West Virginia to serve those seeking and providing employment. Most local offices were historically identified as "Job Service," and conduct employment outreach, interviewing, testing, counseling and referral to placement, training and other services designed to ready individuals for employment.

The UC provides temporary income as partial compensation to unemployed workers. The Division has direct responsibility for operation of this program. This program is administered under the oversight of USDOL, which establishes guidelines and funds administrative costs from monies collected under provisions of the Federal Unemployment Tax Act. Both ES and UC are federal mandated partners in the one stop delivery system.

(b) Basis of Presentation

The accompanying financial statements of the Division have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from management's estimates.

(1) Summary of Significant Accounting Policies (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - The government-wide financial statements (the statement of net position and the statement of activities) report information of all of the non-fiduciary activities of the primary government and its component units, if any. The effect of inter-fund activity has been removed from these government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable. The Division has no component units or fiduciary activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than as program revenues.

Net position is restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position.

When both restricted and unrestricted resources are available for use, generally it is the Division's policy to use restricted resources first, then unrestricted resources, as they are needed. Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units, if applicable. However, the fiduciary funds are not included in the government-wide statements. Major individual governmental funds and major individual enterprise funds, if applicable, are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

(1) Summary of Significant Accounting Policies (Continued)

FUND FINANCIAL STATEMENTS - The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Division considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Significant revenues subject to accrual include business unemployment taxes, federal grants, federal reimbursements, and other reimbursements for use of materials and services.

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The following summarizes the major governmental funds that are presented in the accompanying financial statements:

- General Fund - The General Fund is the general operating fund of the Division. It is used to account for all financial resources obtained and spent for those services normally provided by the Division that are not accounted for in other funds, including the administrative services related to the Unemployment Compensation System (see below), and the operation of various federal programs funded by USDOL.
- Enterprise Funds –Enterprise funds are proprietary funds used to account for the operations of state agencies providing goods or services to the general public on a user-charge basis, and for any activity whose principal revenue sources meet any of the following criteria: debt backed solely by fees and charges; legal requirement to recover cost; and policy decision to recover cost. Based upon these criteria state unemployment compensation funds should be reported in enterprise funds.

The Division reports the following enterprise fund: The UC Trust Fund is used to account for the operations of the UC Division, which is responsible for providing temporary income as partial compensation to unemployed workers.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. "Available" means expected to be collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues susceptible to accrual include business unemployment taxes, federal grants, federal reimbursements, and other reimbursements for use of materials and services. Revenues from federal grants are recognized when the related expenditures have been incurred. Expenditures under the modified accrual basis of accounting are recognized when the related fund liability is incurred.

Proprietary funds are accounted for using a flow of economic resources measurement focus and the accrual basis of accounting. Revenues are reported when earned and expenses are incurred when materials or services are received.

(1) Summary of Significant Accounting Policies (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

In accordance with Code of Federal Regulation 200.56, all allowable indirect costs related to USDOL for the Division are allocated to federal grants in compliance with the applicable federal cost principles. The basis for this allocation is the percentage of salary dollars paid by each federal grant in comparison to the total salary dollars paid by all of the Division's federal grants.

(c) Budgetary Data

All financial operations of the Division, except for benefits and direct claims costs of the UC Division are subject to a non-appropriated budget review and approval process in which the Division submits a financial plan for approval in a manner authorized by statute. Pursuant to West Virginia Code §5A-2-12, the Division submits a detailed budgetary schedule of general administrative expenses to the Secretary of the Department of Administration prior to the beginning of each fiscal year. The budgetary schedule is prepared on the cash basis. The cash basis is modified at year-end to allow for payment of invoices up to 31 days after year-end for goods or services received prior to year-end. Appropriated budgeted expenditures, which lapse 31 days after the end of the fiscal year, are incorporated into the Division's overall financial plan, which includes revenue estimates developed by the Division and the State's executive branch. Expenditures are budgeted using natural categories of activity including specific categories as well as for special items. Any revisions that alter budgeted expenditures for the expenditure categories for each Division as a whole must be approved by the State Legislature. The Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund along with the reconciliation of budgetary information to GAAP is included in the Required Supplementary Information.

(d) Cash and Cash Equivalents

Cash and cash equivalents include short-term investments with original maturities of 90 days or less. Cash and cash equivalents principally consist of amounts on deposit with outside financial institutions or amounts on deposit in the State Treasurer's Office (STO) or State Auditor's Office. Balances are recorded at fair value or amortized cost which approximates fair value. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

WORKFORCE WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023
(In Thousands Unless Otherwise Noted)

(1) Summary of Significant Accounting Policies (Continued)

Permissible investments for all agencies include those guaranteed by the United States of America, its agencies and instrumentalities (U.S. Government obligations); corporate debt obligations, including commercial paper, which meet certain ratings; certain money market funds; repurchase agreements; reverse repurchase agreements; asset-backed securities; certificates of deposit; state and local government securities (SLGS); and other investments. Other investments consist primarily of investments in accordance with the Linked Deposit Program, a program using financial institutions in West Virginia to obtain certificates of deposit, loans approved by the legislature and any other program investments authorized by the legislature.

In addition, the Division's UC Trust Fund maintains a deposit account in the Federal Unemployment Insurance Trust Fund of the United States Treasury, and utilizes commercial banks for depositing amounts disbursed for unemployment benefit payments. All such funds are generally available to the Division with overnight notice, and are considered cash equivalents.

(e) Inventory

Inventory consists of supplies used in the normal course of business and is valued at the lower of cost or market using the first in first out method.

(f) Revenue and Receivables

The Division has one primary source of revenue for each fund type. The general fund's activities are supported by federal grants primarily on a reimbursement basis. Expenditures in excess of receipts are recorded as "due from federal government". The trust fund draws funds from the federal government's Unemployment Trust Fund for benefit payments.

Revenue in the UC Trust Fund represents employer contributions for unemployment insurance. The Division recognizes as revenue and taxes receivable amounts due for periods ending on or before the balance sheet date, together with an allowance for estimated uncollectible employer contributions. When collected, these funds are held in trust until expended to pay unemployment benefits. The Division also records a receivable for overpayments to claimants, along with a related allowance. Overpayments to claimants are collected when a claimant either returns the funds or files a new claim; at which time, the overpayment would be applied against the new claim. The allowances for estimated uncollectible employer contributions and overpayments to claimants are based on an evaluation of the underlying accounts, the historical collectability experienced by the Division on such balances, and other such factors which, in the Division's judgment, require consideration in estimating the allowance. Unemployment Compensation premiums consisted of the following at June 30, 2023.

Employer contributions, net of allowance of \$13,596	\$ 23,817
Overpayments to claimants, net of allowance of \$102,749	4,109
	<u>\$ 27,926</u>

WORKFORCE WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
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(1) Summary of Significant Accounting Policies (Continued)

(g) Capital Assets

Capital assets, which consist primarily of office furniture and equipment of the Division, are reported in the applicable governmental or business-type activities columns in the statement of net position of the government-wide financial statements. In accordance with the capitalization policy adopted by the Division for financial reporting, assets costing in excess of five thousand dollars are capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized. Depreciation and amortization is computed for these assets using the straight-line method over the estimated economic useful lives ranging from 3-20 years.

Capital assets also include intangible right-to-use lease assets, initially measured at the present value of payments expected to be made during the lease term, plus certain other costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the estimated useful life of the underlying asset, unless the lease contains a purchase option.

Total depreciation and amortization expense for the Division approximated \$1,511 for the fiscal year ended June 30, 2023. Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation and amortization expense is recorded in the government-wide financial statements.

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets:				
Governmental activities				
Office furniture and equipment	\$ 628	\$ 7	\$ (83)	\$ 552
Accumulated depreciation	(454)	(61)	83	(432)
Leased right-to-use assets:				
Governmental activities				
Buildings	9,857	7,240	(4,746)	12,351
Accumulated amortization	(2,683)	(1,450)	2,023	(2,110)
Capital assets, net	\$ 7,348	\$ 5,736	\$ (2,723)	\$ 10,361

(1) Summary of Significant Accounting Policies (Continued)

(h) Other Operating Revenue

Proprietary funds distinguish operating revenues and expenses from non-operating items. Balances classified as operating revenues and expenses are those which comprise the Division's ongoing operations. Principal operating revenues are charges to customers for use of services. Principal operating expenses are the costs of providing goods and services. Other revenues and expenses, if any, are classified as non-operating in the financial statements.

(i) Unemployment Compensation Benefits Payable

Unemployment Compensation benefits payable is an estimate of projected unpaid claims as of the end of the fiscal year. The payable is calculated based on the average weekly benefit amount paid out by the Division during the fiscal year applied to the estimated average number of remaining weeks to be paid at the end of the fiscal year.

(j) Compensated Absences

In accordance with State policy, the Division permits employees to accumulate earned but unused vacation and sick pay benefits. A liability for vacation pay is accrued when earned. To the extent that accumulated sick leave is expected to be converted to benefits on termination or retirement, an estimated liability is accrued.

(k) Other Post Employment Benefit (OPEB) Liability

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by West Virginia Retiree Health Benefit Trust Fund (RHBT). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(l) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Public Employees Retirement System (the PERS Plan) and additions to/deductions from the PERS Plan's fiduciary net position have been determined on the same basis as they are reported by the PERS Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(m) Deferred Outflow of Resources

A deferred outflow of resources is a consumption of net position by the Division that is applicable to a future reporting period.

(1) Summary of Significant Accounting Policies (Continued)

(n) Deferred Inflow of Resources

A deferred inflow of resources is an acquisition of net position by the Division that is applicable to a future reporting period.

(o) Net Position and Fund Balance

NET POSITION - As required by GASB 63, the Division displays net position in three components, if applicable: net investment in capital assets, restricted, and unrestricted.

NET INVESTMENT IN CAPITAL ASSETS - This component of net position consists primarily of capital assets, including restricted capital assets (if any), net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, lease liabilities, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

RESTRICTED - Restricted net position should be reported when constraints placed on resources are either externally imposed (for instance, by creditors, laws, or grantors) or imposed by law through constitutional provisions or enabling legislation. Such constraints limit the Division's ability to use the resources to pay current liabilities. Restricted net position for the Trust Fund must be used for unemployment compensation benefit payments to claimants.

UNRESTRICTED - Unrestricted net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets." In the governmental environment, net position is designated to indicate that management does not consider resources to be available for general operations. These types of constraints on resources are internal and management can remove or modify them. Such internal designations are not reported on the face of the statement of net position.

The Division has not adopted a formal policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. Generally, the Division attempts to utilize restricted net position first, when practicable.

FUND BALANCE - As required by GASB 54, the Division displays fund balance in five components. If applicable: nonspendable, restricted, committed, assigned, and unassigned.

NONSPENDABLE FUND BALANCE - Nonspendable fund balance includes amounts that cannot be spent because they are (a) either not in spendable form or (b) legally or contractually required to be maintained intact.

RESTRICTED FUND BALANCE - Restricted fund balances should be reported when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

(1) Summary of Significant Accounting Policies (Continued)

COMMITTED FUND BALANCE - Committed fund balances should be reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. For the Division, this decision-making authority is the West Virginia State Legislature. Committed amounts cannot be used for any other purpose unless the Legislature passes new legislation concerning those amounts.

ASSIGNED FUND BALANCE - Assigned fund balances should be reported for amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balance at the Division is approved by the WORKFORCE Executive Management Team. The Executive Management Team will review and approve requests for funding.

UNASSIGNED FUND BALANCE - Unassigned fund balance is the residual classification for the Division's general fund and includes all spendable amounts not contained in the other classifications.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Division has the authority to deviate from this policy if it is in the best interest of the Division.

At June 30, 2023, the General Fund had an assigned fund balance of \$1,337 and a restricted fund balance of \$2,269.

(p) Newly Adopted Statements Issued by the Governmental Accounting Standards Board

The Division implemented GASB Statement No. 91, *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2021. The requirements of this Statement eliminate the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity or inconsistency. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The adoption of GASB Statement No. 91 did not have a significant impact on the financial statements.

(1) Summary of Significant Accounting Policies (Continued)

The Division implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*, which is effective for fiscal years beginning after June 15, 2022. The requirements of this Statement establish the definitions of PPPs and APAs and provide uniform guidance on accounting and financial reporting for transactions that meet those definitions, but are outside of the scope of Lease or Service Concession Arrangement Guidance. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will require governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The adoption of GASB Statement No. 94 did not have a significant impact on the financial statements.

The Division implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, which is effective for fiscal years beginning after June 15, 2022. The requirements of this Statement establish a definition for SBITA, which is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Generally, this Statement will require a government to recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The Statement also establishes guidance for the treatment of costs related to SBITA activities other than subscription payments. Those activities are: Preliminary Project Stage, Initial Implementation Stage, and Operation and Additional Implementation Stage. This Statement also requires a government to disclose essential information about the arrangement such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability. The adoption of GASB Statement No. 96 did not have a significant impact on the financial statements.

The Division implemented GASB Statement No. 99, *Omnibus 2022*, which has varying effective dates based upon each provision ranging from being effective immediately to fiscal years beginning after June 15, 2023. The requirements of this Statement address a variety of items, including specific provisions regarding the following topics: (1) guidance and terminology updates on reporting derivative instruments that do not meet the definition of either an investment derivative or hedging derivative, but are within the scope of GASB Statement No. 53; (2) clarification of provisions of GASB Statement Nos. 87, 94, and 96; (3) extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate; (4) accounting for Supplemental Nutrition Assistance Program (SNAP) benefits; (5) non-monetary transactions; (6) clarification related to the focus of government-wide financial statements under GASB Statement No. 34; and (7) terminology updates related to GASB Statement No. 63. The provisions effective immediately did not have an impact on the financial statements and the Division has not yet determined the effect of the remaining provisions.

(q) Recent Statements Issued by the Governmental Accounting Standards Board

GASB has issued Statement No. 100, *Accounting Changes and Error Corrections- an Amendment of GASB Statement No. 62*, which is effective for fiscal years beginning after June 15, 2023. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. Those changes include things like: certain changes in accounting principles, certain changes in estimates that result from a justified or preferable change in measurement or new methodology. This statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods; changes to or within the reporting entity be reported by adjusting beginning balances of the current period; and changes in accounting estimates be reported prospectively by recognizing the change in the current period. If the change in accounting principle is the result of a new pronouncement the requirements only apply absent specific transition guidance in the pronouncement. Under this standard it is also necessary to display the total adjustment to beginning net position, fund balance, or fund net position on the face of the financial statements, by reporting unit. This statement also specifies both qualitative and quantitative disclosure requirements. Lastly, this statement provides guidance for if and how these changes should be reflected in required supplementary information and supplementary information. The Division has not yet determined the effect that the adoption of GASB Statement No. 100 may have on its financial statements.

GASB has issued Statement No. 101, *Compensated Absences*, which is effective for fiscal years beginning after December 15, 2023. This statement modifies the criteria requiring a liability for compensated absences to be recognized. Under this statement a liability must be recognized for leave that has not been used, or leave that has been used but not yet paid in cash or settled through noncash means. Furthermore, the liability for leave that has not been used is recognized if the leave is attributed to services already rendered, that accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. If the leave is considered more likely than not to be settled through conversion to a defined benefit post-employment benefit it should not be included in the liability for compensated absences. This statement also specifies certain types of benefits where the liability is not recognized until leave commences or where the liability is not recognized until the leave is used. The statement also provides guidance for measuring the liability and modifies the disclosure requirements allowing for disclosure of only the net change in the liability, and no longer requiring disclosure of which governmental funds have been used to liquidate the liabilities. The Division has not yet determined the effect that the adoption of GASB Statement No. 101 may have on its financial statements.

(r) Subsequent Events

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued.

WORKFORCE WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
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(2) Deposits

The composition of cash and cash equivalents are as follows at June 30, 2023:

Cash on deposit with State Treasurer / State Auditor’s Office	\$	3,140
Cash in bank		179
Cash in U.S. Treasury		419,842
	\$	423,161

At June 30, 2023, the carrying value of amounts on deposit with the U.S. Treasury in the Federal Unemployment Insurance Trust Fund approximated \$419,842 while \$179 of deposits were held in commercial bank accounts that are utilized for collection of unemployment taxes and benefit payments. Substantially all of the Division’s deposits in commercial bank accounts are collateralized by securities held by the pledging financial institution, but not in the Division’s name.

(3) Compensated Absences and Other Long-term Obligations

The liability for compensated absences is generally liquidated in the fund for which the liability is recorded. Changes in compensated absences balances, lease liability balances, and other post-employment benefits are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 977	\$ -	\$ (55)	\$ 922	\$ 553
Lease liability	7,329	7,240	(4,068)	10,501	1,178
Net pension (asset)/ liability	(7,375)	11,031	(2,373)	1,283	-
Net OPEB (asset)/liability	(94)	2,479	(2,020)	365	-
Total	\$ 837	\$ 20,750	\$ (8,516)	\$ 13,071	\$ 1,731

The Division’s obligation for accrued vacation leave includes leave time and related costs expected to be paid to employees in the future and is determined using wage levels in effect at the date the obligation is calculated. Also, included in this amount is the Division’s unfunded obligation arising in connection with legislation to fund portions of employee post-retirement health insurance costs for retired employees.

Upon retirement, an employee may apply unused sick leave or annual leave, or both to reduce their future insurance premiums paid to the West Virginia Public Employees Insurance Agency or to obtain a greater benefit under the West Virginia Public Employees Retirement System.

WORKFORCE WEST VIRGINIA
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(4) Leases

The Division has various lease agreements for its current central office buildings and various hearing and field offices throughout West Virginia. The Division leases these buildings for various terms under long-term, non-cancelable lease agreements. The leases have monthly installments ranging between \$1 and \$56 plus interest at 4% with various due dates through fiscal year 2038.

Total future minimum lease payments under lease agreements for years subsequent to June 30, 2023 are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,178	\$ 398	\$ 1,576
2025	1,148	351	1,499
2026	736	313	1,049
2027	649	286	935
2028	716	259	975
2029-2033	3,462	848	4,310
2034-2038	2,612	242	2,854
Total minimum lease payments	<u>\$ 10,501</u>	<u>\$ 2,697</u>	<u>\$ 13,198</u>

(5) Related Party Transactions

During the course of operations, the Division enters into transactions with other agencies of the State of West Virginia. These transactions consist of normal Division/employer transactions or fees for services paid to other State enterprise or internal service funds, as set forth below:

	<u>General Fund</u>	<u>Unemployment Compensation Trust</u>
Employer premiums revenue from other State agencies	<u>\$ -</u>	<u>\$ 1,270</u>
Employee benefits and other costs paid to other State agencies	<u>\$ 57</u>	<u>\$ -</u>

WORKFORCE WEST VIRGINIA
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(5) Related Party Transactions (Continued)

Due to/from other funds – primary government:

	General Fund	Unemployment Compensation Trust
WV Division of Natural Resources	\$ -	\$ (212)
WV Department of Highways	-	23
WV Regional Jail & Correctional Centers	-	23
Colleges and Universities	-	109
WV Department of Health and Human Resources	-	50
State Hospitals	-	5
Other	-	96
	\$ -	\$ 94
Total		

(6) Commitments and Contingencies

(a) Risk Management

The Division is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health and life coverage; and natural disasters. The State of West Virginia established the Board of Risk and Insurance Management (BRIM) and the Public Employees Insurance Agency (PEIA) to account for and finance uninsured risks of losses for state agencies, institutions of higher education, and component units.

BRIM is a public entity risk pool that provides coverage for general, liability, and property damage in the amount of \$1,000 per occurrence. PEIA is also a public entity risk pool and provides coverage for employee and dependent health, life, and prescription drug insurance.

Through its participation in the PEIA, the Division has obtained health, life, and prescription drug coverage for all its employees. The Division, through a third-party insurer has obtained coverage for job related injuries for its employees. In exchange for payment of premiums to PEIA and a third-party insurer, the Division has transferred its risks related to health, life, prescription drug coverage, and job related injuries.

These entities issue publicly available financial reports that include financial statements and required supplementary information. Those reports may be obtained by writing to these specific entities.

(6) Commitments and Contingencies (Continued)

(b) Other Risks

During the normal course of operations, the Division incurs certain routine claims. The Legal Counsel for the Division has evaluated the potential loss for these claims and believes that the insurance coverage provided by BRIM is adequate to cover any potential losses from these claims.

The Division participates in several federal programs which are subject to audit by the federal awarding agency. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the federal awarding agency cannot be determined at this time. The Division records these disallowed audit adjustments for questioned costs in the period the audit is finalized.

(7) Pension Plans

Plan Description

The Division contributes to the West Virginia Public Employees Retirement System (PERS), a cost-sharing, multiple-employer, defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board (CPRB). PERS provides retirement benefits as well as death and disability benefits. CPRB issues a publicly available financial report that includes financial statements and required supplemental information for PERS. That report may be obtained by writing to CPRB, 4101 MacCorkle Avenue SE, Charleston, West Virginia 25304-1636 or by calling (304) 558-3570.

Benefits Provided

Benefits are provided through PERS using a two-tiered system. Effective July 1, 2015, PERS implemented the second tier, Tier II. Employees hired, for the first time, on or after July 1, 2015 are considered Tier II members. Tier I and Tier II members are subject to different regulations.

Tier I: Employees who retire at or after age 60 with five or more years of credited service, or at least age 55 with age and service equal to 80 years or greater, are entitled to a retirement benefit established by State statute, payable monthly for life, in the form of a straight-life annuity equal to two percent of the employee's final average salary multiplied by years of service. Final average salary is the average of the highest annual compensation received by an employee during any period of three consecutive years of credited service included within fifteen years of credited service immediately preceding the termination date of employment with a participating public employer. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62.

(7) Pension Plans (Continued)

Tier II: Employees who retire at or after age 62 with ten or more years of credited service or at least age 55 with age and service equal to 80 years or greater, are entitled to a retirement benefit established by State statute, payable monthly for life, in the form of a straight-life annuity equal to two percent of the employee's final average salary multiplied by years of service. Final average salary is the average of the highest annual compensation received by an employee during any period of five consecutive years of credited service included within fifteen years of credited service immediately preceding the termination date of employment with a participating public employer. Terminated members with at least ten years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 64.

Contributions

While contribution rates are legislatively determined, actuarial valuations are performed to assist PERS and the State Legislature in determining contribution rates. Current funding policy requires employer contributions of 10.0% for the year ended June 30, 2023. The employee contribution rate is 4.5% and 6.0% for Tier I and Tier II employees, respectively. The Division's contribution to the Plan, excluding the employee's contribution paid by the Division, approximated \$1,330 for the fiscal year ended June 30, 2023.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the Division reported a net pension liability of \$1,283 for its proportionate share of the net pension liability. The June 30, 2023 net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, rolled forward to the measurement date of June 30, 2022. The Division's proportion of the net pension liability was based on a projection of the Division's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At the June 30, 2022 measurement date, the Division's proportionate share was 0.862%, which was a 0.022% increase from its proportion of 0.840% calculated as of June 30, 2021.

WORKFORCE WEST VIRGINIA
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(7) Pension Plans (Continued)

For the year ended June 30, 2023, the Division recognized pension expense of \$713. At June 30, 2023, the Division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 774	\$ -
Differences between expected and actual experience	492	-
Changes in assumptions	844	-
Changes in proportion and differences between the Division's contributions and proportionate share of contributions	72	2
Division's contributions subsequent to the measurement date	1,330	-
	\$ 3,512	\$ 2

The Division reported \$1,330 as deferred outflows of resources related to pensions resulting from the Division's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended June 30,	Amortization
2024	\$ 388
2025	282
2026	(385)
2027	1,895
Total	\$ 2,180

Actuarial assumptions and methods

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75%
Salary increases	2.75% – 6.75%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense

(7) Pension Plans (Continued)

Mortality rates were based on 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018 for active members; 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018 for retired healthy males; 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018 for retired healthy females, 118% of Pub-2010 General/Teachers Disabled Male table, headcount weighted, projected with scale MP-2018 for disabled males, 117% of Pub-2010 General/Teachers Disabled Female table, headcount weighted, projected with scale MP-2018 for disabled females, 112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with Scale MP-2018, and 115% of Pub-2010 Contingent Survivor Female table, below-median, headcount weighted, projected generationally with scale MP-2018.

The economic assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020. All other assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Long-term expected rates of return

The long-term rates of return on pension plan investments were determined using a building-block method in which estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. The target allocation and best estimates of long-term geometric rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	5.3%	27.5%
International equity	6.1%	27.5%
Fixed income	2.2%	15.0%
Real estate	6.5%	10.0%
Private equity	9.5%	10.0%
Hedge funds	3.8%	10.0%
		100.0%
Total		

(7) Pension Plans (Continued)

Discount rate

The discount rate used to measure the total pension liability was 7.25%. The projections of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from employers will continue to follow the current funding policies. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability. Although discount rates are subject to change between measurement dates, there were no changes in the discount rate in the current period.

Sensitivity of the Division’s proportionate share of the net pension liability to changes in the discount rate

The following table presents the Division’s proportionate share of the net pension liability calculated using the current discount rate of 7.25% as well as what the Division’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate as of June 30, 2023:

	1% Decrease <u>6.25%</u>	Discount Rate <u>7.25%</u>	1% Increase <u>8.25%</u>
Net pension (asset)/liability	<u>\$ 9,080</u>	<u>\$ 1,283</u>	<u>\$ (5,390)</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report available at the Consolidated Public Retirement Board’s website at www.wvretirement.com.

(8) Other Post-Employment Benefits

The following are the Division’s net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, and the OPEB expense and expenditures for the fiscal year ended June 30, 2023:

Net OPEB liability	\$ 365
Deferred outflows of resources	744
Deferred inflows of resources	1,511
Revenues	(403)
OPEB expense	(2,037)
Contributions made by the Division	297

(8) Other Post-Employment Benefits (Continued)

Plan Description

The West Virginia Other Postemployment Benefit (OPEB) Plan (the Plan) is a cost-sharing, multiple employer, defined benefit other postemployment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code. Financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State established July 1, 2006 as an irrevocable trust. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with the approval of the PEIA Finance Board. The plan provides medical and prescription drug insurance, as well as life insurance, benefits to certain retirees of State agencies, colleges and universities, county boards of education, and other government entities who receive pension benefits under the PERS, STRS, TDCRS, TIAA-CREF, Plan G, Troopers Plan A, or Troopers Plan B pension systems, as administered by the West Virginia Consolidated Public Retirement Board (CPRB). The plan is closed to new entrants.

The Plan's fiduciary net position has been determined on the same basis used by the Plan. The RHBT is accounted for as a fiduciary fund, and its financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with GAAP for fiduciary funds as prescribed or permitted by the GASB. The primary sources of revenue are plan members and employer contributions. Members' contributions are recognized in the period in which the contributions are due. Employer contributions and related receivables to the trust are recognized pursuant to a formal commitment from the employer or statutory or contractual requirement, when there is a reasonable expectation of collection. Benefits and refunds are recognized when due and payable.

RHBT is considered a component unit of the State of West Virginia for financial reporting purposes, and, as such, its financial report is also included in the State of West Virginia's Annual Comprehensive Financial Report. RHBT issues publicly available financial statements and required supplementary information for the OPEB plan. Details regarding this plan and a copy of the RHBT financial report may be obtained by contacting PEIA at 601 57th Street SE, Suite 2, Charleston, West Virginia 25304-2345, or by calling (888) 680-7342.

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

The medical and prescription drug insurance is provided through two options:

- Self-Insured Preferred Provider Benefit Plan – primarily for non-Medicare-eligible retirees and spouses
- External Managed Care Organizations – primarily for Medicare-eligible retirees and spouses

(8) Other Post-Employment Benefits (Continued)

Contributions

Employer contributions from the RHBT billing system represent what the employer was billed during the respective year for its portion of the pay-as-you-go (paygo) premiums, retiree leave conversion billings, and other matters, including billing adjustments.

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The paygo rate related to the measurement date of June 30, 2022 was:

	February 2022 - June 2023 2022	July 2021 - January 2022 2022
Paygo premium	<u>\$48</u>	<u>\$116</u>

Members retired before July 1, 1997 pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired after July 1, 1997 or hired before June 30, 2010 pay a subsidized rate depending on the member’s years of service. Members hired on or after July 1, 2010 pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

Retiree leave conversion contributions from the employer depend on the retiree’s date of hire and years of service at retirement as described below:

- Members hired before July 1, 1988 may convert accrued sick or annual leave days into 100% of the required retiree healthcare contribution.
- Members hired from July 1, 1988 to June 30, 2001 may convert accrued sick or annual leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and annual leave days per month for single healthcare coverage and three days of unused sick and annual leave days per month for family healthcare coverage.

Employees hired on or after July 1, 2001 no longer receive sick and/or vacation leave credit toward the required retiree healthcare contribution when they retire. All retirees have the option to purchase continued coverage regardless of their eligibility for premium credits.

The Division’s contributions to the OPEB plan for the year ended June 30, 2023 were \$297.

Assumptions

The June 30, 2023 OPEB liability for financial reporting purposes was determined by an actuarial valuation as of June 30, 2021, and a measurement date of June 30, 2022. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

(8) Other Post-Employment Benefits (Continued)

- Inflation rate: 2.25%.
- Salary increase: Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.
- Investment rate of return: 6.65%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032. Trend rate for Medicare per capita costs of (8.83%) for plan year end 2023 decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.
- Actuarial cost method: Entry age normal cost method.
- Amortization method: Level percentage of payroll over a 20-year closed period beginning June 30, 2017.
- Wage inflation: 2.75%.
- Retirement age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2020 actuarial valuation.
- Aging factors: Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
- Expenses: Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.
- Mortality post retirement: Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females.
- Mortality pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 100% for females.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

The actuarial valuation as of June 30, 2021, reflects updates to the following assumptions which are reviewed at each measurement date:

- Projected capped subsidies;
- Per capita claim costs;
- Healthcare trend rates;
- Coverage and continuance;
- Percentage eligible for tobacco-free premium discount; and
- Retired employee assistance program participation

(8) Other Post-Employment Benefits (Continued)

The long-term expected rate of return of 6.65% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.00% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.50% for assets invested with the BTI.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which estimates of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions (CMA), and forecast returns were provided by the Plan’s investment advisors, including the West Virginia Investment Management Board (WV-IMB). The projected nominal return for the Money Market Pool held with the BTI was estimated based on the WV-IMB assumed inflation of 2.0% plus a 25 basis point spread.

The target allocation and estimates of annualized long-term expected returns assuming a 10-year horizon are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Return
Global equity	55%	4.8%
Core plus fixed income	15%	2.1%
Core real estate	10%	4.1%
Hedge fund	10%	2.4%
Private equity	10%	6.8%

Single discount rate.

A single discount rate of 6.65% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.65%. The projections of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies.

Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

(8) Other Post-Employment Benefits (Continued)

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the Division's proportionate share of the net OPEB liability as of June 30, 2023 calculated using the discount rate of 6.65%, as well as what the Division's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.65%) or one percentage point higher (7.65%) than the current rate.

	1% Decrease (5.65%)	Current Discount Rate (6.65%)	1% Increase (7.65%)
Net OPEB (asset)/liability	<u>\$938</u>	<u>\$365</u>	<u>\$(127)</u>

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate

The following presents the Division's proportionate share of the net OPEB liability as of June 30, 2023 calculated using the healthcare cost trend rate, as well as what the Division's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB (asset)/liability	<u>\$(208)</u>	<u>\$365</u>	<u>\$1,043</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The June 30, 2023 net OPEB liability was measured as of June 30, 2022, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

At June 30, 2023, the Division's proportionate share of the net OPEB liability was \$490. Of this amount, the Division recognized \$365 as its proportionate share on the statement of net position. The remainder of \$125 denotes the Division's proportionate share of net OPEB liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for the fiscal year ended June 30, 2023. Employer contributions are recognized when due. At the June 30, 2023 measurement date, the Division's proportion was 0.328%; which was an increase of 0.013% from its proportion of 0.315% calculated as of June 30, 2022.

WORKFORCE WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023
(In Thousands Unless Otherwise Noted)

(8) Other Post-Employment Benefits (Continued)

For the year ended June 30, 2023, the Division recognized OPEB expense of \$(2,037). Of this amount, \$(1,634) was recognized as the Division's proportionate share of OPEB expense and \$(403) as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The Division also recognized revenue of \$(403) for support provided by the State.

At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 466
Changes in proportion and difference between employer contributions and proportionate share of contributions	156	116
Net difference between projected and actual investment earnings	57	-
Reallocation of opt-out employer change in proportionate share	-	1
Changes in assumptions	234	928
Contributions after the measurement date	297	-
Total	\$ 744	\$ 1,511

The Division will recognize the \$297 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30,	Amortization
2024	\$ (1,075)
2025	(82)
2026	(26)
2027	119
Total	\$ (1,064)

Payables to the OPEB Plan

The Division did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

WORKFORCE WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
YEAR ENDED JUNE 30, 2023
(In Dollars)

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
Budgetary Fund Balance July 1				
Resources (Inflows):				
Beginning Balance 7/1/2022	\$ 129,622,846	\$ 100,859,089	\$ 5,755,211	\$ (95,103,878)
FY 23 Gross Revenue and Appropriations	129,164,975	129,164,975	35,809,403	(93,355,572)
Amounts Available for Appropriation	<u>258,787,821</u>	<u>230,024,064</u>	<u>41,564,614</u>	<u>(188,459,450)</u>
Charges to Appropriations (Outflows):				
1200 Personal Services (With Payroll Deductions)	20,396,312	21,689,841	14,924,562	(6,765,279)
1201 Personal Services (Without Payroll Deductions)	220,380	220,380	887,088	666,708
1202 Payroll Reimbursement	-	56,000	13,953	(42,047)
1203 Overtime	-	-	27,593	27,593
1206 Annual Increment	381,215	382,175	203,007	(179,168)
Employee Benefits				
2200 PEIA Fees	95,731	95,731	-	(95,731)
2201 Personnel Fees	227,000	227,000	96,414	(130,586)
2202 Social Security Matching	1,362,625	1,362,625	1,182,827	(179,798)
2203 Public Employees Insurance	1,720,302	1,714,342	1,725,827	11,485
2205 Workers Compensation	82,219	82,219	49,652	(32,567)
2206 Unemployment Compensation	47,781	47,781	13,210	(34,571)
2207 Pension And Retirement	2,367,856	2,367,856	1,328,544	(1,039,312)
2208 WV OPEB Contribution	925,134	925,134	214,257	(710,877)
Current Expenses	388,041	388,041	114,131	(273,910)
3200 Office Expenses	126,332	126,332	2,196	(124,136)
3201 Printing And Binding	2,187,470	2,187,470	3,162,423	974,953
3202 Rent Expense (Real Property) Building	10,479	10,479	13,573	3,094
3203 Utilities	878,732	878,732	1,330,109	451,377
3204 Telecommunications	-	-	1	1
3205 Internet Service	9,366,744	8,722,215	200,663	(8,521,552)
3206 Contractual Services	-	-	738,629	738,629
3207 Professional Services	-	-	175,510	175,510
3208 Consultants & Consulting Fees	-	-	30,624	30,624
3209 Security Services	462,094	462,094	123,978	(338,116)
3211 Travel Employee	-	-	384	384
3212 Travel Non Employee	434,977	434,977	6,433	(428,544)
3213 Computer Services Internal	-	-	763,890	763,890
3214 Computer Services External	29,847	29,847	12,505	(17,342)
3216 Vehicle Rental	82,157	82,157	41,016	(41,141)
3217 Rental (Machine and Misc.)	84,975	84,975	27,660	(57,315)
3218 Association Dues & Professional Memberships	83,109	83,109	82,552	(557)
3219 Property Insurance	1,943	1,943	-	(1,943)
3221 Supplies-Clothing	-	-	1,350	1,350
3222 Supplies-Household	5,493	5,493	22,741	17,248
3224 Advertising & Promotional	942	942	2,392	1,450
3225 Vehicle Operating Expense	9,499	9,499	-	(9,499)
3226 Supplies-Research	298,544	298,544	59,238	(239,306)
3229 Routine Maintenance Contracts	10,286	10,286	79,862	69,576
3232 Cellular Charges	45,748	45,748	5,969	(39,779)
3233 Hospitality	5,389	5,389	-	(5,389)
3234 Educational Training (Stipends)	17,111	17,111	15,670	(1,441)
3235 Energy Expense - Vehicles	1,715	1,715	-	(1,715)
3236 Farm Expense	34,940	34,940	74,065	39,125
3238 Energy Expense - Utilities	10,759	10,759	34,766	24,007
3241 Miscellaneous	130,586	130,586	93,788	(36,798)
3242 Training and Development - In State	-	-	3,571	3,571
3243 Training and Development - Out of State	809,298	509,298	381,973	(127,325)
3244 Postal	-	-	881	881
3245 Freight	1,766,765	1,466,765	30,142	(1,436,623)
3246 Supplies Computer	-	-	1,948,220	1,948,220
3247 Software Licenses	-	-	108,464	108,464
3248 Computer Equipment	38,144	38,144	458	(37,686)
3250 Attorney Legal Service	1,461,911	1,461,911	1,008,530	(453,381)
3252 Miscellaneous Equipment Purchases	-	-	144,717	144,717
3256 Grants	-	-	510	510
3260 Case Services	-	-	20,580	20,580
3262 Bond Sale Costs	65	65	5,913	5,848
3263 Bank Costs	-	-	63,803	63,803
3265 Reimbursement	2,757	2,757	-	(2,757)
3267 Other Interest And Penalty	60	60	-	(60)
3269 Natural Disaster Grants	940,000	840,000	-	(840,000)
3270 Fund Transfers	14,619	14,619	-	(14,619)
3282 Cost Allocation Adjustment	62,954,045	62,954,045	22,401,139	(40,552,906)
3285 Federal Subrecipient Disbursement	-	-	2,435	2,435
3324 State Treasurer's Office Fees	-	-	7,063	7,063
3326 Prior Year Death Benefits	281,040	281,040	14,748	(266,292)
5200 Office Equipment-Assets	335	335	-	(335)
5202 Medical Equipment	53,805	53,805	-	(53,805)
5208 Books And Periodicals	2,385	2,385	-	(2,385)
5209 Other Capital Equipment	2,850	2,850	-	(2,850)
6100 Office Repairs	1,073	1,073	-	(1,073)
6102 Research & Medical Equipment Repair	16,330	16,330	-	(16,330)
6103 Building/Household Equipment Repair	151	151	-	(151)
6104 Routine Maintenance of Buildings	-	-	1,661	1,661
6105 Vehicle Repairs	24,074	24,074	-	(24,074)
6106 Routine Maintenance Of Grounds	100,548	100,548	-	(100,548)
6108 Other Repairs	1,100	1,100	-	(1,100)
7401 Building Improvements	13,695	13,695	-	(13,695)
7403 Leasehold Improvements	-	-	65	65
8211 Drug Testing	-	-	-	-
Total Charges to Appropriations	<u>111,019,517</u>	<u>111,019,517</u>	<u>54,027,925</u>	<u>(56,991,592)</u>
Ending Balance 6/30/2023	<u>\$ 147,768,304</u>	<u>\$ 119,004,547</u>	<u>\$ (12,463,311)</u>	<u>\$ (131,467,858)</u>

WORKFORCE WEST VIRGINIA
 NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
 YEAR ENDED JUNE 30, 2023
 (In Thousands)

(1) Budget and Actual Comparison

The Division's General Fund has a legislatively approved budget. However, certain monies reported within the General Fund in accordance with accounting principles generally accepted in the United States of America (GAAP), are not considered appropriated funds in accordance with the Division's budgetary reporting policy. Accordingly, these amounts have not been reported in the Division's Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund. A reconciliation of the net change in fund balance for the year ended June 30, 2023, on the budgetary basis to the GAAP basis for the General Fund follows:

Net change in fund balance - budgetary basis	\$	(12,463)
Basis of accounting differences (budgetary to GAAP)		12,407
Unbudgeted funds		132
Net change in fund balance - GAAP basis	\$	76

WORKFORCE WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY
JUNE 30, 2023
(In Dollars)
Public Employees Retirement System
Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Division's proportion of the net pension liability (asset) (percentage)	0.861691%	0.840034%	0.794709%	0.766746%	0.800587%	0.845807%	0.894927%	0.990400%		
Division's proportionate share of the net pension liability (asset)	\$ 1,283,222	\$ (7,374,961)	\$ 4,201,396	\$ 1,648,604	\$ 2,067,533	\$ 3,650,884	\$ 8,225,435	\$ 5,530,433		
Division's covered payroll	\$ 14,000,110	\$ 13,366,220	\$ 12,374,280	\$ 11,262,280	\$ 12,739,082	\$ 13,936,025	\$ 13,935,074	\$ 13,599,470		
Division's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	9.17 %	(55.18)%	33.95%	14.64%	16.23%	26.20%	59.03%	40.67%		
Plan fiduciary net position as a percentage of the total pension liability	98.17%	111.07%	92.89%	96.99%	96.33%	93.70%	86.10%	91.30%		

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Division should present information for those years for which information is available.

**WORKFORCE WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
JUNE 30, 2023
(In Dollars)
Public Employees Retirement System**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,330,082	\$ 1,400,011	\$ 1,336,622	\$ 1,237,428	\$ 1,126,228	\$ 1,401,299	\$ 1,672,323	\$ 1,881,235		
Contributions in relation to the contractually required contribution	<u>(1,330,082)</u>	<u>(1,400,011)</u>	<u>(1,336,622)</u>	<u>(1,237,428)</u>	<u>(1,126,228)</u>	<u>(1,401,299)</u>	<u>(1,672,323)</u>	<u>(1,881,235)</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Division's covered payroll	\$ 13,300,820	\$ 14,000,110	\$ 13,366,220	\$ 12,374,280	\$ 11,262,280	\$ 12,739,082	\$ 13,936,025	\$ 13,935,074		
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%	10.00%	11.00%	12.00%	13.50%		

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Division should present information for those years for which information is available.

**WORKFORCE WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB (ASSET)/LIABILITY
JUNE 30, 2023
(In Dollars)
Last 10 Fiscal Years***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Division's proportion of the net OPEB liability (asset) (percentage)	0.328001050%	0.314865537%	0.306758026%	0.321923887%	0.341558625%	0.351336800%				
Division's proportionate share of the net OPEB liability (asset)	\$ 365,061	\$ (93,624)	\$ 1,354,925	\$ 5,341,143	\$ 7,327,921	\$ 8,639,334				
State's proportionate share of the net OPEB liability (asset)	<u>125,056</u>	<u>(18,435)</u>	<u>299,595</u>	<u>1,093,036</u>	<u>1,514,486</u>	<u>-</u>				
Total proportionate share of the net OPEB liability (asset)	<u>\$ 490,117</u>	<u>\$ (112,059)</u>	<u>\$ 1,654,520</u>	<u>\$ 6,434,179</u>	<u>\$ 8,842,407</u>	<u>\$ 8,639,334</u>				
Division's covered-employee payroll	\$ 5,615,934	\$ 6,392,607	\$ 6,902,146	\$ 7,007,573	\$ 7,472,944	\$ 7,472,944				
Division's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	6.50 %	(1.46)%	19.63%	76.22%	98.06%	115.61%				
Plan fiduciary net position as a percentage of the total OPEB liability	93.59%	101.81%	73.49%	39.69%	30.98%	25.10%				

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Workforce should present information for those years for which information is available.

**WORKFORCE WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
JUNE 30, 2023
(In Dollars)
Last 10 Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 296,733	\$ 385,649	\$ 574,023	\$ 592,927	\$ 525,756	\$ 697,973				
Contributions in relation to the statutorily required contribution	<u>(296,733)</u>	<u>(385,649)</u>	<u>(574,023)</u>	<u>(592,927)</u>	<u>(525,756)</u>	<u>(697,973)</u>				
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
Division's covered-employee payroll	\$ 5,150,564	\$ 5,615,934	\$ 6,392,607	\$ 6,902,146	\$ 7,007,573	\$ 7,472,944				
Contributions as a percentage of covered-employee payroll	5.76%	6.87%	8.98%	8.59%	7.50%	9.34%				

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Commission should present information for those years for which information is available.

WORKFORCE WEST VIRGINIA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEAR ENDED JUNE 30, 2023

Changes in Assumptions

An experience study for economic assumptions, , which was based on the years 2015 through 2020, and an experience study for all other assumptions, which was based on the years 2013 through 2018, was approved by the Consolidated Public Retirement Board. As a result, valuation assumptions were changed as of June 30, 2022 to reflect the most recent experience study:

	Projected Salary Increases			Mortality Rates	Withdrawal Rates		
	State	Nonstate	Inflation rate		State	Nonstate	Disability Rates
<u>2022</u>	2.75% - 5.55%	3.60% - 6.75%	2.75%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected with scale MP-2018; Disabled females-117% of Pub-2010 General / Disabled Teachers Disabled Female table, headcount weighted, projected with scale MP-2018; Beneficiary males-112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with Scale MP-2018; Beneficiary females-115% of Pub-2010 Contingent Survivor Female table, below-median, headcount weighted, projected generationally with Scale MP-2018	2.28-45.63%	2.5-35.88%	0.005-0.540%
<u>2021</u>	2.75%-5.55%	3.60% - 6.75%	2.75%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy females-122% of Pub-2010 Annuitant, Scale AA fully generational General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018; Disabled females-117% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018	2.28%-45.63%	2.50%-35.88%	0.005%-0.540%

WORKFORCE WEST VIRGINIA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEAR ENDED JUNE 30, 2023

	Projected Salary Increases			Mortality Rates	Withdrawal Rates		
	State	Nonstate	Inflation rate		State	Nonstate	Disability Rates
<u>2020</u>	3.1% - 5.3%	3.35% - 6.0%	3.00%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy females-122% of Pub-2010 Annuitant, Scale AA fully generational General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018; Disabled females-117% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018	2.28-45.63%	2-35.88%	0.005-0.540%
<u>2019</u>	3.1% - 5.3%	3.35% - 6.0%	3.00%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy females-122% of Pub-2010 Annuitant, Scale AA fully generational General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018; Disabled females-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018	2.28-45.63%	2-35.88%	0.005-0.540%
<u>2018</u>	3.00% - 4.6%	3.35% - 6.0%	3.00%	Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101% of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75-35.10%	2-35.88%	0.007-.675%

WORKFORCE WEST VIRGINIA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEAR ENDED JUNE 30, 2023

	Projected Salary Increases			Mortality Rates	Withdrawal Rates		
	State	Nonstate	Inflation rate		State	Nonstate	Disability Rates
<u>2017</u>	3.00% - 4.6%	3.35% - 6.0%	3.00%	Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101% of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75-35.10%	2-35.88%	0.007-.675%
<u>2016</u>	3.00% - 4.6%	3.35% - 6.0%	3.00%	Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101 % of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75-35.10%	2-35.88%	0.007-.675%
<u>2015</u>	3.00% - 4.6%	3.35% - 6.0%	1.90%	Healthy males - 110% of RP-2000 Non-Annuitant, Scale AA; Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA; Disabled males - 96% of RP-2000 Disabled Annuitant, Scale AA; Disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA	1.75-35.1%	2-35.8%	0-.675%
<u>2014</u>	4.25% - 6.0%	4.25% - 6.0%	2.20%	Healthy males - 1983 GAM; Healthy females-1971; disabled males - 1971 GAM; Disabled females - Revenue ruling 96-7	1-26%	2-31.2%	0-.8%

WORKFORCE WEST VIRGINIA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB
YEAR ENDED JUNE 30, 2023

Actuarial Changes Other Postemployment Benefits Plan

The actuarial assumptions used in the total OPEB (asset)/liability calculation can change from year to year. Please see table below which summarizes the actuarial assumptions used for the respective measurement dates.

	<u>Inflation Rate</u>	<u>Salary Increases</u>	<u>Wage Inflation Rate</u>	<u>Investment Rate of Return & Discount Rate</u>	<u>Mortality</u>	<u>Retirement Age</u>	<u>Aging Factors</u>	<u>Expenses</u>	<u>Healthcare Cost Trend Rates</u>
2022	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females; Pre-Retirement: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.
2021	2.25%	Dependent upon pension system. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 106% for males and 113% for females; Pre-Retirement: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
2020	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 106% for males and 113% for females; Pre-Retirement: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.5% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
2019	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020, 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
2018	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
2017	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.

OTHER FINANCIAL INFORMATION

**WORKFORCE WEST VIRGINIA
OTHER FINANCIAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
FUND 3450 ADMINISTRATION AND SERVICE
YEAR ENDED JUNE 30, 2023
(In Dollars)**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
Budgetary Fund Balance July 1				
Resources (Inflows):				
Beginning Balance 7/1/2022	\$ 76,620,482	\$ 64,120,482	\$ (2,627,671)	\$ (66,748,153)
FY 23 Gross Revenue and Appropriations	53,805,655	53,805,655	4,725,714	(49,079,941)
Amounts Available for Appropriation	<u>130,426,137</u>	<u>117,926,137</u>	<u>2,098,043</u>	<u>(115,828,094)</u>
Charges to Appropriations (Outflows):				
1200 Personal Services (With Payroll Deductions)	17,601,328	18,945,857	13,341,985	(5,603,872)
1201 Personal Services (Without Payroll Deductions)	10,000	10,000	848,248	838,248
1203 Overtime	-	-	23,819	23,819
1206 Annual Increment	324,600	324,600	194,348	(130,252)
Employee Benefits				
2200 PEIA Fees	71,786	71,786	-	(71,786)
2201 Personnel Fees	206,000	206,000	(33,190)	(239,190)
2202 Social Security Matching	1,149,041	1,149,041	924,391	(224,650)
2203 Public Employees Insurance	1,436,000	1,436,000	1,276,711	(159,289)
2205 Workers Compensation	73,990	73,990	44,901	(29,089)
2206 Unemployment Compensation	42,220	42,220	11,896	(30,324)
2207 Pension And Retirement	2,084,560	2,084,560	985,108	(1,099,452)
2208 WV OPEB Contribution	810,375	810,375	162,496	(647,879)
Current Expenses				
3200 Office Expenses	318,096	318,096	98,810	(219,286)
3201 Printing And Binding	40,673	40,673	306	(40,367)
3202 Rent Expense (Real Property) Building	1,590,927	1,590,927	2,075,941	485,014
3203 Utilities	5,103	5,103	12,249	7,146
3204 Telecommunications	267,067	267,067	907,644	640,577
3206 Contractual Services	6,214,688	5,570,159	91,121	(5,479,038)
3207 Professional Services	-	-	523,265	523,265
3208 Consultants & Consulting Fees	-	-	-	-
3209 Security Services	-	-	23,830	23,830
3211 Travel Employee	137,776	137,776	81,375	(56,401)
3212 Travel Non Employee	-	-	-	-
3213 Computer Services Internal	349,767	349,767	(29,816)	(379,583)
3214 Computer Services External	-	-	(154,673)	(154,673)
3216 Vehicle Rental	27,919	27,919	12,129	(15,790)
3217 Rental (Machine and Misc.)	64,466	64,466	39,879	(24,587)
3218 Association Dues & Professional Memberships	81,975	81,975	24,980	(56,995)
3219 Property Insurance	65,067	65,067	42,604	(22,463)
3221 Supplies-Clothing	1,851	1,851	-	(1,851)
3222 Supplies -Household	-	-	1,211	1,211
3224 Advertising & Promotional	1,598	1,598	-	(1,598)
3225 Vehicle Operating Expense	492	492	2,127	1,635
3226 Supplies-Research	-	-	-	-
3229 Routine Maintenance Contracts	283,072	283,072	55,491	(227,581)
3232 Cellular Charges	8,378	8,378	45,806	37,428
3233 Hospitality	34,992	34,992	1,931	(33,061)
3234 Educational Training (Stipends)	4,910	4,910	-	(4,910)
3235 Energy Expense - Vehicles	17,111	17,111	13,471	(3,640)
3238 Energy Expense - Utilities	34,340	34,340	63,224	28,884
3241 Miscellaneous	10,454	10,454	30,886	20,432
3242 Training and Development - In State	14,435	14,435	9,184	(5,251)
3243 Training and Development - Out of State	-	-	948	948
3244 Postal	800,035	500,035	184,958	(315,077)
3245 Freight	-	-	850	850
3246 Supplies Computer	789,683	489,683	29,004	(460,679)
3247 Software Licenses	-	-	1,605,927	1,605,927
3248 Computer Equipment	-	-	76,518	76,518
3249 Office Equipment-Current Expenses	-	-	-	-
3250 Attorney Legal Service	-	-	411	411
3252 Miscellaneous Equipment Purchases	57,120	57,120	945,341	888,221
3256 Grants	-	-	144,717	144,717
3260 Case Services	-	-	510	510
3262 Bond Sale Costs	-	-	20,370	20,370
3263 Bank Costs	65	65	5,913	5,848
3265 Reimbursement	-	-	54,677	54,677
3266 Miscellaneous Land Expense	-	-	-	-
3267 Other Interest And Penalty	2,721	2,721	-	(2,721)
3269 Natural Disaster Grants	28	28	-	(28)
3270 Fund Transfers	420,000	320,000	-	(320,000)
3282 Cost Allocation Adjustment	14,619	14,619	-	(14,619)
3285 Federal Subrecipient Disbursement	-	-	-	-
3324 State Treasurer's Office Fees	-	-	2,435	2,435
3326 Prior Year Death Benefits	-	-	7,063	7,063
5200 Office Equipment-Assets	28,478	28,478	(64,987)	(93,465)
5202 Medical Equipment	335	335	-	(335)
5204 Household Equipment & Furnishings	-	-	-	-
5206 Vehicles	-	-	-	-
5208 Books And Periodicals	53,805	53,805	-	(53,805)
5209 Other Capital Equipment	409	409	-	(409)
5210 Computer Equipment	-	-	-	-
6100 Office Repairs	1,086	1,086	-	(1,086)
6102 Research & Medical Equipment Repair	-	-	-	-
6103 Building/Household Equipment Repair	16,330	16,330	-	(16,330)
6104 Routine Maintenance of Buildings	145	145	-	(145)
6105 Vehicle Repairs	-	-	1,661	1,661
6106 Routine Maintenance Of Grounds	-	-	-	-
6108 Other Repairs	31,808	31,808	-	(31,808)
7401 Building Improvements	-	-	-	-
7403 Leasehold Improvements	-	-	-	-
8303 Computer Software	-	-	-	-
8211 Drug Testing	-	-	59	59
8216 Interpreters Fees	-	-	-	-
Total Charges to Appropriations	<u>35,601,724</u>	<u>35,601,724</u>	<u>24,770,063</u>	<u>(10,831,661)</u>
Ending Balance 6/30/2023	<u>\$ 94,824,413</u>	<u>\$ 82,324,413</u>	<u>\$ (22,672,020)</u>	<u>\$ (104,996,433)</u>

**WORKFORCE WEST VIRGINIA
OTHER FINANCIAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
FUND 8835 CONSOLIDATED FEDERAL FUNDS
YEAR ENDED JUNE 30, 2023
(In Dollars)**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
Budgetary Fund Balance July 1				
Resources (Inflows):				
Beginning Balance 7/1/2022	\$ 13,779,983	\$ 13,779,983	\$ (597,487)	\$ (14,377,470)
FY 23 Gross Revenue and Appropriations	8,366,131	8,366,131	2,740,000	(5,626,131)
Amounts Available for Appropriation	<u>22,146,114</u>	<u>22,146,114</u>	<u>2,142,513</u>	<u>(20,003,601)</u>
Charges to Appropriations (Outflows):				
1200 Personal Services (With Payroll Deductions)	689,998	689,998	-	(689,998)
1201 Personal Services (Without Payroll Deductions)	636	636	-	(636)
Employee Benefits				
2200 PEIA Fees	1,948	1,948	-	(1,948)
2201 Personnel Fees	-	-	120,419	120,419
2202 Social Security Matching	52,050	52,050	140,330	88,280
2203 Public Employees Insurance	48,211	48,211	281,189	232,978
2205 Workers Compensation	3,689	3,689	-	(3,689)
2206 Unemployment Compensation	5,561	5,561	-	(5,561)
2207 Pension And Retirement	73,805	73,805	199,605	125,800
2208 WV OPEB Contribution	23,869	23,869	30,640	6,771
Current Expenses				
3200 Office Expenses	45,804	45,804	-	(45,804)
3201 Printing & Binding	60,346	60,346	-	(60,346)
3202 Rent Expense (Real Property) Building	527,698	527,698	748,135	220,437
3203 Utilities	5,344	5,344	-	(5,344)
3204 Telecommunications	598,211	598,211	339,547	(258,664)
3206 Contractual Services	3,009,093	3,009,093	102,120	(2,906,973)
3207 Professional Services	-	-	127,573	127,573
3209 Security Services	-	-	3,697	3,697
3211 Travel Employee	283,883	283,883	-	(283,883)
3213 Computer Services Internal	32,024	32,024	35,660	3,636
3214 Computer Services External	-	-	63,925	63,925
3216 Vehicle Rental	304	304	-	(304)
3217 Rental (Miscellaneous)	14,855	14,855	-	(14,855)
3219 Property Insurance	14,648	14,648	32,056	17,408
3225 Vehicle Operating Expense	210	210	-	(210)
3226 Supplies - Research	9,499	9,499	-	(9,499)
3229 Routine Maintenance Contracts	694	694	-	(694)
3234 Education Training (Stipends)	131	131	-	(131)
3236 Farm Expense	285	285	-	(285)
3238 Energy Expense - Utilities	-	-	3,849	3,849
3242 Training and Development - In State	92,492	92,492	-	(92,492)
3244 Postal	31	31	161,587	161,556
3246 Supplies - Computer	967,502	967,502	-	(967,502)
3247 Software Licenses	-	-	264,252	264,252
3250 Attorney Legal Service Payments	38,144	38,144	-	(38,144)
3252 Misc. Equipment Purchases	1,403,361	1,403,361	-	(1,403,361)
3267 Other Interest and Penalties	15	15	-	(15)
5200 Office Equipment - Assets	252,128	252,128	79,696	(172,432)
5209 Other Capital Equipment	1,910	1,910	-	(1,910)
6100 Office Repairs	1,761	1,761	-	(1,761)
6106 Routine Maintenance of Grounds	24,074	24,074	-	(24,074)
6108 Other Repairs	68,222	68,222	-	(68,222)
7403 Leasehold Improvements	13,695	13,695	-	(13,695)
Total Charges to Appropriations	<u>8,366,131</u>	<u>8,366,131</u>	<u>2,734,280</u>	<u>(5,631,851)</u>
Ending Balance 6/30/2023	<u>\$ 13,779,983</u>	<u>\$ 13,779,983</u>	<u>\$ (591,767)</u>	<u>\$ (14,371,750)</u>

WORKFORCE WEST VIRGINIA
OTHER FINANCIAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
FUND 3451 INTEREST ON EMPLOYERS DELINQUENT CONTRIBUTION FUNDS
YEAR ENDED JUNE 30, 2023
(In Dollars)

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
Budgetary Fund Balance July 1				
Resources (Inflows):				
Beginning Balance 7/1/2022	\$ 1,240,000	\$ 1,240,000	\$ 2,643,675	\$ 1,403,675
FY 23 Gross Revenue and Appropriations	520,000	520,000	462,461	(57,539)
Amounts Available for Appropriation	<u>1,760,000</u>	<u>1,760,000</u>	<u>3,106,136</u>	<u>1,346,136</u>
Current Expenses				
3200 Office Expenses	-	-	-	-
3202 Rent Expense - Building	-	-	-	-
3204 Telecommunications	-	-	-	-
3206 Contractual Services	-	-	-	-
3207 Professional Services	-	-	-	-
3217 Rental (Machine & Miscellaneous)	-	-	-	-
3213 Computer Services Internal	-	-	-	-
3219 Property Insurance	-	-	-	-
3229 Routine Maintenance Contracts	-	-	-	-
3241 Miscellaneous	-	-	(118)	(118)
3245 Freight	-	-	-	-
3246 Supplies Computer	-	-	(1,573)	(1,573)
3248 Computer Equipment	-	-	-	-
3252 Misc. Equipment Purchases	-	-	-	-
3260 Case Services	-	-	-	-
3270 Fund Transfers	520,000	520,000	-	(520,000)
3282 Cost Allocation Adjustment	-	-	-	-
5200 Office Equipment-Assets	-	-	-	-
Total Charges to Appropriations	<u>520,000</u>	<u>520,000</u>	<u>(1,691)</u>	<u>(521,691)</u>
Ending Balance 6/30/2023	<u>\$ 1,240,000</u>	<u>\$ 1,240,000</u>	<u>\$ 3,107,827</u>	<u>\$ 1,867,827</u>

**WORKFORCE WEST VIRGINIA
OTHER FINANCIAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
FUND 8749 WORKFORCE INVESTMENT ACT
YEAR ENDED JUNE 30, 2023
(In Dollars)**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
Budgetary Fund Balance July 1				
Resources (Inflows):				
Beginning Balance 7/1/2022	\$ 44,176,170	\$ 28,359,413	\$ 6,716,106	\$ (21,643,307)
FY 23 Gross Revenue and Appropriations	66,473,189	66,473,189	27,881,227	(38,591,962)
Amounts Available for Appropriation	<u>110,649,359</u>	<u>94,832,602</u>	<u>34,597,333</u>	<u>(60,235,269)</u>
Charges to Appropriations (Outflows):				
1200 Personal Services (With Payroll Deductions)	2,056,811	2,005,811	1,543,937	(461,874)
1201 Personal Services (Without Payroll Deductions)	210,380	210,380	38,125	(172,255)
1202 Payroll Reimbursement	-	56,000	13,953	(42,047)
1203 Overtime	-	-	3,748	3,748
1206 Annual Increment	55,979	56,939	8,035	(48,904)
Employee Benefits				
2200 PEIA Fees	21,997	21,997	-	(21,997)
2201 Personnel Fees	21,000	21,000	8,985	(12,015)
2202 Social Security Matching	161,534	161,534	115,422	(46,112)
2203 Public Employees Insurance	236,091	230,131	162,441	(67,690)
2205 Workers Compensation	4,526	4,526	4,664	138
2206 Unemployment Compensation	-	-	1,310	1,310
2207 Pension And Retirement	206,247	206,247	140,954	(65,293)
2208 WV OPEB Contribution	90,890	90,890	20,487	(70,403)
Current Expenses				
3200 Office Expenses	24,141	24,141	15,126	(9,015)
3201 Printing And Binding	25,313	25,313	1,890	(23,423)
3202 Rent Expense (Real Property) Building	68,845	68,845	335,649	266,804
3203 Utilities	32	32	1,315	1,283
3204 Telecommunications	13,454	13,454	81,791	68,337
3206 Contractual Services	135,923	135,923	6,888	(129,035)
3207 Professional Services	-	-	87,442	87,442
3208 Consultants & Consulting Fees	-	-	175,510	175,510
3209 Security Services	-	-	3,043	3,043
3211 Travel Employee	40,435	40,435	42,595	2,160
3212 Travel Non Employee	-	-	384	384
3213 Computer Services Internal	53,186	53,186	586	(52,600)
3214 Computer Services External	-	-	854,318	854,318
3216 Vehicle Rental	1,624	1,624	375	(1,249)
3217 Rental (Machine and Misc.)	2,836	2,836	1,117	(1,719)
3218 Association Dues & Professional Memberships	3,000	3,000	2,638	(362)
3219 Property Insurance	3,394	3,394	7,803	4,409
3221 Supplies-Clothing	92	92	-	(92)
3222 Supplies-Household	-	-	138	138
3224 Advertising & Promotional	3,895	3,895	22,741	18,846
3225 Vehicle Operating Expense	240	240	263	23
3229 Routine Maintenance Contracts	14,778	14,778	3,747	(11,031)
3232 Cellular Charges	1,908	1,908	34,004	32,096
3233 Hospitality	10,756	10,756	4,038	(6,718)
3234 Educational Training (Stipends)	348	348	-	(348)
3235 Energy Expense - Vehicles	-	-	2,193	2,193
3236 Farm Expense	1,430	1,430	-	(1,430)
3238 Energy Expense - Utilities	600	600	6,949	6,349
3241 Miscellaneous	305	305	3,972	3,667
3242 Training and Development - In State	23,659	23,659	84,451	60,792
3243 Training and Development - Out of State	-	-	2,623	2,623
3244 Postal	9,232	9,232	35,142	25,910
3245 Freight	-	-	31	31
3246 Supplies Computer	9,580	9,580	2,709	(6,871)
3247 Software Licenses	-	-	77,611	77,611

**WORKFORCE WEST VIRGINIA
OTHER FINANCIAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
FUND 8749 WORKFORCE INVESTMENT ACT
YEAR ENDED JUNE 30, 2023
(In Dollars)**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
3248 Computer Equipment	-	-	31,944	31,944
3250 Attorney Legal Service	-	-	44	44
3252 Miscellaneous Equipment Purchases	1,430	1,430	63,189	61,759
3262 Bond Sale Costs	-	-	210	210
3265 Reimbursement	-	-	9,124	9,124
3267 Other Interest And Penalty	21	21	-	(21)
3269 Natural Disaster Grants	32	32	-	(32)
3285 Federal Subrecipient Disbursement	62,954,045	62,954,045	22,401,139	(40,552,906)
5200 Office Equipment-Assets	434	434	-	(434)
5209 Other Capital Equipment	66	66	-	(66)
6100 Office Repairs	3	3	-	(3)
6102 Research & Medical Equipment Repair	1,073	1,073	-	(1,073)
6104 Routine Maintenance of Buildings	6	6	-	(6)
6108 Other Repairs	518	518	-	(518)
7401 Building Improvements	1,100	1,100	-	(1,100)
8211 Drug Testing	-	-	7	7
Total Charges to Appropriations	66,473,189	66,473,189	26,466,800	(40,006,389)
Ending Balance 6/30/2023	\$ 44,176,170	\$ 28,359,413	\$ 8,130,533	\$ (20,228,880)



Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Commissioner
WORKFORCE West Virginia
1900 Kanawha Blvd. East, Building 3, Suite 300
Charleston, West Virginia 25305

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of WORKFORCE West Virginia (the Division), a division of the West Virginia Department of Commerce, a component of the State of West Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Division’s basic financial statements and have issued our report thereon dated October 12, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Division’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Division’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Division’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of audit findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of audit findings and responses as item 2023-001 to be a material weakness.

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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency in the accompanying schedule of audit findings and responses as item 2023-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Division's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Division's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Division's responses to the findings identified in our audit and described in the accompanying schedule of audit findings and responses. The Division's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Division's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Division's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charleston, West Virginia
October 12, 2023

WORKFORCE WEST VIRGINIA
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
JUNE 30, 2023

2023-001 FINANCIAL REPORTING

(Repeat of prior year finding 2022-01)

- Criteria:** Management of the Division is responsible for establishing an internal control structure that reduces to an acceptable level the risk of errors and fraud occurring and not being detected. The Division is also responsible for having a financial management system in place to account for the receipt and expenditure of grant and other funds and to prepare accurate financial reports.
- Condition:** Certain accounts in the general ledger required material adjustments.
- Context:** Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the Division are \$467.4 million, \$4.3 million, \$35.2 million, \$1.5 million, \$434.9 million, \$227.0 million, and \$190.6 million, respectively, for the fiscal year ended June 30, 2023. The impact of audit adjustments to assets, liabilities, net position, revenues and expenses was \$19.9 million, \$0.2 million, \$19.7 million, \$20.2 million, and \$0.5 million respectively for the fiscal year ended June 30, 2023.
- Cause:** Inaccuracies in recording year-end accruals resulted in material adjustments to the financial statements for the year ended June 30, 2023.
- Effect:** The financial statements for fiscal year 2023 required material audit adjustments in order to be presented in accordance with accounting principles generally accepted in the United States of America.
- Recommendation:** We recommend that management review the daily accounting functions, staffing, and financial reporting processes to establish that adequate policies and procedures are in place to ensure accurate and timely financial reporting. Management should ensure that account reconciliations are prepared and reviewed in a timely manner and supporting schedules are maintained for all account balances.
- Views of Responsible Officials:** *We agree with the findings and will take the necessary corrective actions as noted in the corrective action plan attached.*

WORKFORCE WEST VIRGINIA
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
JUNE 30, 2023

2023-002 INFORMATION SYSTEM GOVERNANCE
(Repeat of Prior Year Findings 2022-002 and 2021-002)

- Criteria:** Management is responsible for establishing and maintaining an effective system of internal control over financial reporting, including controls over critical information technology systems that support the financial reporting function. Fundamental concepts of internal control include the segregation of duties, timely supervisory review and approval, and active management of third party applications. Segregation of duties involves assigning responsibilities for authorizing transactions, recording transactions, and maintaining custody of assets to different individuals, thus reducing the risk of fraud and errors occurring and not being detected. Supervisory review and approval allows for the timely evaluation of risks within the information systems and correction of errors when discovered. A key component to the utilization of third party service organizations is gaining an understanding of the third party application, which includes obtaining a System Organization Controls Examination (SOC) report, reviewing the report, and implementation of complementary user entity controls.
- Condition:** Several information technology applications directly support the financial statements of the Division. The following internal control issues were identified:
- Management does not perform a periodic, documented review of administrator access changes to the ABPS and UC Tax applications.
 - Employee terminations were not being communicated timely to the West Virginia Office of Technology (WVOT) to remove network access or within the organization to remove access to ABPS and UC Tax. The current process to remove terminated employees does not allow for the documentation of all applications requiring access removal.
 - The Division has not performed periodic disaster recovery testing for Division owned applications.
 - There is no periodic, documented review of user access for ABPS and UC Tax.
 - Management did not perform a timely review of the SOC report for wvOASIS and documentation did not include reviewing and determining if the required complementary user entity controls were in place. Additionally, complementary user entity controls were not in place at the Division.
- Cause:** Policies and procedures have not been adequately updated and information system controls have not been monitored by the Division.
- Effect:** Unauthorized access to critical information systems may occur and not be detected or resolved in a timely manner or potential loss of data.

2023-002 INFORMATION SYSTEM GOVERNANCE (Continued)

Recommendation: We recommend the following:

- The Division should establish policies and procedures to create a documented, periodic review of user account management. These policies and procedures should address network, division owned applications, and third party applications utilized.
- The Division should implement a process to review system administrator activity for Division owned applications. Since manual reviews are typically inefficient and susceptible to human error, the process should be automated to the fullest extent technically feasible.
- The Division should create and implement procedures to identify, document, and communicate terminated employees to application administrators and third parties.
- The Division should conduct their annual review of SOC reports timely to determine that the appropriate complementary user entity controls are in place. These controls are vital to achieving the control objectives and are the responsibility of the Division to design and implement. Additionally, the Division should consider implementing written policies and procedures to address these controls and assign responsibility.
- The Division should implement a process to perform periodic disaster recovery testing for Division owned applications.
- The Division should document the periodic user access reviews performed for all internal applications.

Views of Responsible Officials: *We agree with the findings and will take the necessary corrective actions as noted in the corrective action plan attached.*

Corrective Action Plan

October 12, 2023

To Whom It May Concern:

WorkForce West Virginia respectfully submits the following corrective action plan for the year ended June 30, 2023.

Name and address of independent public accounting firm: Suttle & Stalnaker, PLLC, 1411 Virginia Street, East, Suite 100, Charleston, WV 25301

Audit Period: Year ended June 30, 2023

The findings from the October 12, 2023 schedule of audit findings and responses are discussed below. The findings are numbered consistently with the number assigned in the schedule.

FINDINGS-FINANCIAL STATEMENT AUDIT

2023-001 FINANCIAL REPORTING

Recommendation:

We recommend that management review the daily accounting functions, staffing, and financial reporting processes to establish that adequate policies and procedures are in place to ensure accurate and timely financial reporting. Management should ensure that account reconciliations are prepared and reviewed in a timely manner and supporting schedules are maintained for all account balances.

Action taken:

Workforce West Virginia financial management will review the daily accounting functions, staffing, and financial reporting processes to establish that adequate policies and procedures are in place to ensure accurate and timely financial reporting.

2023-002 INFORMATION SYSTEM GOVERNANCE

Recommendation:

1900 Kanawha Blvd. East * Building 3 Suite 300 * Charleston, WV 25305

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We recommend the following:

- The Division should establish policies and procedures to create a documented, periodic review of user account management. These policies and procedures should address network, division owned applications, and third party applications utilized.
- The Division should implement a process to review system administrator activity for Division owned applications. Since manual reviews are typically inefficient and susceptible to human error, the process should be automated to the fullest extent technically feasible.
- The Division should create and implement procedures to identify, document, and communicate terminated employees to application administrators and third parties.
- The Division should conduct their annual review of SOC reports timely to determine that the appropriate complementary user entity controls are in place. These controls are vital to achieving the control objectives and are the responsibility of the Division to design and implement. Additionally, the Division should consider implementing written policies and procedures to address these controls and assign responsibility.
- The Division should implement a process to perform periodic disaster recovery testing for Division owned applications.
- The Division should document the periodic user access reviews performed for all internal applications.

Action taken:

WorkForce will continue to develop the processes for periodic review of user accounts for ABPS, UC Tax, and wvOASIS. Processes will include documenting termination of employees timely to the West Virginia Office of Technology (WVOT) to remove network access or within the organization to remove access to IT systems at the time of exit. WVOT will be adding features to Ivanti (OT Service Portal) so that WorkForce may download account management activity for validation, tracking, and review.

WorkForce participates in Disaster Recovery operations when the West Virginia Office of Technology (WVOT) holds them. Since WorkForce is covered by WVOT, we cannot reasonably procure a separate process for disaster recovery testing without the assistance and involvement of WVOT.

If there are any questions regarding this plan, please contact Jane Shinn at 304-558-2631.

Sincerely,

Jane Shinn

Jane Shinn
WorkForce West Virginia,
Administrative Services Management IV

WorkForce West Virginia
A Component Unit of the State of West Virginia
Auditing RFQ
(Continued)

Exhibit D

Copy of the WorkForce West Virginia Report to the Commissioner for the Year
Ended June 30, 2023

WORKFORCE West Virginia

REPORT TO THE COMMISSIONER

October 12, 2023



**Suttle &
Stalnaker**

Certified
Public
Accountants

A Professional Limited Liability Company



Suttle & Stalnaker PLLC

Certified Public Accountants

October 12, 2023

To the Commissioner
WORKFORCE West Virginia
Charleston, West Virginia

We are pleased to present this report related to our audit of the financial statements of WORKFORCE West Virginia for the year ended June 30, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for WORKFORCE West Virginia's financial reporting processes.

This report is intended solely for the information and use of the Commissioner, Cabinet Secretary, management, and Federal and State Oversight Agencies and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to WORKFORCE West Virginia.

A handwritten signature in cursive script that reads "Suttle & Stalnaker, PLLC".

Suttle & Stalnaker, PLLC
Charleston, West Virginia

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Engagement Letter	
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Required Communications

Professional standards require the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications.

Area	Comments
Auditor’s Responsibility Under Professional Standards	<p>We have audited the financial statements of WORKFORCE West Virginia (the Division) for the year ended June 30, 2023 and have issued our report thereon dated October 12, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and <i>Government Auditing Standards</i>, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 12, 2023.</p>
Qualitative Aspects of Accounting Practices	<p>Adoption of, or Change in, Accounting Policies</p> <p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Division are described in Note 1 to the financial statements. During 2023, the Division implemented GASB Statement No. 91, <i>Conduit Debt Obligations</i>, GASB Statement No. 94, <i>Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)</i>, GASB Statement No. 96, <i>Subscription-Based Information Technology Arrangements (SBITA)</i>, and parts of GASB Statement No. 99, <i>Omnibus 2022</i>, which did not have a material impact on the financial statements. The application of existing policies was not changed during the year ended June 30, 2023. We noted no transactions entered into by the Division during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</p> <p>Management’s Judgments and Accounting Estimates</p> <p>Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Division’s financial statements can be found in the following <i>Summary of Accounting Estimates</i>.</p>

Area	Comments
Financial Statement Disclosures Difficulties Encountered in Performing the Audit	<p>The financial statement disclosures are neutral, consistent and clear.</p> <p>We encountered no significant difficulties in dealing with management in performing and completing our audit.</p>
Corrected and Uncorrected Misstatements	<p>Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. See the attached <i>Summary of Recorded Audit Adjustments</i> and <i>Summary of Uncorrected Misstatements</i>.</p>
Disagreements with Management	<p>A disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.</p>
Management Representations	<p>We have requested certain representations from management that are included in the management representation letter dated October 12, 2023.</p>
Management Consultations with Other Independent Accountants	<p>In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Division's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.</p>
Other Audit Findings or Issues	<p>We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Division's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p>
Communication Regarding Significant Deficiencies and Material Weaknesses	<p>See attached <i>Communication Regarding Significant Deficiencies and Material Weaknesses</i>.</p>
Certain Written Communications Between Management and Our Firm	<p>Copies of certain written communications between our firm and the management of the Division are attached as Exhibits.</p>

Area	Comments
Other Matters	<p data-bbox="586 275 1430 768">We applied certain limited procedures to Management’s Discussion and Analysis, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis) - General Fund, the Schedule of Proportionate Share of the Net Pension (Asset)/Liability, the Schedule of Pension Contributions, the Schedule of Proportionate Share of the Net OPEB (Asset)/Liability, and the Schedule of OPEB Contributions, which are required supplementary information (RSI) that supplement the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.</p> <p data-bbox="586 793 1430 961">We were not engaged to report on the Budgetary Comparison Schedules, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.</p>

WORKFORCE West Virginia
Summary of Accounting Estimates
Year Ended June 30, 2023

Accounting estimates are an integral part of the preparation of financial statements and are based upon management’s current judgment. The process used by management encompasses its knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the Division’s June 30, 2023 financial statements:

Area	Accounting Policy	Estimation Process	Comments
Depreciation of capital assets	Straight – line method	Based on cost, or if contributed, at fair value of the asset. Depreciation is calculated using the straight-line method over the estimated useful life. Annually, management reviews capital assets for impairment.	We concur with this process.
Valuation of receivables	Net realizable value	Review of net amounts of anticipated collections, established grants, contracts, and loans and historical collection information.	We concur with this process.
Compensated absences	Estimated	Based upon management’s calculation of the ultimate liability to be paid.	We concur with this process.
Unemployment trust fund benefit liability	Estimated	Based upon management’s calculation and estimate based on historical data.	We concur with this process.
Inventories	Lower of cost or market	Valued at lower of cost or market using the first in first out method.	We concur with this process.
Net pension liability	Estimated	Based upon third-party report of the proportionate share of the actuarially determined pension asset/liability of the Public Employees Retirement System (PERS) plan.	We concur with this process.
Net other postemployment benefits liability	Estimated	Based upon third-party report of the proportionate share of the actuarially determined net OPEB asset/liability of the RHBT plan.	We concur with this process.

WORKFORCE West Virginia
Summary of Accounting Estimates
Year Ended June 30, 2023

Area	Accounting Policy	Estimation Process	Comments
Lease liability and lease asset	Present value	Based on the present value of lease payments expected to be made during the lease term (less any incentives) with consideration for any payments made at or before commencement and certain direct expenses.	We concur with this process.

WORKFORCE West Virginia
Summary of Recorded Audit Adjustments
Year Ended June 30, 2023

During the course of an audit, we accumulate adjustments that are determined by management to be material to the financial statements and to the related financial statement disclosures, or management otherwise determines are appropriate to make. Following is a summary of the adjustments made to the original trial balance we received.

General Fund

Adjusting Journal Entries JE # 2

To adjust accounts payable to actual as of 6/30/2023.

	5119	WIA Expense	493,502.00	-
	2201	Accounts Payable	-	493,502.00
Total			493,502.00	493,502.00

Unemployment Compensation Trust Fund

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entries JE # 1			
To adjust employer contribution receivable and revenue as of 6/30/2023.			
1401	UC Employer Contrib. Receivable	19,825,550.00	-
4101	Regular UI – Employer Cont.	-	19,825,550.00
Total		19,825,550.00	19,825,550.00

Adjusting Journal Entries JE # 2

To adjust receivables from other agencies as of 6/30/2023.

	1301	Due From Primary Government	93,964.00	-
	2303	Due to Other Funds-Primary	237,909.00	
	4101	Regular UI – Employer Cont.	-	331,873.00
Total			331,873.00	331,873.00

WORKFORCE West Virginia
Summary of Uncorrected Misstatements
Year Ended June 30, 2023

10

During the course of an audit, we accumulate uncorrected misstatements that are determined by management to be immaterial, both individually and in the aggregate, to the financial statements and to the related financial statement disclosures. Following is a summary of those differences.

There were no uncorrected misstatements identified during the course of our audit.

**COMMUNICATION REGARDING SIGNIFICANT DEFICIENCIES
AND MATERIAL WEAKNESSES**

To the Commissioner
WORKFORCE West Virginia
Charleston, West Virginia

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, and each major fund of WORKFORCE West Virginia (the Division) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, we considered the Division's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control. Accordingly, we do not express an opinion on the effectiveness of the Division's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in internal control to be a material weakness:

Financial Reporting

Management of the Division is responsible for establishing an internal control structure that reduces to an acceptable level the risk of errors and fraud occurring and not being detected. The Division is also responsible for having a financial management system in place to account for the receipt and expenditure of grant and other funds and to prepare accurate financial reports.

Inaccuracies in recording year-end accruals resulted in material adjustments to the financial statements for the year ended June 30, 2023.

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We recommend that management review the daily accounting functions, staffing, and financial reporting processes to establish that adequate policies and procedures are in place to ensure accurate and timely financial reporting. Management should ensure that account reconciliations are prepared and reviewed in a timely manner and supporting schedules are maintained for all account balances.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in internal control to be a significant deficiency.

Information System Governance

Management is responsible for establishing and maintaining an effective system of internal control over financial reporting, including controls over critical information technology systems that support the financial reporting function. Fundamental concepts of internal control include the segregation of duties, timely supervisory review and approval, and active management of third party applications. Segregation of duties involves assigning responsibilities for authorizing transactions, recording transactions, and maintaining custody of assets to different individuals, thus reducing the risk of fraud and errors occurring and not being detected. Supervisory review and approval allows for the timely evaluation of risks within the information systems and correction of errors when discovered. A key component to the utilization of third party service organizations is gaining an understanding of the third party application, which includes obtaining a System Organization Controls Examination (SOC) report, reviewing the report, and implementation of complementary user entity controls.

Several information technology applications directly support the financial statements of the Division. The following internal control issues were identified:

- Management does not perform a periodic, documented review of administrator access changes to the ABPS and UC Tax applications.
- Employee terminations were not being communicated timely to the West Virginia Office of Technology (WVOT) to remove network access or within the organization to remove access to ABPS and UC Tax. The current process to remove terminated employees does not allow for the documentation of all applications requiring access removal.
- The Division has not performed periodic disaster recovery testing for Division owned applications.
- There is no periodic, documented review of user access for ABPS and UC Tax.
- Management did not perform a timely review of the SOC report for wvOASIS and documentation did not include reviewing and determining if the required complementary user entity controls were in place. Additionally, complementary user entity controls were not in place at the Division.

Policies and procedures have not been adequately updated and information system controls have not been monitored by the Division.

We recommend the following:

- The Division should establish policies and procedures to create a documented, periodic review of user account management. These policies and procedures should address network, division owned applications, and third party applications utilized.
- The Division should implement a process to review system administrator activity for Division owned applications. Since manual reviews are typically inefficient and susceptible to human error, the process should be automated to the fullest extent technically feasible.
- The Division should create and implement procedures to identify, document, and communicate terminated employees to application administrators and third parties.
- The Division should conduct their annual review of SOC reports timely to determine that the appropriate complementary user entity controls are in place. These controls are vital to achieving the control objectives and are the responsibility of the Division to design and implement. Additionally, the Division should consider implementing written policies and procedures to address these controls and assign responsibility.
- The Division should implement a process to perform periodic disaster recovery testing for Division owned applications.
- The Division should document the periodic user access reviews performed for all internal applications.

* * * * *

This communication is intended solely for the information and use of the Commissioner, Cabinet Secretary, management, Federal and State Oversight Agencies, and others within the Division, and is not intended to be, and should not be, used by anyone other than these specified parties.



Suttle & Stalnaker, PLLC
Charleston, West Virginia

Certain Written Communications Between Management and Our Firm

Management Comment Letter

Engagement Letter

Management Representation Letter

MANAGEMENT COMMENT LETTER



Suttle & Stalnaker PLLC

Certified Public Accountants

October 12, 2023

To the Commissioner
WORKFORCE West Virginia
Charleston, West Virginia

In planning and performing our audit of the financial statements of WORKFORCE West Virginia (the Division) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, we considered the Division's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control. Accordingly, we do not express an opinion on the effectiveness of the Division's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and suggestions regarding those matters. A separate letter dated October 12, 2023, contains our communication of significant deficiencies and material weaknesses in the Division's internal control. This letter does not affect our report dated October 12, 2023, on the financial statements of the Division.

ETA 2112 – Federal Reporting

Form ETA 2112 is a monthly summary of transactions in a state unemployment fund which includes the Clearing Account, Unemployment Trust Fund Account, and Benefit Payment Account. All payments by employers into the state unemployment fund for contributions, payments in lieu of contributions, penalty and interest, or special assessments should be accounted for in the report. Management has resubmitted the monthly ETA 2112 reports for various months in 2023, due to inaccuracies in reporting the activity.

We recommend that management review the policies and procedures over preparation and review of the ETA 2112 reports to ensure that cash activity is captured accurately in the reports.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Division personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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This communication is intended solely for the information and use of the Commissioner, Cabinet Secretary, management, Federal and State Oversight Agencies, and others within the Division, and is not intended to be, and should not be, used by anyone other than those specified parties.

A handwritten signature in black ink, reading "Suttle & Stalaker, PLLC". The signature is written in a cursive, flowing style.

Charleston, West Virginia
October 12, 2023

ENGAGEMENT LETTER



June 12, 2023

Mr. Scott Adkins, Acting Commissioner
WorkForce West Virginia
Capitol Complex, Building 3
1900 Kanawha Blvd. East
Charleston, West Virginia 25305

We are pleased to confirm our understanding of the services we are to provide WorkForce West Virginia for the year ended June 30, 2023.

Audit Scope and Objective

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of WorkForce West Virginia as of and for the year ended June 30, 2023. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management’s discussion and analysis (MD&A), to supplement WorkForce West Virginia’s basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to WorkForce West Virginia’s RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by accounting principles generally accepted in the United States of America and will be subjected to certain limited procedures, but will not be audited:

- 1) Management’s Discussion and Analysis.
- 2) Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund
- 3) Notes to the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund
- 4) Schedule of Proportionate Share of the Net Pension (Asset)/Liability
- 5) Schedule of Pension Contributions
- 6) Schedule of Proportionate Share of the Net OPEB (Asset)/Liability
- 7) Schedule of OPEB Contributions
- 8) Notes to the Required Supplementary Information

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The following other information accompanying the financial statements will not be subjected to auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information:

- 1) Budgetary Comparison Schedule – Fund 3450 Administration and Service
- 2) Budgetary Comparison Schedule – Fund 8835 Consolidated Federal Funds
- 3) Budgetary Comparison Schedule - Fund 3451 Interest on Employers' Delinquent Contributions Fund
- 4) Budgetary Comparison Schedule – Fund 8749 WorkForce Investment Act

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of WorkForce West Virginia and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may exist not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Audit Procedures—Internal Control

We will obtain an understanding of WorkForce West Virginia and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of WorkForce West Virginia's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of WorkForce West Virginia in conformity with accounting principles generally accepted in the United States of America based on information provided by you and provide routine technical assistance. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the financial statements and related notes, other technical assistance including GASB 68, 75, 87, and 96 adjustments, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

We have advised you of the limitations of our audit regarding the detection of fraud and the possible effect on the financial statements (including misappropriation of cash and other assets). We are available to perform, as a separate engagement, extended procedures specifically designed to detect fraud; however, you have declined to engage us to do so at this time.

As this engagement is not designed to be a fraud audit, management understands and accepts the inherent limitations of the audit services described in this agreement.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting WorkForce West Virginia received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the WorkForce West Virginia complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that we report.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

As an attest client, Suttle & Stalnaker, PLLC cannot retain your documents on your behalf. This is in accordance with ET 1.295.143 of the *AICPA Code of Professional Conduct*. WorkForce West Virginia is responsible for maintaining its own data and records.

Suttle & Stalnaker, PLLC utilizes Citrix's ShareFile system to exchange files with clients. ShareFile access is restricted and unique User IDs will be provided to WorkForce West Virginia's employees upon written request. It is the WorkForce West Virginia's responsibility to promptly notify Suttle & Stalnaker, PLLC when an employee no longer requires access or is terminated. ShareFile is used solely as a method of exchanging information and is not intended to store WorkForce West Virginia's information. Upon completion of the engagement, data and other content will be removed from the ShareFile system. For multi-year engagements, completion of the engagement occurs when the deliverables are completed for that year and this will occur annually.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

We will provide copies of our reports to the West Virginia Financial Accounting and Reporting Section (FARS); however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection. The audit documentation for this engagement is the property of Suttle & Stalnaker, PLLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Suttle & Stalnaker, PLLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by any federal awarding agency. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Kelly Shafer, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit on a mutually agreed upon date and to issue our reports no later than October 15, 2023.

If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under Rules for Professional Accounting and Related Services Disputes before resorting to litigation. Costs of any mediation proceeding shall be shared equally by all parties.

We generally base our fees on the time required at our regular rates for the services and personnel assigned plus out of pocket costs and relevant computer charges. Our charges also include other appropriate factors, including the difficulty of the assignment, the degree of skill required, time limitations imposed on us by others, the experience and ability of the personnel assigned, and the value of the services to the client. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission. Assuming adequate records, internal controls, and assistance of your personnel, we estimate that our fee for the above services will be \$68,875 for the audit of the financial statements of WorkForce West Virginia.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We will attempt to minimize our fees consistent with quality work. The extent to which we can do this will depend on your personnel offering us clerical and other assistance to prepare schedules, perform analyses, and provide source documents. This fee estimate will be subject to adjustments based on unanticipated changes in the scope of our work and/or the incomplete or untimely receipt by us of the information on the client participation list. All other provisions of this letter will survive any fee adjustment.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

By signing this engagement letter, you authorize us to use the name of your entity in future proposals, as well as to provide contact information for requested references.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Reporting

We will issue a written report upon completion of our audit of WorkForce West Virginia’s financial statements. Our report will be addressed to management and those charged with governance of WorkForce West Virginia. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor’s report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue reports, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control on compliance and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that Workforce West Virginia is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

You have requested that we provide you with a copy of our most recent external peer review report and any subsequent reports received during the contract period. Accordingly, our 2020 peer review report accompanies this letter.

We appreciate the opportunity to be of service to WorkForce West Virginia and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.


Very truly yours,



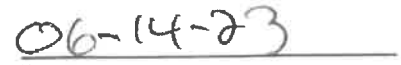
Suttle & Stalnaker, PLLC

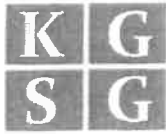
RESPONSE:

This letter correctly sets forth the understanding of WorkForce West Virginia.


Signature


Title


Date



**Kelley Galloway
Smith Goolsby, PSC**
Certified Public Accountants and Advisors

1200 Corporate Court • P. O. Box 990 • Ashland, Kentucky 41105
• Phone (606) 329-1811 (606) 329-1171 • Fax (606) 329-8755 (606) 525-0590
• Web www.ksgcpa.com Member of **Altus** GLOBAL.

Report on the Firm's System of Quality Control

To the Members of Suttle & Stalnaker, PLLC
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Suttle and Stalnaker, PLLC (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act, and audits of employee benefit plans.

As part of our 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 Suttle & Stalnaker, PLLC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2020, 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*. Suttle & Stalnaker, PLLC has received a peer review rating of *pass*.

Kelley Galloway Smith Goolsby PSC

Ashland, Kentucky
December 14, 2020

Pikeville, KY

Cincinnati, OH

MANAGEMENT REPRESENTATION LETTER

October 12, 2023

Suttle & Stalnaker, PLLC
The Virginia Center
1411 Virginia Street East, Suite 100
Charleston, WV 25301

This representation letter is provided in connection with your audit of the financial statements of WorkForce WV (the Division) which comprise the respective financial position of the governmental activities, the business-type activities, and each major fund as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the disclosures (collectively, the financial statements), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 12, 2023, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 12, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the Division required by generally accepted accounting principles to be included in the financial reporting entity.

1900 Kanawha Blvd. East * Building 3 Suite 300 * Charleston, WV 25305

An agency of the Department of Commerce
An equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities.

www.workforcewv.org

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3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
8. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the Division is contingently liable, if any, have been properly recorded or disclosed.
11. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.
12. Inventory quantities at the financial statement date were determined from physical counts or from the Division's perpetual inventory records, which have been adjusted on the basis of physical inventories taken by competent employees during the year.
13. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
14. We do not plan to make frequent amendments to our pension and other postemployment benefit plans.
15. We have evaluated our lease agreements under the requirements of GABS No. 87, *Leases*, and the Division has recorded its leases in accordance with the applicable guidance.
16. We have evaluated our subscription-based information technology arrangements (SBITAs) under the requirements of GASB No. 96, *Subscription-Based Information Technology Arrangements*, and determined that the Division has no material SBITAs that are required to be recorded.

Information Provided

17. We have provided you with:

- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
- b) Additional information that you have requested from us for the purpose of the audit.
- c) Unrestricted access to persons within the Division from whom you determined it necessary to obtain audit evidence.
- d) Minutes of the meetings of the Commissioners or summaries of actions of recent meetings for which minutes have not yet been prepared.
- e) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices, if any.

18. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

19. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

20. We have no knowledge of any fraud or suspected fraud that affects the Division and involves:

- a) Management,
- b) Employees who have significant roles in internal control, or
- c) Others where the fraud could have a material effect on the financial statements.

21. We have no knowledge of any allegations of fraud or suspected fraud affecting the Division's financial statements communicated by employees, former employees, regulators, or others, except as made known to you.

22. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing the financial statements.

23. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

24. We have disclosed to you the names of the Division's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

25. We have made available to you all financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
26. We have taken timely and appropriate steps to remedy identified and suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us, if any.
27. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
28. We have a process to track the status of audit findings and recommendations.
29. We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
30. We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
31. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
32. The Division has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
33. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
34. We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance, if any, with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
35. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
36. As part of your audit, you assisted with preparation of the financial statements and disclosures and provided routine technical assistance. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures. Ensured that the data and records are complete, and we have sufficient information to oversee the services.

37. The Division has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
38. The Division has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
39. The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
40. The financial statements include all fiduciary activities required by GASBS No. 84, as amended.
41. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended.
42. All funds that meet the quantitative criteria in GASB Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
43. Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
44. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
45. Provisions for uncollectible receivables have been properly identified and recorded.
46. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
47. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
48. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
49. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed, as applicable.
50. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
51. We have appropriately disclosed the Division's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

52. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
53. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.



Scott Adkins, Acting Commissioner



Jane Shinn, Administrative Services Manager IV



Angela Johnson, Financial Reporting Manager



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

**State of West Virginia
 Centralized Request for Quote
 Service - Prof**

Proc Folder: 1386003			Reason for Modification: Addendum No. 1 to extend bid opening date
Doc Description: Auditing Services			
Proc Type: Central Master Agreement			
Date Issued	Solicitation Closes	Solicitation No	Version
2024-04-09	2024-04-23 13:30	CRFQ 0323 WWW2400000008	2

BID RECEIVING LOCATION

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

VENDOR

Vendor Customer Code: 202390
Vendor Name : Suttle & Stalnaker, PLLC
Address :
Street : 1411 Virginia Street, East, Suite 100
City : Charleston
State : WV **Country :** USA **Zip :** 25301
Principal Contact : Kelly Shafer, CPA, Member
Vendor Contact Phone: 304.343.4126 **Extension:** 3113

FOR INFORMATION CONTACT THE BUYER
 Brandon L Barr
 304-558-2652
 brandon.l.barr@wv.gov

Vendor Signature X *Kelly Shafer* **FEIN#** 55-0538163 **DATE** 04/19/2023

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

ADDITIONAL INFORMATION

The West Virginia Purchasing Division for the Agency, The WorkForce West Virginia is soliciting bids from qualified vendors to establish an open-end contract for Auditing services per the Specifications, Terms & Conditions and bid requirements as attached herein.

INVOICE TO		SHIP TO	
WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
1	PHASE I ENTRANCE CONFERENCE	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:

PHASE I

ENTRANCE CONFERENCE

INVOICE TO		SHIP TO	
WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
2	PHASE I DETAILED AUDIT PLAN	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:

PHASE 1

DETAILED AUDIT PLAN

INVOICE TO		SHIP TO	
WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
3	PHASE I WV REPORTS & FINANCIAL STATEMENTS	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:

PHASE I
WORKFORCE WV REPORTS & FINANCIAL STATEMENTS FOR REVIEW

INVOICE TO		SHIP TO	
WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
4	PHASE II REVISED DRAFTSTATEMENTS	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:

PHASE II
REVISED DRAFT WITH ALL REQUESTS CHANGED AND MODIFICATION OF WORKFORCE WEST VIRGINIA REPORTS AND FINANCIAL STATEMENTS FOR REVIEW

INVOICE TO		SHIP TO	
WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
5	PHASE II DRAFT SUBMITTED TO FARS	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:

PHASE II

DRAFT SUBMITTED TO THE FINANCIAL ACCOUNTING AND REPORTING SECTION (FARS) OF THE WV DEPARTMENT OF ADMINISTRATION WITH COPIES TO EXECUTIVE DIRECTOR OF WORKFORCE WEST VIRGINIA AND DIRECTOR OF FAM

INVOICE TO		SHIP TO	
WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
6	PHASE III UNSIGNED FINAL DRAFT	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:

PHASE III

UNSIGNED FINAL DRAFT WITH ALL MODIFICATIONS TO WORKFORCE WEST VIRGINIA MANAGEMENT FOR FINAL REVIEW

INVOICE TO		SHIP TO	
WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
7	PHASE III FINAL SIGNED REPORT	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:

PHASE III
FINAL SIGNED REPORT SUBMITTED TO WORKFORCE WEST VIRGINIA AND FARS

INVOICE TO		SHIP TO	
WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
8	HOURLY SERVICES	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:

HOURLY SERVICES
**Rate per Hour for Accounting, Auditing, and Consulting Services

SCHEDULE OF EVENTS

Line	Event	Event Date
1	Questions due by 3/28/24 at 10:00am ET	2024-03-28

SOLICITATION NUMBER:
Addendum Number:

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

Applicable Addendum Category:

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

Description of Modification to Solicitation:

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

Terms and Conditions:

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

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: CRFQ WWV24*08

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.

Suttle & Stalnaker, PLLC

Company



Authorized Signature

04/19/2024

Date

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

Revised 6/8/2012



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

State of West Virginia
 Centralized Request for Quote
 Service - Prof

Proc Folder: 1386003			Reason for Modification: Addendum No. 2 to provide answers to vendor questions
Doc Description: Auditing Services			
Proc Type: Central Master Agreement			
Date Issued	Solicitation Closes	Solicitation No	Version
2024-04-11	2024-04-23 13:30	CRFQ 0323 WWW2400000008	3

BID RECEIVING LOCATION

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

VENDOR

Vendor Customer Code: 202390
Vendor Name : Suttle & Stalnaker, PLLC
Address :
Street : 1411 Virginia Street East, Suite 100
City : Charleston
State : WV **Country :** USA **Zip :** 25301
Principal Contact : Kelly Shafer, CPA, Member
Vendor Contact Phone: 304.343.4126 **Extension:** 3113

FOR INFORMATION CONTACT THE BUYER
 Brandon L Barr
 304-558-2652
 brandon.l.barr@wv.gov

Vendor Signature X *Kelly Shafer* **FEIN#** 55-0538163 **DATE** 04/19/2024

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

ADDITIONAL INFORMATION

The West Virginia Purchasing Division for the Agency, The WorkForce West Virginia is soliciting bids from qualified vendors to establish an open-end contract for Auditing services per the Specifications, Terms & Conditions and bid requirements as attached herein.

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WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
1	PHASE I ENTRANCE CONFERENCE	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:

PHASE I

ENTRANCE CONFERENCE

INVOICE TO		SHIP TO	
WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
2	PHASE I DETAILED AUDIT PLAN	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:

PHASE 1

DETAILED AUDIT PLAN

INVOICE TO			SHIP TO		
WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US			WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
3	PHASE I WV REPORTS & FINANCIAL STATEMENTS	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:

PHASE I
WORKFORCE WV REPORTS & FINANCIAL STATEMENTS FOR REVIEW

INVOICE TO			SHIP TO		
WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US			WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
4	PHASE II REVISED DRAFTSTATEMENTS	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:

PHASE II
REVISED DRAFT WITH ALL REQUESTS CHANGED AND MODIFICATION OF WORKFORCE WEST VIRGINIA REPORTS AND FINANCIAL STATEMENTS FOR REVIEW

INVOICE TO		SHIP TO	
WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
5	PHASE II DRAFT SUBMITTED TO FARS	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:
PHASE II

DRAFT SUBMITTED TO THE FINANCIAL ACCOUNTING AND REPORTING SECTION (FARS) OF THE WV DEPARTMENT OF ADMINISTRATION WITH COPIES TO EXECUTIVE DIRECTOR OF WORKFORCE WEST VIRGINIA AND DIRECTOR OF FAM

INVOICE TO		SHIP TO	
WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
6	PHASE III UNSIGNED FINAL DRAFT	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:
PHASE III

UNSIGNED FINAL DRAFT WITH ALL MODIFICATIONS TO WORKFORCE WEST VIRGINIA MANAGEMENT FOR FINAL REVIEW

INVOICE TO		SHIP TO	
WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
7	PHASE III FINAL SIGNED REPORT	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:

PHASE III
FINAL SIGNED REPORT SUBMITTED TO WORKFORCE WEST VIRGINIA AND FARS

INVOICE TO		SHIP TO	
WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US		WORKFORCE WEST VIRGINIA 1900 KANAWHA BLVD, EAST BLDG 3, 3RD FLOOR, SUITE 300 CHARLESTON WV US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
8	HOURLY SERVICES	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
93151608			

Extended Description:

HOURLY SERVICES
**Rate per Hour for Accounting, Auditing, and Consulting Services

SCHEDULE OF EVENTS

Line	Event	Event Date
1	Questions due by 3/28/24 at 10:00am ET	2024-03-28

SOLICITATION NUMBER:
Addendum Number:

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

Applicable Addendum Category:

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

Description of Modification to Solicitation:

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

Terms and Conditions:

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

ATTACHMENT A

AGENCY RESPONSE TO QUESTIONS

CRFQ WWV24*08 – Auditing Services

Q1. Does Workforce WV personnel prepare the financial statements, supplementary and required supplementary information or will the auditor be expected to assist with preparation of parts or all of the financial statements?

A1. The auditor will assist with the preparation of all the financial statements. WorkForce WV will prepare journal entries and provide a trial balance.

Q2. Does the entity expect the auditors to assist with any calculations or journal entries as part of the contract (for example leases, SBITAs, pension, OPEB, etc.)? If so, please provide details on what type of assistance is needed and any other applicable details that would be helpful (number of leases, SBITAs, etc.).

A2. WorkForce WV will need assistance with the calculation and notes of leases, pension, and OPEB. WorkForce WV has no material SBITAs in FY 2023 and does not expect to have any in FY 2024.

Q3. When will the information be available for audit fieldwork to begin? When can we begin interim procedures if we are the successful bidder?

A3. For the first year, fieldwork may not be able to begin until the first of June.

Q4. Do you anticipate any significant operational or legislative changes for the fiscal years subject to this proposal?

A4. No

Q5. Has there been any change in the reporting entity? No. New funds, closed funds or other Migrated funds since the most recent audit?

A5. No

Q6. Are you aware of any changes that will have a significant impact on accounting and/or financial reporting over the life of the contract?

A6. No

Q7. Are you aware of any changes that will have a significant impact on the audit of your financial statements over the life of the contract?

A7. No

Q8. What is the size of and experience of the entities accounting/ financial reporting department?

A8. There are 13 employees in the accounting department. All but three have been with WorkForce for approximately 3 years; two employees over 10 years, and one is a new employee. The ASM 3 and ASM 4 have only been with WorkForce for 3 years but have over 10+ and 20+ years, respectively, of experience with financial reporting.

Q9. How much time was spent on site/working remotely by the most recent audit firm?

A9. Approximately 532 hours

Q10. Approximately how many people were assigned from the audit Firm to provide the services and how long did the field work take to complete?

A10. Approximately a total of 4 (managers and associates) and one IT personnel.

Q11. Can you describe how any extra services were procured from the previous auditor over the period of the contract and the nature of those services?

A.11 Through a change order for assistance with new GASBs.

Q12. Please describe any significant staff turnover that may impact the audit from the WV Workforce perspective?

A.12 The Financial Reporting Manager is no longer a full-time employee of WorkForce. Still working on the financial states are an Administrative Service Manger 3 (ASM 3) and Administrative Service Manger 4 (ASM 4).

Q13. Who are the points of contact from the WV Workforce perspective responsible for the audit services and experience level of the WV Workforce staff?

A13. Points of contact will be the ASM 3 and ASM 4.

Q14.What is the size of and experience of the entities accounting/ financial reporting department?

A.14 There are 13 employees in the accounting department. All but three have been with WorkForce for approximately 3 years; two employees over 10 years, and one is a new employee. The ASM 3 and ASM 4 have only been with WorkForce for 3 years but have over 10+ and 20+ years, respectively of experience with financial reporting.

Q15. Have there been any liquidated damages paid by any of the previous auditors over the last 5 years?

A15. No

Q16. Were there any change orders issued or contract amendments in the most recent audit contract, if so, please describe the nature of the change order and amount?

A16. No.

Q17. Was the fee disclosed in the prior auditor engagement letter the actual fee paid for service in the prior year?

A17. No, but it was \$77,140.00.

Q18. The management letter prepared from the previous audit that was included in the proposal documentation described audit adjustments and a number of control deficiencies, can you describe the nature of how Wv Workforce has addressed these issues and do you anticipate the auditor have to make JE's for the year ended June 30, 2024 and report similar control deficiencies?

A18. We do not anticipate the auditor having to make JE's for the year ended June 30, 2024. We have implemented policies and procedures and trained staff on those policies. WFWV has also created an internal tracking system that will allow us to identify invoices that need to be recorded in accounts payable.

Q19. Can you describe how management has addressed prior year audit findings?

A19. Created policies and procedures and trained staff on the new or revised procedures.

Q20. We understand that WV Workforce receives significant federal funding, was there a Single Audit performed that is not in the scope of this proposal?

A.20 Yes.

Q21. Who performs that and is that awarded to the financial statement auditor under a separate contract?

A21. Single Audit contracted by the Department of Administration.

Q22 How many individual trial balances are used and please describe how eliminations, consolidations are handled internally.

A22. Two. Eliminations and consolidations are handled internally through spreadsheets and journal entries.

Q23. Do you only use WvOasis or do you have an add-on financial reporting function like QuickBooks or something else for trial balances and financial reporting?

A23. All agency payments are entered in WvOasis and benefit payments are made from several outside bank accounts. All journal entries for financial statements are made in QuickBooks.

Q24. Can you describe the nature of the computer software utilized and the extent of reliance on those programs related to financial reporting, including the nature of any contract software arrangements or SOC 1 or SOC 2 implications?

A24. WorkForce utilizes OASIS and our internal system for benefits in the Automated Benefits Processing System (ABPS).

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: CRFQ WWV24*08

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

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

Addendum Numbers Received:

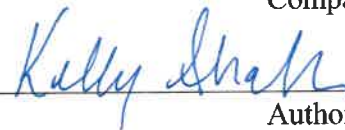
(Check the box next to each addendum received)

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

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

Suttle & Stalnaker, PLLC

Company



Authorized Signature

04/19/2024

Date

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

WORKFORCE WEST VIRGINIA

Exhibit A - Pricing Page

DELIVERABLES	Estimated Hours	Hourly Rates Year One	Extended cost	*OPTIONAL* Hourly Rates Year Two	Extended Cost Year Two	*OPTIONAL* Hourly Rates Year Three	Extended Cost Year Three	*OPTIONAL* Hourly Rates Year Four	Extended Cost Year Four	
PHASE I										
Entrance Conference	20	\$ 144.00	\$ 2,880.00	\$ 149.00	\$ 2,980.00	\$ 154.00	\$ 3,080.00	\$ 160.00	\$ 3,200.00	
Detailed Audit Plan	50	\$ 144.00	\$ 7,200.00	\$ 149.00	\$ 7,450.00	\$ 154.00	\$ 7,700.00	\$ 160.00	\$ 8,000.00	
Draft of WORKFORCE West Virginia Reports and Financial Statements for Review	225	\$ 144.00	\$ 32,400.00	\$ 149.00	\$ 33,525.00	\$ 154.00	\$ 34,650.00	\$ 160.00	\$ 36,000.00	
TOTAL PHASE I			\$ 42,480.00	TOTAL PHASE I YEAR TWO	\$ 43,955.00	TOTAL PHASE I YEAR THREE	\$ 45,430.00	TOTAL PHASE I YEAR FOUR	\$ 47,200.00	
PHASE II										
Revised draft with all requests changed and modification of WORKFORCE West Virginia reports and financial statements for review	50	\$ 144.00	\$ 7,200.00	\$ 149.00	\$ 7,450.00	\$ 154.00	\$ 7,700.00	\$ 160.00	\$ 8,000.00	
Section (FARS) of the WV Department of Administration with copies to Executive Director of WORKFORCE West Virginia and Director of FAM	30	\$ 144.00	\$ 4,320.00	\$ 149.00	\$ 4,470.00	\$ 154.00	\$ 4,620.00	\$ 160.00	\$ 4,800.00	
TOTAL PHASE II			\$ 11,520.00	TOTAL PHASE II YEAR TWO	\$ 11,920.00	TOTAL PHASE II YEAR THREE	\$ 12,320.00		\$ 12,800.00	
PHASE III										
Unsigned Final Draft with all modifications to WORKFORCE West Virginia management for final review	40	\$ 144.00	\$ 5,760.00	\$ 149.00	\$ 5,960.00	\$ 154.00	\$ 6,160.00	\$ 160.00	\$ 6,400.00	
Final signed report submitted to WORKFORCE West Virginia and FARS	40	\$ 144.00	\$ 5,760.00	\$ 149.00	\$ 5,960.00	\$ 154.00	\$ 6,160.00	\$ 160.00	\$ 6,400.00	
TOTAL PHASE III			\$ 11,520.00	TOTAL PHASE III YEAR TWO	\$ 11,920.00	TOTAL PHASE III YEAR THREE	\$ 12,320.00	TOTAL PHASE III YEAR FOUR	\$ 12,800.00	
Phase Total = PHASE 1 + PHASE II + PHASE III										
Hourly Services	**Rate per Hour for Accounting, Auditing, and Consulting Services	20	\$ 144.00	\$ 2,880.00	\$ 149.00	\$ 2,980.00	\$ 154.00	\$ 3,080.00	\$ 160.00	\$ 3,200.00
Grand Total YEAR ONE (Total Hourly Services + Total Phases)			\$ 68,400.00	GRAND TOTAL (HRLY SERVICE & PHASES) YR 2	\$ 70,775.00	GRAND TOTAL (HRLY SERVICE & PHASES) YR 3	\$ 73,150.00	GRAND TOTAL (HRLY SERVICE & PHASES) YR 4	\$ 76,000.00	
HOURS SHOWN ARE AN ESTIMATION AND IS FOR AWARD PURPOSES ONLY										
AWARD WILL BE BASED ON GRAND TOTAL , HOWEVER THE COST OF THE HOURS WILL BE ACTUAL PAYMENT AND THOSE HOURS ARE NOT GUARANTEED.										
Vendor may request payment pursuant to the following schedule :										
* First Payment and can be submitted upon completion of Phase I , identified in the above table										
* Second Payment can submitted upon completion of Phase II , identified in the above table										
* Third payment can be submitted upon completion of Phase III , identified in the table										
**WORKFORCE West Virginia requires that the accounting first be available to assist with accounting Issues and new reporting requirments as they arise on an as-needed basis. The bid must include firm fixed fee for the services shown as well as an hourly rate for accounting and auditing consulting services. The total cost submitted for bid must include all travel and out-of -the -pocket expenses.										