



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

Request for Quotation

RFQ NUMBER:
FAR000007

PAGE:
1

ADDRESS CORRESPONDENCE TO ATTENTION OF:
**KRISTA FERRELL
 304-558-2596**

RFQ COPY
 TYPE NAME/ADDRESS HERE

VENDOR

SHIP TO

DEPARTMENT OF ADMINISTRATION
 FINANCIAL ACCOUNTING AND
 REPORTING SECTION
 2101 WASHINGTON ST E
 CHARLESTON, WV
 25305-1510 304-558-4083

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
05/22/2007				

BID OPENING DATE: **06/06/2007** BID OPENING TIME **01:30PM**

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
ADDENDUM NO. 1						
THIS ADDENDUM IS ISSUED TO PROVIDE ANSWERS TO QUESTIONS RAISED AT THE MANDATORY PRE-BID MEETING AND THOSE TECHNICAL QUESTIONS SUBMITTED PRIOR TO THE MAY 14, 2007 DEADLINE.						
QUESTIONS CONCERNING THE ACTUAL SUBMISSION PROCESS FOR A VENDOR'S BID ONLY WILL STILL BE ACCEPTED.						
***** END ADDENDUM NO. 1 *****						
0001	1	LS		946-20		
AUDITING SERVICES						
***** THIS IS THE END OF RFQ FAR000007 ***** TOTAL:						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	TELEPHONE	DATE
TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

**GENERAL TERMS & CONDITIONS
REQUEST FOR QUOTATION (RFQ) AND REQUEST FOR PROPOSAL (RFP)**

1. Awards will be made in the best interest of the State of West Virginia.
2. The State may accept or reject in part, or in whole, any bid.
3. All quotations are governed by the *West Virginia Code* and the *Legislative Rules* of the Purchasing Division.
4. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125.00 registration fee.
5. All services performed or goods delivered under State Purchase Orders/Contracts are to be continued for the term of the Purchase Order/Contract, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods, this Purchase Order/Contract becomes void and of no effect after June 30.
6. Payment may only be made after the delivery and acceptance of goods or services.
7. Interest may be paid for late payment in accordance with the *West Virginia Code*.
8. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*.
9. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
10. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
11. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern all rights and duties under the Contract, including without limitation the validity of this Purchase Order/Contract.
12. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
13. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, this contract is automatically null and void, and is terminated without further order.
14. **HIPAA Business Associate Addendum** - The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, and available online at the Purchasing Division's web site (<http://www.state.wv.us/admin/purchase/vrc/hipaa.htm>) is hereby made part of the agreement. Provided that, the Agency meets the definition of a Covered Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.

INSTRUCTIONS TO BIDDERS

1. Use the quotation forms provided by the Purchasing Division.
2. **SPECIFICATIONS:** Items offered must be in compliance with the specifications. Any deviation from the specifications must be clearly indicated by the bidder. Alternates offered by the bidder as **EQUAL** to the specifications must be clearly defined. A bidder offering an alternate should attach complete specifications and literature to the bid. The Purchasing Division may waive minor deviations to specifications.
3. Complete all sections of the quotation form.
4. Unit prices shall prevail in cases of discrepancy.
5. All quotations are considered F.O.B. destination unless alternate shipping terms are clearly identified in the quotation.
6. **BID SUBMISSION:** All quotations must be delivered by the bidder to the office listed below prior to the date and time of the bid opening. Failure of the bidder to deliver the quotations on time will result in bid disqualifications.

SIGNED BID TO:

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

RFP # FAR000007**Addendum #1****Answers from Mandatory Pre-bid Meeting and Technical Questions**

1. The prior year audit agreement was for a period of five years. This request for proposal indicates a potential three-year period. Will you consider revising this RFP to allow for a five year period, subject to annual renewals? The audit of the State is a significant undertaking requiring a significant commitment of staffing resources. From a vendor perspective, it might be possible to provide more attractive pricing if the agreement is for a five vs. three year period. From the State's perspective, this would minimize the staff disruption time.

The majority of the State's contracts are not currently being negotiated for a timeframe no greater than three years (including renewals) and we see no reason to alter our proposal.

2. Section 2.3 mentions a rotational schedule for the student financial aid cluster. Has this been approved by the State's cognizant agency recently? If not, this should be confirmed with the cognizant agency before moving forward with this approach for the fiscal year audit period.

No, the State's cognizant agency has not approved the use of a rotational schedule. On May 15, 2007, the Finance Division had a discussion with a representative from our cognizant agency and we were told a rotational schedule would not be acceptable.

After the June 30, 2007 fiscal year audit, the amount of work performed on the student financial aid cluster by the winning vendor may dramatically be reduced if Higher Ed decides to have a separate A-133 audit performed.

3. Section 1.2 mentions a potential reduction in fee of up to 10% for failure to meet required deadlines. Historical failures to meet deadlines have been the result of various State agency issues. I am assuming if these matters beyond the control of the vendor occur that the State would extend the deadlines without penalties. Is this assumption correct?

The vendor would not be punished if failure to meet required deadlines were caused by matters outside of their control.

4. Vender preference certificate – As an international firm structured as a partnership that has maintained an office in West Virginia for over 50 years, that is bidding with two local West Virginia based firms as subcontractors, are we eligible for the 2.5% preference under section A?

Yes (but needs to be checked with purchasing)

- 5. Do you anticipate any new additional major programs for the year ended June 30, 2007, as compared to that as of June 30, 2006, based on the latest available Schedule of Expenditures of Federal Awards?

Based upon our preliminary gathering process it appears that there are 29 type A programs (2 are audited by other auditors). See the attached file for more information.

- 6. Describe the documentation relating to the transition of the Tax and Revenue system. Was reconciliation performed from the old system to the new? What type of audit trail exists? Are the systems still running parallel?

Tax and Revenue has reconciliations from the old system to the new. In addition, there is a conversion plan that documents and describes the data transferred to the new system. Finally, an approved plan details how outstanding liabilities will be converted to the new system.

Tax and Revenue is running the old and new system; however, they are not running parallel to each other. To date, the new system is processing sales, use, withholding, business registration, and some smaller taxes associated with sales taxes. The remaining taxes will be transitioned to the new system over 3 1/2 years. Until then they will remain on the old system.

- 7. Is the State planning on changing the method to record the respective receivables based on the reports generated from the new system? If so, what plan is in place to validate the accuracy of the reports (both current and delinquent taxes receivable) by management to determine if the reporting is accurate and reliable at June 30, 2007?

Tax and Revenue has configured and designed the new tax system to provide reliable data. This new system has a built-in audit function to reduce processing errors.

- 8. Will a type 2 SAS 70 report be available related to the processing of Medicaid and CHIP payments covering at least six months of the State's fiscal year 2007?

Yes, the SAS 70's will be for at least a 6 month period.

- 9. Will a type 2 SAS 70 report be available related to the processing of EBT transactions covering at least six months of the State's fiscal year 2007?

Yes, will be for a 12 month period.

10. Have there been any significant changes in the State's system of internal control during fiscal year 2007? Is management aware of any new significant deficiencies or material weakness not previously identified? If so, please describe.

No

11. Any planned significant changes in any of the key estimation process or in the recording of other significant accounts (i.e., other receivables, environmental liabilities, etc.)?

There are not any planned significant changes.

12. What required reports are being referred to section 4.2.8h that you would like us to provide sample formats?

What we are looking for is basically a status update report. The report should indicate the pertinent information you need from the state and what portion(s) of the audit outstanding, as well as, what portion(s) of the audit has been completed.

We would use these reports to monitor progress, as well as, assist in gathering information for the award winner.

13. Can Appendix A be modified to reflect a range of rates along with the estimated hours by level as long as the total fee is included? We are bidding with two subcontractors, so there will be varying rates by level. Also, can a separate line for out-of-pocket expenses be reflected separately to arrive at the total fee?

No, Appendix A should not be modified. The range of rates is not as important as the total. Purchasing will use the total in an existing mathematical formula to compare bids.

14. Section 1.17 indicates that failure to attend the mandatory bid conference results in automatic disqualification and no one person can represent more than one vendor. Accordingly, are we correct that only the four firms present at the bidder's conference can submit a bid and must be a vendor signing the opinions and reports requested under the RFP?

Yes

Preliminary Type A Programs Identified --2007 Audit
State of WV
6/30/2007

Number of programs over \$11.7M	CFDA Number	Department	Name of Program	Total Expenditures for FY 2006	FY 2007 Anticipated Expenditures
1	14.228	DEVO	Community Development Block Grants/State's Program	14,863,495	20,000,000
possible	15.250	DEP	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	11,651,367	-
2	15.252	DEP	Abandoned Mine Land Reclamation (AMLR) Program	21,745,142	25,000,000
	16.612	Auditor's Office	National White Collar Crime Center	7,460,411	
3	17.225	BEP	Unemployment Insurance	146,495,089	
	17.207/17.801/17.804	BEP	Employment Services Cluster	7,474,791	
4	17.258/17.259/17.260	BEP	Workforce Investment Act Cluster	20,218,657	
	12.400	AGO	Military Construction National Guard	4,571,338	-
5	12.401	AGO	Military Operations and Maintenance	13,093,783	over 12
6	10.553/10.555/10.556/10.559	DOE	Child Nutrition Cluster	64,974,833	over 12
7	10.558	DOE	Child and Adult Care Food Program	15,144,953	over 12
8	84.010	DOE	Title 1 Grants to Local Educational Agencies	103,002,839	over 12
9	84.027/84.173	DOE	Special Education Cluster	74,339,012	over 12
	84.287	DOE	Twenty-First Century Communication Learning Centers	7,740,408	
	84.357	DOE	Reading First State Grant	7,724,782	-
	84.358	DOE	Rural Education	3,642,241	-
10	84.367	DOE	Improving Teacher Quality	20,554,419	over 12
11	10.551/10.561	HHS	Food Stamp Cluster	279,617,819	over 12
12	10.557	HHS	Special Supplemental Nutrition Program for WICs	31,951,622	over 12
13	93.283	HHS	Center for Disease Control	17,100,194	over 12
14	93.558	HHS	Temporary Assistance for Needy Families	123,539,418	over 12
15	93.563	HHS	Child Support Enforcement	25,115,018	over 12
16	93.568	HHS	Low-Income Home Energy Assistance	22,056,402	over 12
17	93.575/93.596	HHS	Child Care Development Fund	23,311,484	over 12
18	93.658	HHS	Foster Care - Title IV-E	31,880,778	over 12
19	93.659	HHS	Adoption Assistance	11,786,375	
possible	93.667	HHS	Social Services Block Grant	10,402,492	
	93.959	HHS	Block Grants For Prevention and Treatment of Substance Abuse	8,278,228	
20	93.575/93.596	HHS	Child Care Cluster	23,311,484	
21	93.775/93.777/93.778	HHS	Medicaid Cluster	1,591,058,465	over 12
22	93.767	CHIP	State Children's Insurance Program	33,835,664	
23	97.036	OES	Public Assistance Grants	12,017,830	
	97.050	OES	Federal Assistance To Individuals And Households- Other Needs	259,062	
24	16.007/97.004/97.042/97.067	OES	Homeland Security Cluster	12,315,201	
25	84.126	Rehab	Rehabilitation Services - Vocational Rehabilitation Grants to States	25,558,384	Over 12
26	96.001/96.006	Rehab	Disability Insurance/SSI Cluster	18,094,168	Over 12
	93.044/93.045/93.053	SS	Aging Cluster	8,844,614	
27	84.007/84.032/84.033/84.038 84.063/84.268/93.108 93.342/93.364/98.820/93.925	Higher Ed	Student Financial Aid Cluster	361,579,308	56,503,635
	21.999	Gov. Office	Jobs and Growth Tax Relief Act	1,168,202	
Audited by other Auditors:					
n/a	66.458	DEP	Capitalization Grants for State Revolving Funds	24,524,215	
n/a	20.205/23.003	DOH	Highway Planning and Construction Cluster	422,841,421	
				3,665,145,408	101,503,635

	2006 Actual	2007 Estimate
Total Federal Expenditure	3,908,146,092	101,503,635
Percentage	0.003	0.003
Estimated Type A Progr	11,724,438	304,511

PRE-BID CONFERENCE
SIGN IN SHEET

Request for Quotation Number: FAR000007

Date: May 11, 2007 @ 10:00 am

PLEASE PRINT LEGIBLY. THIS INFORMATION IS ESSENTIAL TO CONTACT THE ATTENDEES IN A TIMELY MANNER. FAILURE TO DO SO MAY RESULT IN DELAYS IN YOUR COMPANY GETTING IMPORTANT BID INFORMATION.

Firm Name:	<u>Butte & Steiner PLLC</u>
Firm Address:	<u>1411 Virginia St E, Suite 100 Charleston, WV 25301</u>
Representative Attending:	<u>Chris Dewese</u>
Phone Number:	<u>(304) 343-4126</u>
Fax Number:	<u>(304) 343-3003</u>
Email Address:	<u>cdewese@sattccpa.com</u>

Firm Name:	<u>Bolstra, Harr & Scherrey CPA, Inc.</u>
Firm Address:	<u>PO Box 687 528 South Main St. Pictor, Ohio 45661</u>
Representative Attending:	<u>Michael A. Bolstra</u>
Phone Number:	<u>740-289-4181</u>
Fax Number:	<u>740-289-3639</u>
Email Address:	<u>bolstra@bhrcpas.com</u>

Firm Name:	<u>Ernst & Young LLP</u>
Firm Address:	<u>900 United Center 500 Virginia Street East Charleston, WV 25301</u>
Representative Attending:	<u>Norman Mosier and Shelley Norton</u>
Phone Number:	<u>(304) 357-5967</u>
Fax Number:	<u>1-866-264-3506 / 304-432-5915</u>
Email Address:	<u>Norman.Mosier@ey.com Shelley.norton@ey.com</u>

Firm Name:	
Firm Address:	
Representative Attending:	
Phone Number:	
Fax Number:	
Email Address:	

Firm Name:	<u>Dearien & Company A.C.</u>
Firm Address:	<u>405 Capital Square Charleston, WV 25301</u>
Representative Attending:	<u>Steve Dearien</u>
Phone Number:	<u>(304) 344-2281</u>
Fax Number:	<u>(304) 344-2283</u>
Email Address:	<u>steve@dearienandco.com</u>

Firm Name:	
Firm Address:	
Representative Attending:	
Phone Number:	
Fax Number:	
Email Address:	