



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

Request for Quotation

RFO NUMBER
 FAR110000

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	FOB	FREIGHT TERMS
04/21/2011				

BID OPENING DATE: 05/25/2011 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
0001	1	LS		946-20		
AUDIT OF STATE CAFR REQUEST FOR PROPOSAL (RFP) THE WEST VIRGINIA STATE PURCHASING DIVISION FOR THE AGENCY, THE WEST VIRGINIA DIVISION OF FINANCE, IS SOLICITING PROPOSALS FROM QUALIFIED FIRMS TO PERFORM THE SINGLE AUDIT OF THE STATE OF WEST VIRGINIA AND THE FINANCIAL AUDIT OF THE BASIC FINANCIAL STATEMENTS OF THE STATE'S COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAF) FOR THE FISCAL YEAR ENDING JUNE 30, 2011 PER ATTACHED. A MANDATORY PRE-BID MEETING WILL BE HELD ON MAY 2, 2011 AT 10:00 AM IN BUILDING #17 LOCATED AT 2101 WASHINGTON STREET, EAST IN CHARLESTON WEST VIRGINIA. ADDITIONAL INFORMATION CONCERNING THE PRE-BID MEETING CAN BE FOUND IN SECTION 1.4 OF THE ATTACHED DOCUMENT. EXHIBIT 10 REQUISITION NO.: ADDENDUM ACKNOWLEDGEMENT I HEREBY ACKNOWLEDGE RECEIPT OF THE FOLLOWING CHECKED ADDENDUM(S) AND HAVE MADE THE NECESSARY REVISIONS TO MY PROPOSAL, PLANS AND/OR SPECIFICATION, ETC.						

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. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125 fee.
 4. All services performed or goods delivered under State Purchase Order/Contracts are to be continued for the term of the Purchase Order/Contracts, 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.
 5. Payment may only be made after the delivery and acceptance of goods or services.
 6. Interest may be paid for late payment in accordance with the *West Virginia Code*.
 7. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*.
 8. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
 9. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
 10. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern the purchasing process.
 11. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
 12. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, the State may deem this contract null and void, and terminate such contract without further order.
 13. **HIPAA BUSINESS ASSOCIATE ADDENDUM:** The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, is available online at www.state.wv.us/admin/purchase/vrc/hipaa.htm and is hereby made part of the agreement. Provided that the Agency meets the definition of a Cover Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.
 14. **CONFIDENTIALITY:** The vendor agrees that he or she 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 <http://www.state.wv.us/admin/purchase/privacy/noticeConfidentiality.pdf>.
 15. **LICENSING:** Vendors 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, and the West Virginia Insurance Commission. The vendor must provide all necessary releases to obtain information to enable the director or spending unit to verify that the vendor is licensed and in good standing with the above entities.
 16. **ANTITRUST:** In submitting a bid to any agency for the State of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will 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 the bidder.
- I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, or person or entity submitting a bid for the same material, supplies, equipment or services and is in all respects fair and without collusion or fraud. I further certify that I am authorized to sign the certification on behalf of the bidder or this bid.

INSTRUCTIONS TO BIDDERS

1. Use the quotation forms provided by the Purchasing Division. Complete all sections of the quotation form.
2. 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. Unit prices shall prevail in case of discrepancy. All quotations are considered F.O.B. destination unless alternate shipping terms are clearly identified in the quotation.
4. 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: Department of Administration, Purchasing Division, 2019 Washington Street East, P.O. Box 50130, Charleston, WV 25305-0130
5. Communication during the solicitation, bid, evaluation or award periods, except through the Purchasing Division, is strictly prohibited (W.Va. C.S.R. §148-1-6.6).



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ADDENDUM NO. 'S:						
NO. 1						
NO. 2						
NO. 3						
NO. 4						
NO. 5						
I UNDERSTAND THAT FAILURE TO CONFIRM THE RECEIPT OF THE ADDENDUM(S) MAY BE CAUSE FOR REJECTION OF PROPOSAL.						
VENDOR MUST CLEARLY 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.						
..... SIGNATURE						
..... COMPANY						
..... DATE						
NOTE: THIS ADDENDUM ACKNOWLEDGEMENT SHOULD BE SUBMITTED WITH THE PROPOSAL.						

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<p>REV. 09/21/2009</p> <p>LIFE OF CONTRACT: THIS CONTRACT SHALL BECOME EFFECTIVE UPON AWARD AND SHALL EXTEND FOR A PERIOD OF ONE (1) YEAR, AT WHICH TIME THE CONTRACT MAY, UPON MUTUAL WRITTEN CONSENT BE RENEWED. ADDITIONAL INFORMATION MAY BE FOUND IN SECTION 5.5 OF THE ATTACHED.</p> <p>NOTICE</p> <p>A SIGNED PROPOSAL MUST BE SUBMITTED TO:</p> <p>DEPARTMENT OF ADMINISTRATION PURCHASING DIVISION BUILDING 15 2019 WASHINGTON STREET, EAST CHARLESTON, WV 25305-0130</p> <p>THE PROPOSAL SHOULD CONTAIN THIS INFORMATION ON THE FACE OF THE ENVELOPE OR THE BID MAY NOT BE CONSIDERED.</p> <p>SEALED PROPOSAL</p> <p>BUYER: KRISTA FERRELL-FILE 21</p> <p>RFQ. NO.: FAR110000</p> <p>TECHNICAL PROPOSAL OPENING DATE: 05/25/2011</p> <p>TECHNICAL PROPOSAL OPENING TIME: 1:30 PM</p>						

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PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR PROPOSAL: ----- CONTACT PERSON (PLEASE PRINT CLEARLY): ----- ***** THIS IS THE END OF RFQ FAR110000 ***** TOTAL:						

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Rev. 11/01/10

REQUEST FOR PROPOSAL

Finance, DOA and RFP FAR110000

TABLE OF CONTENTS

- Section 1:** General Information
- Section 2:** Project Specifications
- Section 3:** Vendor Proposal
- Section 4:** Evaluation and Award
- Section 5:** Contract Terms and Conditions

SECTION ONE: GENERAL INFORMATION

- 1.1 **Purpose:** The Purchasing Division, hereinafter referred to as the "State," is soliciting proposals pursuant to **West Virginia Code §5A-310b** for the Department of Administration, Finance Division, hereinafter referred to as the "Agency," to provide the Single Audit of the State of West Virginia and the financial audit of the Basic Financial Statements of the State's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2011, in accordance with generally accepted auditing standards (GAAP), the Single Audit Act of 1996, OMB Circular A-133, Governmental Accounting Standards Board (GASB) pronouncements, other applicable laws, and federal and governmental requirements.
- 1.2 By signing and submitting its proposal, the successful Vendor agrees to be bound by all the terms contained in this RFP.

A Request for Proposal (RFP) is generally used for the procurement of services in situations where price is not the sole determining factor and the award will be based on a combination of cost and technical factors (Best Value). Through its proposal, the bidder offers a solution to the objectives, problem, or need specified in the RFP, and defines how it intends to meet (or exceed) the RFP requirements.

- 1.2.1 **Compliance with Laws and Regulations:** The Vendor shall procure all necessary permits and licenses to comply with all applicable Federal, State, or municipal laws, along with all regulations, and ordinances of any regulating body.

The Vendor shall pay any applicable sales, use or personal property taxes arising out of this contract and the transactions contemplated thereby. Any other taxes levied upon this contract shall be borne by the Vendor. It is clearly understood that the State of West Virginia is exempt from any taxes regarding performance of the scope of work of this contract.

1.3 **Schedule of Events:**

Vendor's Written Questions Submission Deadline.....	05/09/2011
Mandatory Pre-bid Conference	05/02/2011 @ 10:00 am on site
Addendum Issued	Approx. Week of 05/16/2011
Bid Opening Date.....	05/25/2011

- 1.4 **Mandatory Pre-bid Conference:** A mandatory pre-bid will be conducted on the date listed below:

Date: 05/02/2011
Time: 10:00 am
Location: West Virginia Capitol Complex
Building #17, 2021 Washington Street, East
Charleston, WV 25305
Telephone Number: 304-558-2596

All interested Vendors are required to be represented at this meeting. **Failure to attend the mandatory pre-bid shall result in the disqualification of the bid.** No one person may represent more than one Vendor.

All potential Vendors are requested to arrive prior to the starting time for the pre-bid conference. Vendors who arrive late, but prior to the dismissal of the technical portions of the pre-bid conference will be permitted to sign in. Vendors who arrive after conclusion of the technical portion of the pre-bid, but during any subsequent part of the pre-bid will not be permitted to sign the attendance sheet.

An attendance sheet will be made available for all potential Vendors to complete. This will serve as the official document verifying attendance at the mandatory pre-bid. Failure to provide your company and representative name on the attendance sheet will result in the disqualification of your bid. The State will not accept any other documentation to verify attendance. The Vendor is responsible for ensuring they have completed the information required on the attendance sheet. The Purchasing Division and the State Agency will not assume any responsibility for a Vendor's failure to complete the pre-bid attendance sheet. In addition, all potential Vendors are asked to include their email address and fax number.

- 1.5 **Inquiries:** Inquiries regarding specifications of this RFP must be submitted in writing to the State Buyer with the exception of questions regarding the proposal submission which may be oral. The deadline for written inquiries is identified in the Schedule of Events, Section 1.3. All inquiries of specification clarification must be addressed to:

Krista Ferrell, Buyer Supervisor
Purchasing Division
2019 Washington Street, East
P.O. Box 50130
Charleston, WV 25305-0130
Phone: 304-558-2596
Fax: (304) 558-4115
Email: Krista.s.ferrell@wv.gov

No contact between the Vendor and the Agency is permitted without the express written consent of the State Buyer. Violation may result in rejection of the bid. The State Buyer named above is the sole contact for any and all inquiries after this RFP has been released.

- 1.6 **Verbal Communication:** Any verbal communication between the Vendor and any State personnel is **not** binding, including that made at the mandatory pre-bid conference. Only information issued in writing and added to the RFP specifications by an official written addendum by Purchasing is binding.

- 1.7 **Addenda:** If it becomes necessary to revise any part of this RFP, an official written addendum will be issued by the Purchasing Division.

SECTION TWO: PROJECT SPECIFICATIONS

- 2.1 **Location:** Agency is located at 2101 Washington Street East, Charleston, WV.
- 2.2 **Background and Current Operating Environment:** The services to be provided under this contract are for a Statewide Single Audit of the State of West Virginia, which requires both a financial and a compliance audit. Those services must include the determination and report whether the Basic Financial Statements in the State's CAFR present fairly the financial position and results of financial operations in accordance with GAAP.

The State has completed a CAFR since 1992, through the efforts of the Financial Accounting and Reporting Section (FARS). Since the 1995 CAFR, the State has been awarded the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting. To produce the CAFR, FARS gathers information from all State agencies, accounts, departments, boards, and commissions.

West Virginia has filed all previous Single Audit reports with the federal government for fiscal years 1986-2010. The State has established a good working relationship with the Department of Health and Human Services, the federal cognizant agency for West Virginia's Single Audit.

Federal Financial Assistance: The fiscal year 2010 Schedule of Expenditures of Federal Awards (SEFA) identifies more than 487 individual awards, with approximately 26 possible Type A programs. These grants were received from 28 different federal grantor agencies. Included in the SEFA is the Student Financial Aid (SFA) program at the colleges and universities. Also for FY 2011, the Department of Transportation's federal programs will need to be audited for the SEFA. Four Higher Education institutions have created research corporations which obtain federal grants for the benefit of the institutions. The scope of this RFP will not include audits of these research corporations.

Chief Inspector's Office of the West Virginia State Auditor's Office: The State Auditor's Office is responsible for conducting or subcontracting audits of local governments and municipalities. These audits have historically been completed late. Many State agencies provide grants to sub-recipients. Each sub-recipient is required to have single audits performed timely for submission and review by the grantor agency. Certain agencies may not be within the requirements of their grants. The Chief Inspector's Office has agreed to take corrective steps in the future to ensure timely audits. The Chief Inspector's Office had its last peer review performed by the National State Auditors' Association on October 9, 2009. The opinion is available at the Chief Inspector's web site:

http://www.wvsao.gov/ChiefInspector/files/Opinion_Letter_WVSAO.pdf

Financial Reporting Entity: West Virginia has approximately 100 State agencies of varying size and structural organization. Its agencies receive their funding from a combination of fees and annual appropriations of the West Virginia Legislature. The State's most significant sources of revenues in the governmental funds are federal grants, personal income tax and consumer sales and use tax.

The annual general revenue budget of the State is approximately \$3.8 billion. The majority of the State's general revenue budget is dedicated to Education.

The State of West Virginia has an executive branch of government that is structured to maintain separation of powers and responsibilities. The elected state officials are the Governor, State Auditor, Attorney General, Commissioner of Agriculture, State Treasurer and Secretary of State. The legislative branch also operates a legislative auditor's office with accounting and audit responsibilities that are set forth in the West Virginia Code. These audit responsibilities do not overlap or duplicate the Single Audit.

There are several component units of State government which have been identified in accordance with GASB Statement No.14. The majority of these component units and the enterprise funds presently have independent GAAP audits of their operations on an annual basis. The Single Audit firm is expected to rely on the stand-alone financial statement audits to the greatest extent possible. These audit reports are required to be issued each year in a timeframe established by the Financial Accounting and Reporting Section of the Department of Administration. See Attachment D for a list of entities which are audited on a stand-alone basis.

State Comptroller's Office:

The State Comptroller (Comptroller) is responsible for issuing the State's CAFR and ensuring that the Basic Financial Statements of the State are audited annually by an independent certified public accounting firm. Additionally, the Comptroller is responsible for maintaining the State's financial records in accordance with GAAP along with maintaining the official chart of accounts of the State, the centralized accounting system of the State, and statewide accounting policies and procedures. The Comptroller is also responsible for ensuring the State's component units submit financial statements, audited by independent certified public accountants, in the form and time frames necessary for inclusion in the State's CAFR.

WVFIMS:

The State of West Virginia's centralized accounting system is known as the West Virginia Financial Information Management System (WVFIMS). WVFIMS provides a centralized system that meets the budgetary accounting needs of the State and its agencies. The system provides management with on-line access to critical information for general ledger and appropriation accounts. WVFIMS has approximately 2,654 active funds in which the State tracks postings for all transactions. Also, WVFIMS has approximately 2,700 revenue accounts and 10,500 expenditure accounts in which activity is recorded. WVFIMS provides State agencies with ledgers for all accounting transactions. In 2010, there were approximately 679,000 invoice transactions, 637,000 purchase card transactions, and 34,000 intergovernmental transfers.

Documentation for WVFIMS is made available to State agencies in the form of training manuals and user manuals. Policies are currently distributed to State agencies as updated. All agencies have been trained on the system and ongoing training is available.

The Office of Technology obtained a SAS 70 audit report for FY 2010 and may continue this process in the future.

ERP:

The State is currently in the process of acquiring an Enterprise Resource Planning (ERP) system, which may change aspects of the CAFR process in the not too distant future.

GAAP Basis Financial Data:

The Department of Revenue, State Budget Office, maintains responsibility for the budget process.

The Department of Administration maintains responsibility for the encumbrance accounting, purchasing rules and regulations, fixed asset accounting, hiring and classification of employees, spending controls, and preparation of GAAP basis financial statements.

The data available with respect to cash, investments, and accounts payable is centralized within WVFIMS.

The data available with respect to accounts receivable is not centralized. Each State agency that maintains accounts receivable is responsible for their own systems, procedures, and account records.

Annually, each State agency is required to report litigation and claims to FARS. This information is compiled and a list is sent to the Attorney General's Office and approximately 10 other attorneys representing other state agencies. The Attorney General and other attorneys then review the lists of litigation and claims. The attorneys respond directly to the audit firm as part of the confirmation process.

The State of West Virginia does not have a statewide internal audit function. Various agencies of government have an internal audit staff, which may be available to assist the external audit firm.

The State provides a retirement program for its employees and employees of local governmental units, including school boards. These retirement programs are administered through the Consolidated Public Retirement Board (CPRB), 4101 MacCorkle Ave. S.E, Charleston, WV. CPRB is audited separately.

The Department of Transportation (DOT) has historically been separately audited. The Department of Highways within the DOT is required by the WV Constitution to be audited through the Legislative Auditor's Office and will continue to be separately audited. Also, the Railroad Maintenance Authority (WV State Rail) requires separately published financial statements, which are produced by DOT/WV State Rail, and need to be separately audited. In FY 2011, the remaining divisions under DOT, Public Transit, Public Port Authority, Aeronautics Commission, Motor Vehicles, and Office of Administrative Hearings will be included in this contract.

CAFR:

The State has completed a CAFR every year since 1992. FARS is primarily responsible for the preparation of the CAFR. Information reported in the CAFR comes from a variety of sources. The State has approximately 26 component units and enterprise funds which are required to submit GAAP basis audited financial statements to FARS. For funds which are not audited on a stand-alone basis, working papers are prepared from information gathered in the form of "closing books." For the 2010 CAFR, FARS used 20 closing forms that are completed by approximately 60 State agencies. The following is a list of working papers prepared from closing book information or other sources.

Cash - Outside	Other Assets
Accounts Receivable	Claims & Judgments
Inventory	Compensated Absences
Other Liabilities	Operating Leases
Agency Funds	Transfers
Taxes Receivable	Investments
Capital Leases	Accounts Payable
IGT's Receivable	Budget to Actual Schedule
Medicaid Accrual	Budget to GAAP
Due To/From Federal Government	General Fund Opening Balances

Due To/From Local Government	Internal Service Funds (3 unaudited)
Statistical Section	Long-Term Debt - Bonds
Capital Assets (10 work papers)	Claims and Judgments
Tax Refunds Payable	Funds Without Financial Statements
Summary of Significant Accounting Policies	Management Discussion & Analysis
Deposit & Investment Risk Disclosure	OPEB
Restricted Assets	Fund Equity (Changes in)
Retirement Systems	Lease Purchase Accounts (19)
Subsequent Events	Multi-year revenue
Pollution Remediation	Correctional Industries
Dept of Transportation (not Highways)	School Construction Fund
GASB 54 Reconciliation	GASB 34 Reconciliations

All working papers are centrally located in the library of FARS. Working papers consist of closing book information from various State agencies, copies of audited financial statements from component units and information used to prepare the footnote disclosures and other required statements. Detailed budgetary basis activity for the year as recorded in WVFIMS is summarized for entry into the CAFR2000 a PC-based reporting tool, which produces the financial statements. Work sheets from CAFR2000 are printed, which document the adjustments made by FARS.

State Auditor's Office (SAO):

The West Virginia State Auditor is a separate elected official. The SAO reviews and examines all disbursements including vendor and payroll checks of the State of West Virginia. The SAO operates a budgetary fund accounting system on a modified cash basis.

The individual State agencies enter transactions on the IBM WVFIMS terminals. Transactions are then processed and approved by the State Auditor (Unisys System) for payment. When the transaction is completed, it is recorded on both the IBM and Unisys System. The SAO maintains supporting documentation (some scanned and some paper) centrally in its office. The two systems are kept in constant reconciliation.

The State has approximately 48,000 employees who are paid by the Auditor's Office. In 2010, the State processed approximately 981,500 vendor invoices.

Investments: The State Treasurer's Office (STO), Board of Treasury Investments (BTI), and the Investment Management Board (IMB) have the responsibility for the investment of funds for all State agencies, departments, boards and commissions, unless otherwise specified in the West Virginia Code. The STO has the responsibility for the cash management of funds for all State agencies, departments, boards and commissions unless otherwise specified in the West Virginia Code.

State Treasurer's Office:

The STO provides check depository services for state agencies. Agencies that are not located in the Capitol Complex are required to deposit their checks at an approved local bank. The checks and coupons are batched together and processed through transports to capture the data. Deposit documents are entered, modified, and completed in the general ledger. Both the STO and Tax prepare cash letter deposits on a daily basis. Currently, the STO prepares an Image Cash Letter (ICL) that is transmitted directly to the Federal Reserve in Cleveland through a secure internet connection. The Federal Reserve reports the daily deposit amount from the ICL to the State's clearing bank.

The Tax Department bundles their checks in a deposit that is delivered to the state's clearing bank. The State's clearing bank receipts the cash letter amount, collects the checks, images the

checks, and distributes them to other banks or the Federal Reserve based on the routing numbers. The Tax Department is currently working toward the generation of an ICL in the future. The state's clearing bank reports the deposit amounts to the STO accounting personnel by email each day.

Cash and checks deposited into banks throughout the State are concentrated into the STO's main receipt account, either by wire transfer or through automated clearing house transactions. The STO is responsible for reconciling all receipt and disbursement bank accounts. Approximately 55 bank accounts are reconciled monthly. The banking records are tracked through the banking module of WVFIMS. All supporting documents are located in the STO.

The STO monitors all bank account balances to ensure that the bank has pledged sufficient collateral to cover all deposits held by the bank. The STO approves all imprest funds and outside bank accounts used by State agencies. An outside bank account may be used by a State agency to deposit those funds not due the State of West Virginia, e.g., direct student loans.

The STO is responsible for the administration of the Federal Cash Management Act. The STO performs all calculations required by the Cash Management Act and submits each annual report calculating the State's liability to the US Treasury.

The STO prepares a quarterly and annual debt management report, which is used in the preparation of the State's CAFR.

Investment Management Board (IMB):

The IMB is responsible for the State's long-term investments including various pension assets, insurance assets and endowment assets. The total value of the assets under the IMB's authority was \$10.7 billion at June 30, 2010. The IMB has engaged professional investment managers who exercise full discretionary authority, within the policies established by the IMB, over their assigned investments.

Board of Treasury Investments (BTI):

The BTI is responsible for investing the State's general operating cash, and cash for participating local governments and State agencies, which totaled approximately \$3.9 billion at June 30, 2010. The BTI has engaged professional investment managers to provide investment advice on all of the investment pools except for the participant directed accounts.

Availability of Reports and Work papers: In accordance with Statement on Auditing Standards Number 84, the State intends to request that the predecessor firm respond to reasonable inquiries of the successor auditor and allow access to review working papers on matters of continuing significance. The State's work papers and copies of audited reports are available upon request.

- 2.3 **Qualifications and Experience:** Vendors will provide in **Attachment A: Vendor Response Sheet** information regarding their firm, such as staff qualifications and experience in completing similar projects; references; copies of any staff certifications or degrees applicable to this project; proposed staffing plan; descriptions of past projects completed entailing the location of the project, project manager name and contact information, type of project, and what the project goals and objectives were and how they were met.

Engagement partners, managers, other supervisory staff, audit seniors, and specialists may need to be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for these or other reasons with the express prior written permission of the Agency. However, in either case, the Agency must be informed in writing of these changes and retain the right to approve or reject replacements based upon their

qualifications, experience or performance. Other personnel may be changed at the discretion of the proposer, provided that replacements have substantially the same or better qualifications or experience.

2.4 Project and Goals: The project goals and objectives are:

2.4.1 Goal/Objective 1 – Firm with Statewide auditing experience.

2.4.2 Goal/Objective 2 – Qualified audit staff and specialists or outside consultants.

2.4.3 Goal/Objective 3 – Qualified senior audit staff, including partners, managers, and supervisors .

2.4.4 Goal/Objective 4 – Completed CAFR audit by December 31 and Single Audit by March 31.

2.5 Mandatory Requirements: The following mandatory requirements must be met by the Vendor as a part of the submitted proposal. Failure on the part of the Vendor to meet any of the mandatory specifications shall result in the disqualification of the proposal. The terms "must", "will", "shall", "minimum", "maximum", or "is/are required" identify a mandatory item or factor. Decisions regarding compliance with any mandatory requirements shall be at the sole discretion of the State.

2.5.1 Mandatory Requirement 1 – The firm must be independent and licensed to practice in West Virginia.

2.5.2 Mandatory Requirement 2 – The principal supervisory and management staff shall be certified public accountants with the required continuing professional education within the preceding two years. Once awarded, the Agency must be informed in writing of any changes in staffing at of the supervisory level and above. Also, the Agency retains the right to approve or reject replacements based upon their qualifications, experience or performance.

2.5.3 Mandatory Requirement 3 – The firm and its staff must meet the qualifications to perform audits in accordance with the requirements of the Single Audit Act of 1996 and OMB Circular A-133.

2.5.4 Mandatory Requirement 4 – The firm shall submit a copy of one (1) report issued in the last five (5) years that is similar to the engagement described in this RFP.

2.5.5 Mandatory Requirement 5 – The firm shall submit a copy of its most recent external quality control review report and the results of any Federal or State desk reviews or its audit during the past three (3) years.

2.5.6 Mandatory Requirement 6 – All requirements must also be met by joint proposers.

2.5.7 Cost of Services:

Total All-Inclusive Maximum Price:

The cost proposal shall contain all pricing information relative to performing the engagement as described in the RFP. The total all-inclusive maximum price to be bid is to contain all costs including out-of-pocket expenses.

The State of West Virginia and the Agency are not responsible for and will not reimburse any entity for expenses incurred in preparing and submitting the proposal or the sealed dollar cost proposal.

The first page of the cost proposal should include the following information:

1. Name of Firm
2. A total all-inclusive maximum price for the one-year engagement of fiscal year 2011 (See Attachment C); and
3. A total all-inclusive maximum price for the one-year engagement of fiscal year 2012 (See Attachment C).

Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each:

Following the first page, the cost proposal must include a schedule of professional fees and expenses, presented in the format provided in Attachment C of this RFP, that supports the total all-inclusive maximum price.

Out-of-Pocket Expenses in the Total All-Inclusive Maximum Price and Reimbursement Rates:

All estimated out-of-pocket expenses must be included in the cost proposal as part of the total all-inclusive maximum price submitted by the firm.

Rates for Additional Professional Staff:

If it should become necessary for the Agency to request the firm to render any additional services either to supplement the services requested in this RFP or to perform additional work unforeseen at the issuance of the RFP but necessary to fulfill results required under this RFP, then such additional work shall be performed only if set forth in a written addendum to the contract between the Agency and the firm. Any such additional work agreed to between the Agency and or the agencies and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the cost proposal.

2.6 **Time Requirements, Contract Deliverables**

Date Services May Commence:

The audits will commence on a date to be mutually agreed upon. Preliminary work before fiscal year-end is encouraged to help ensure that the audit is completed in the time frame established in Attachment E.

Schedule for the Fiscal Year 2011 Audit:

Each of the following shall be completed by the audit firm no later than the time indicated in the timetable included in Attachment E.

1. **Interim Work**
During this phase, the audit firm shall gain a detailed understanding of the controls that exist over expenditures of federal awards and the GAAP basis financial statements.
2. **Detailed Audit Plan**
The audit firm shall provide detailed audit plans and requests for audit assistance within the time frame specified in Attachment E.
3. **Field Work**

The audit firm shall complete all field work within the time frame specified in Attachment E in order to ensure that the draft and final reports are delivered as agreed.

4. Draft Reports

The audit firm shall have drafts of the audit reports and recommendations to the respective management of the Agency available for their review by the dates specified in Attachment E.

5. Final Reports

The audit firm shall deliver the final audit reports and recommendations to the respective management of the Agency and other State agencies, where applicable, by the dates specified in Attachment E.

6. All work under the proposed contract will be under the direction of the Agency. Written reports must be submitted initially in draft form in order that any necessary changes may be discussed and agreed upon before final acceptance. Any public statements which may be required must be discussed with the Agency prior to the statements being made or released.

All requests for extensions of the deadlines for submission of reports must be made in writing to the State Comptroller at least ten (10) working days before the first deadline for which an extension is requested. The request must include:

- a. what deadlines the request applies to;
- b. the new date of submission should the request be granted and the impact the request will have on subsequent report deadlines; and
- c. a concise discussion of the reason(s) for the delay which includes the cause of the delay, what events precipitated that delay, what action was taken to resolve the issues involved without a delay, and likelihood of meeting the new date of submission.

The State Comptroller will either grant or reject the request within ten (10) working days of its receipt, in a written notification to the audit firm.

Entrance Conferences, Progress Reporting, and Exit Conferences:

The audit firm shall hold entrance conferences with all key financial accounting personnel to discuss interim work to be performed and any anticipated audit problems. The meetings also will be used to establish an overall liaison for the audits and to make arrangements for work space and other needs of the audit firm.

During field work, the audit firm will meet at intervals as outlined in Attachment E with the State Comptroller or other designated financial personnel in order to report the progress of its work and identify any problems, issues, and significant findings. The audit firm shall provide the Agency with written minutes of the meeting, including issues discussed and actions to be taken within three (3) working days after the meeting.

The audit firm shall hold exit conferences with the Single Audit Coordinator and other key personnel from each agency in which CAFR and SEFA field work is conducted to summarize the results of their field work and to review significant findings. Agency representatives must be provided an opportunity to respond to the findings in a reasonable time frame in order to correct audit firm's errors or oversights identified by the audit firm, or to provide information that may have been previously unavailable. The meetings should be coordinated with FARS.

Due Date for Final Reports:

The audit firm shall provide all reports, findings, recommendations, revisions, management letters and suggestions for improvement to the State Comptroller.

The State Comptroller will complete the review of the draft reports as expeditiously as possible. It is not expected that this process should exceed one week. During that period, the audit firm should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed audit reports shall be delivered within seven (7) working days, but not later than the final delivery dates specified in Attachment E.

The audit firm shall deliver five (5) signed copies of each report to the State Comptroller.

Audit Requirements:

To meet the requirements of this RFP, the audit firm shall perform all audits in accordance with GAAP, Government Auditing Standards, the requirements of OMB Circular A-133 and all other applicable regulations and standards.

Reports to Be Issued:

As required by Federal OMB circular A-133, the services required by this RFP must include reporting on all of the following:

1. Whether the Basic Financial Statements in the State's CAFR present fairly the State's financial position and results of financial operations in conformity with generally accepted accounting principles.
2. Whether the SEFA is fairly presented in relation to the basic financial statements.
3. Internal control related to the financial statements and major programs.
4. Compliance with laws, regulations and the provisions of contracts or grant agreements, noncompliance with which could have a material effect upon the State's financial statements.
5. Compliance with laws, regulations and the provisions of contracts or grant agreements which could have a direct and material effect on each major program.
6. Findings and questioned costs.
7. The summary of the auditor's results, which includes:
 - type of report issued on financial statements;
 - type of report issued on compliance for major programs;
 - where applicable, a statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses;
 - where applicable, a statement of reportable conditions in internal control over major programs disclosed by the audit and whether any such conditions were material weaknesses;

- a statement as to whether the audit disclosed any audit findings which the auditor is required to report;
 - an identification of major programs;
 - the dollar threshold used to distinguish between Type A and Type B programs; and
 - a statement as to whether the auditee qualified as a low-risk auditee.
8. Any irregularities, fraud or illegal acts. The firm shall be required to give to the State Comptroller under the authority of Section 5A-2-33 of the State Code an immediate, written report of all irregularities and illegal acts of which the firm becomes aware.
 9. Any additional requirements under OMB Circular A-133 or future federal OMB circulars that may become effective during this audit contract.

The firm must inform the Cabinet Secretary of the Department of Administration and the State Comptroller in writing of each of the following:

1. The auditor's responsibility under GAAP;
2. Significant accounting policies;
3. Management judgments and significant revisions of past and current 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 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;
10. Any additional requirements under SAS 61 or any other related requirements that are currently in effect or may become effective during this audit contract.

2.7 **Assistance to be provided to the Auditor:**

Information and Assistance:

The accounting staff of the Agency and the State agencies as well as management will be available during the audit to assist the audit firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the audit firm.

Internal Audit Staff Assistance:

Our internal auditor, Dave Mullins, may be available on a limited basis.

Work Area, Telephone, Photocopying, and Fax Machines:

The Agency will provide the audit firm with reasonable work space, desks and chairs. The audit firm will also be provided with access to telephone lines, photocopying facilities and fax machines. The audit firm will provide the Agency with an estimate of the number of personnel to be assigned to the audit in the detailed audit plan. The audit firm will bear the cost of on-line use of the State's data processing systems for audit tests and will work with the Information Services & Communication staff on estimating and coordinating that work. Parking will be the responsibility of the audit staff.

Report Preparation:

Final preparation, editing and printing of the Agency reports, including the CAFR, SEFA, and the summary schedule of prior year audit findings, shall be the responsibility of the Agency.

- 2.8 **Working Paper Retention and Access to Working Papers:** All working papers and reports must be retained, at the auditor firm's expense, for a minimum of five (5) years after the issuance of all reports, unless the firm is notified in writing by the Agency of the need to extend the retention period. The audit firm will be required to make working papers available, upon request, to the representatives of the federal cognizant agency, other government audit staff, the Government Accountability Office (GAO) and the Agency.

In addition, the audit firm shall respond to the reasonable inquiries of successor auditors and allow them to review working papers relating to matters of continuing significance, in accordance with Statement on Auditing Standards Number 84.

SECTION THREE: VENDOR PROPOSAL

- 3.1 **Economy of Preparation:** Proposals should be prepared simply and economically providing a straightforward, concise description of the Vendor's abilities to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of the content.

- 3.2 **Incurring Cost:** Neither the State nor any of its employees or officers shall be held liable for any expenses incurred by any Vendor responding to this RFP, including but not limited to preparation, delivery, or travel.

- 3.3 **Proposal Format:** Vendors should provide responses in the format listed below:

Title Page: State the RFP subject, number, Vendor's name, business address, telephone number, fax number, name of contact person, e-mail address, and Vendor signature and date.

Table of Contents: Clearly identify the material by section and page number.

Attachment A: Within the attached response sheet (**Attachment A: Vendor Response Sheet**), provide the following: firm and staff qualifications and experience in completing similar projects; references; copies of any staff certifications or degrees applicable to this project; proposed staffing plan; descriptions of past projects completed entailing the location of the project, project manager name and contact information, type of project, and what the project goals and objectives were and how they were met.

Also, describe the approach and methodology proposed for this project. This should include how each of the goals and objectives listed is to be met.

Attachment B: Complete **Attachment B: Mandatory Specification Checklist**. By signing and dating this attachment, the Vendor acknowledges that they meet or exceed each of these specifications as outlined in 2.5 of Section Two: Project Specifications. The State reserves the right to require documentation detailing how each is met at its discretion.

Attachment C: Complete **Attachment C: Cost Sheet** included in this RFP and submit in a separate sealed envelope. Cost should be clearly marked.

Attachment D: Listing of agencies with stand-alone audits.

Attachment E: Timetable for completion of the audit.

3.4 **Proposal Submission:** Proposals must be received in **two distinct parts**: technical and cost.

- **Technical proposals** must not contain any cost information relating to the project.
- **Cost proposal** shall be sealed in a separate envelope and will not be opened initially.

All proposals must be submitted to the Purchasing Division **prior** to the date and time stipulated in the RFP as the opening date. All bids will be dated and time stamped to verify official time and date of receipt.

3.4.1 Vendors should allow sufficient time for delivery. In accordance with **West Virginia Code §5A-3-11**, the Purchasing Division cannot waive or excuse late receipt of a proposal, which is delayed or late for any reason. Any proposal received after the bid opening date and time will be immediately disqualified in accordance with State law.

Vendors responding to this RFP shall submit:

One original technical and cost proposal plus 5 convenience copies to:

Purchasing Division
2019 Washington Street, East
P.O. Box 50130
Charleston, WV 25305-0130

The outside of the envelope or package(s) for both the technical and the cost should be clearly marked:

Vendor: _____
 Buyer: _____
 Req #: _____
 Opening Date: _____
 Opening Time: 1:30 p.m.

3.5 **Purchasing Affidavit:** **West Virginia Code §5A-3-10a** requires that all bidders submit an affidavit regarding any debt owed to the State. The affidavit must be signed and submitted prior to award. It is preferred that the affidavit be submitted with the proposal.

- 3.6 **Resident Vendor Preference:** In accordance with *West Virginia Code* §5A-3-37, Vendors may make application for Resident Vendor Preference. Said application must be made on the attached Resident Vendor Certification form at the time of proposal submission.
- 3.7 **Technical Bid Opening:** The Purchasing Division will open and announce only the technical proposals received prior to the date and time specified in the Request for Proposal. The technical proposals shall then be provided to the Agency evaluation committee.
- 3.8 **Cost Bid Opening:** The Purchasing Division shall schedule a date and time to publicly open and announce cost proposals once the Agency evaluation committee has completed the technical evaluation and it has been approved by the Purchasing Division.

SECTION FOUR: EVALUATION AND AWARD

- 4.1 **Evaluation Process:** Proposals will be evaluated by a committee of three (3) or more individuals against the established criteria with points deducted for deficiencies. The Vendor who demonstrates that they meet all of the mandatory specifications required; and has appropriately presented within their written response and/or during the oral demonstration (if applicable) their understanding in meeting the goals and objectives of the project; and attains the highest overall point score of all Vendors shall be awarded the contract. The selection of the successful Vendor will be made by a consensus of the evaluation committee.
- 4.2 **Evaluation Criteria:** All evaluation criteria is defined in the specifications section and based on a 100 point total score. Cost shall represent a minimum of 30 of the 100 total points.

The following are the evaluation factors and maximum points possible for technical point scores:

<ul style="list-style-type: none"> • Responsiveness of proposal in clear language stating an understanding of the work to be done 	5 Points Possible
<ul style="list-style-type: none"> • Qualifications and experience <ul style="list-style-type: none"> • Firm • Staff • Experience 	15 points 10 points 10 Points Possible
<ul style="list-style-type: none"> • Approach and methodology <ul style="list-style-type: none"> • Audit work plan 	30 Points Possible
<ul style="list-style-type: none"> • Cost 	<u>30 Points Possible</u>
Total	100 Points Possible

Each cost proposal cost will be scored by use of the following formula for all Vendors who attained the minimum acceptable score:

$$\frac{\text{Lowest price of all proposals}}{\text{Price of Proposal being evaluated}} \times 30 = \text{Price Score}$$

- 4.2.1 **Technical Evaluation:** The Agency evaluation committee will review the technical proposals, deduct points where appropriate, and make a final written recommendation to the Purchasing Division.
- 4.2.2 **Minimum Acceptable Score:** Vendors must score a minimum of 70% (49 points) of the total technical points possible. All Vendors not attaining the minimum acceptable score (MAS) shall be disqualified and removed from further consideration.
- 4.2.3 **Cost Evaluation:** The Agency evaluation committee will review the cost proposals, assign appropriate points, and make a final recommendation to the Purchasing Division.
- 4.3 **Independent Price Determination:** A proposal will not be considered for award if the price in the proposal was not arrived at independently without collusion, consultation, communication, or agreement as to any matter relating to prices with any competitor unless the proposal is submitted as a joint venture.
- 4.4 **Rejection of Proposals:** The State reserves the right to accept or reject any or all proposals, in part or in whole at its discretion. The State further reserves the right to withdraw this RFP at any time and for any reason. Submission of or receipt of proposals by the State confers no rights upon the bidder nor obligates the State in any manner.
- 4.5 **Vendor Registration:** Vendors participating in this process should complete and file a Vendor Registration and Disclosure Statement (Form WV-1) and remit the registration fee. Vendor is not required to be a registered Vendor in order to submit a proposal, but the **successful bidder must** register and pay the fee prior to the award of an actual purchase order or contract.

SECTION FIVE: CONTRACT TERMS AND CONDITIONS

- 5.1 **Contract Provisions:** The RFP and the Vendor's response will be incorporated into the contract by reference. The order of precedence shall be the contract, the RFP and any addendum, and the vendor's proposal in response to the RFP.
- 5.2 **Public Record:** All documents submitted to the State Purchasing Division related to purchase orders or contracts are considered public records. All bids, proposals, or offers submitted by Vendors shall become public information and are available for inspection during normal official business hours in the Purchasing Division Records and Distribution center after the bid opening.
- 5.2.1 **Risk of Disclosure:** The only exemptions to disclosure of information are listed in **West Virginia Code** §29B-1-4. Any information considered a trade secret must be separated from the Vendor submission and clearly labeled as such. Primarily, only trade secrets, as submitted by a bidder, are exempt from public disclosure. The submission of any information to the State by a Vendor puts the risk of disclosure on the Vendor. The State does not guarantee non-disclosure of any information to the public.
- 5.2.2 **Written Release of Information:** All public information may be released with or without a Freedom of Information request; however, only a written request will be acted upon with duplication fees paid in advance. Duplication fees shall apply to all requests for copies of any document. Currently, the fees are 50 cents per page, or a minimum of \$10.00 per request, whichever is greater.

- 5.3 **Conflict of Interest:** Vendor affirms that neither it nor its representatives have any interest nor shall 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.
- 5.4 **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 RFP 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, *et cetera* 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.

The Vendor shall not assign, convey, transfer, or delegate any of its responsibilities and obligations under this contract to any person, corporation, partnership, association, or entity without expressed written consent of the Agency.

- 5.4.1 Subcontracts/Joint Ventures: The Vendor may, with the prior written consent of the State, enter into subcontracts for performance of work under this contract.
- 5.4.2 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 laws.
- 5.4.3 Governing Law: This contract shall be governed by the laws of the State of West Virginia. The Vendor further agrees to comply with the Civil Rights Act of 1964 and all other applicable laws and regulations as provided by Federal, State, and local governments.

- 5.5. **Term of Contract and Renewals:** This contract will be effective upon award and shall extend for the period of one (1) year, at which time the contract may, upon mutual consent, be renewed. Such renewals are for a period of up to one (1) year, with a maximum of two (2) one-year renewals, or until such reasonable time thereafter as is necessary to obtain a new contract. The "reasonable time" period shall not exceed twelve (12) months. During the "reasonable time"

period, Vendor may terminate the contract for any reason upon giving the Agency ninety (90) days written notice. Notice by Vendor of intent to terminate will not relieve Vendor of the obligation to continue providing services pursuant to the terms of the contract.

5.6 **Non-Appropriation of Funds:** If funds are not appropriated for the Agency in any succeeding fiscal year for the continued use of the services covered by this contract, the State may terminate the contract at the end of the affected current fiscal period without further charge or penalty. The State shall give the Vendor written notice of such non-appropriation of funds as soon as possible after the Agency receives notice. No penalty shall accrue to the Agency in the event this provision is exercised.

5.7 **Changes:** If changes to the contract become necessary, a formal contract change order will be negotiated by the State, the Agency, and the Vendor.

As soon as possible, but not to surpass thirty (30) days after receipt of a written change request from the Agency, the Vendor shall determine if there is an impact on price with the change requested and provide the Agency a written Statement identifying any price impact on the contract. The Vendor shall provide a description of any price change associated with the implementation.

NO CHANGE SHALL BE IMPLEMENTED BY THE VENDOR UNTIL SUCH TIME AS THE VENDOR RECEIVES AN APPROVED WRITTEN CHANGE ORDER FROM THE PURCHASING DIVISION.

5.8 **Price Quotations:** The price(s) quoted in the Vendor's proposal will not be subject to any increase and will be considered firm for the life of the contract unless specific provisions have been provided in the original specifications.

5.9 **Invoices and Progress Payments:** The Vendor shall submit invoices, in arrears, to the Agency at the address on the face of the purchase order labeled "Invoice To." Progress payments may be made at the option of the Agency on the basis of percentage of work completed if so defined in the final contract.

5.10 **Liquidated Damages:** According to *West Virginia Code* §5A-3-4(8), Vendor agrees that liquidated damages shall be imposed. Should the audit firm fail to meet the submission deadlines for draft and final reports as outlined in Attachment E, the State Comptroller may impose liquidated damages in the amount of one percent (1%) to ten percent (10%) of the total contract price. However, liquidated damages will not be imposed if the audit firm has received a written extension of the deadlines from the State Comptroller in advance. The State Comptroller has the discretion to assess or waive liquidated damages based upon the circumstances or reasons for the failure on the part of the auditor. This clause shall in no way be considered exclusive and shall not limit the State or Agency's right to pursue any other additional remedy which the State or Agency may have legal cause for action.

5.11 **Contract Termination:** The State may terminate any contract resulting from this RFP immediately at any time the Vendor fails to carry out its responsibilities or to make substantial progress under the terms of this RFP and resulting contract. The State shall provide the Vendor with advance notice of performance conditions which may endanger the contract's continuation. If after such notice the Vendor fails to remedy the conditions within the established timeframe, the State shall order the Vendor to cease and desist any and all work immediately. The State shall be obligated only for services rendered and accepted prior to the date of the notice of termination.

The contract may be terminated by the State with thirty (30) days prior notice pursuant to **West Virginia Code of State Rules** § 148-1-7.16.2.

5.12 Special Terms and Conditions:

5.12.1 Bid and Performance Bonds-N/A

5.12.2 Insurance Requirements: N/A

- Public liability
- Property damage
- Professional liability (medical, advertising, *et cetera*)

5.12.3 License Requirement: An affirmative statement must be included indicating that the firm and all assigned key professional staff and all associated and subcontracted firms are properly licensed to practice in West Virginia.

5.12.4 Protest Bond: Any bidder that files a protest of an award shall at the time of filing the protest submit a protest bond in the amount equal to one percent of the lowest bid submitted or \$5,000, whichever is greater.

The entire amount of the bond shall be forfeited if the hearing officer determines that the protest was filed for frivolous or improper purpose, including but not limited to the purpose of harassing, causing unnecessary delay, or needless expense for the Agency. All protest bonds shall be made payable to the Purchasing Division and shall be signed by the protester and the surety. In lieu of a bond, the protester may submit a cashier's check or bank money order payable to the Purchasing Division. The money will be held in trust in the State Treasurer's office.

If it is determined that the protest has not been filed for frivolous or improper purpose, the bond shall be returned in its entirety.

5.13 **Record Retention (Access and Confidentiality):** Vendor shall comply with all applicable Federal and State rules, regulations, and requirements governing the maintenance of documentation to verify any cost of services or commodities rendered under this contract by the Vendor. The Vendor shall maintain such records a minimum of five (5) years and make such records available to Agency personnel at the Vendor's location during normal business hours upon written request by the Agency within ten (10) days after receipt of the request.

Vendor shall have access to private and confidential data maintained by the Agency to the extent required for the Vendor to carry out the duties and responsibilities defined in this contract. Vendor agrees to maintain confidentiality and security of the data made available and shall indemnify and hold harmless the State and the Agency against any and all claims brought by any party attributed to actions of breach of confidentiality by the Vendor, subcontractors, or individuals permitted access by the Vendor.

Attachment A: Vendor Response Sheet

Provide a response regarding the following: firm and staff qualifications and experience in completing similar projects; references; copies of any staff certifications or degrees applicable to this project; proposed staffing plan; descriptions of past projects completed entailing the location of the project, project manager name and contact information, type of project, and what the project goals and objectives were and how they were met.

RESPONSES TO SECTION 2.4

Section 2.4.1: List audits that have been completed that demonstrate the ability to manage an audit engagement of this magnitude.

Vendor Response:

Section 2.4.2: List proposed staff and degrees and describe aspects of the engagement which may require the services of specialists or involve consultation outside the engagement.

Vendor Response:

Section 2.4.3: List prior government experience and continuing education of staff.

Vendor Response:

Section 2.4.4: Describe specific audit work plan including subcontractors, set forth the firm's responsibilities under the applicable auditing standards and federal regulations and describe how the firm's approach to this engagement will demonstrate that all requirements are met, and describe any potential problems in performing all services described in this RFP, including the effects of GASB standards, the firm's approach to resolving these problems and any special assistance that will be requested of the Agency or the State agencies.

Vendor Response:

Attachment B: Mandatory Specification Checklist

Section 2.5.1: The firm must be independent and licensed to practice in West Virginia.

Vendor Response:

Section 2.5.2: The principal supervisory and management staff shall be certified public accountants with the required continuing professional education within the preceding two years. Once awarded, the Agency must be informed in writing of any changes in staffing at of the supervisory level and above. Also, the Agency retains the right to approve or reject replacements based upon their qualifications, experience or performance.

Vendor Response:

Section 2.5.3: The firm and its staff must meet the qualifications to perform audits in accordance with the requirements of the Single Audit Act of 1996 and OMB Circular A-133.

Vendor Response:

Section 2.5.4: The firm shall submit a copy of one (1) report issued in the last five (5) years that is similar to the engagement described in this RFP.

Vendor Response:

Section 2.5.5: The firm shall submit a copy of its most recent external quality control review report.

Vendor Response:

Section 2.5.6: All requirements must also be met by joint proposers.

Vendor Response:

Section 2.6: By signing and dating the proposal I agree to the deliverables in section 2.6 and 2.8.

I certify that the proposal submitted meets or exceeds all the mandatory specifications of this Request for Proposal. Additionally, I agree to provide any additional documentation deemed necessary by the State of West Virginia to demonstrate compliance with said mandatory specifications.

(Company)

(Representative Name, Title)

(Contact Phone/Fax Number)

(Date)

Attachment C: Cost Sheet

Cost information below as detailed in the Request for Proposal and submitted in a separate sealed envelope. Cost should be clearly marked.

COST PROPOSAL for CAFR and SINGLE AUDIT (All Inclusive)

FISCAL YEAR 2011

	Hours	Hourly Rate	Total
Partners		\$	\$
Managers			
Supervisory Staff			
Audit Seniors			
Other (Specify Position)			
Total Maximum Fee		\$	\$

COST PROPOSAL for STATE RAIL (Separately Published Audit)

FISCAL YEAR 2011

	Hours	Hourly Rate	Total
Partners		\$	\$
Managers			
Supervisory Staff			
Audit Seniors			
Other (Specify Position)			
Total Maximum Fee		\$	\$

If applicable, sign and submit the attached Resident Vendor Preference Certificate with the proposal.

Attachment D: ENTITIES AUDITED ON A STAND-ALONE BASIS

AGENCY NAME

Alcohol Beverage Control Administration
 Board of Risk and Insurance Management
 Board of Treasury Investments
 Consolidated Public Retirement Board
 Economic Development Authority
 Educational Broadcasting Authority
 Workforce West Virginia (previously Bureau of Employment Programs)
 Water Pollution Control Revolving Fund - (DEP) A-133 version also
 Housing Development Fund
 Insurance Commission / Workers' Compensation Fund
 Jobs Investment Trust
 West Virginia Lottery
 Parkways Authority
 Public Employees Insurance Agency
 Retiree Health Benefit Trust Fund
 WV College Prepaid Tuition and Smart 529 Savings Program
 Public Defender Corporations (18)
 Racing Commission
 Regional Jail and Correctional Authority
 School Building Authority
 Solid Waste Management Board
 State Road /Highways
 Tobacco Settlement Finance Authority
 Water Development Authority
 Drinking Water Treatment Revolving Fund (WDA) (loan funds)
 Drinking Water Treatment Revolving Fund (DHHR) (set-aside funds) every 3 years (2012)
 WV Infrastructure & Jobs Development Council
 WV Investment Management Board
 WV State Rail Authority
 Higher Education (18 institutions, including WNET and Higher Education Policy Commission)

Attachment E: TIMETABLE FOR COMPLETION OF AUDIT

Required Submission/ Event	Required Completion/Submission Date
Entrance Conference	Within three (3) weeks of award of contract
Any interim work must be completed	June 8, 2011
Detailed Audit Plan	June 22, 2011
Field Work to begin (No Later Than) - Federal Awards - CAFR	August 15, 2011 August 15, 2011
Tests of Federal Awards substantially complete	October 26, 2011
Closing conferences with agencies substantially complete	November 16, 2011
Draft CAFR Audit Report	November 30, 2011
Draft Single Audit findings and other management comments	December 9, 2011
Final CAFR audit report	December 16, 2011
Final Single Audit findings	January 27, 2012
Final Single Audit Reports	February 24, 2012

VENDOR PREFERENCE CERTIFICATE

Certification and application* is hereby made for Preference in accordance with West Virginia Code, §5A-3-37. (Does not apply to construction contracts). West Virginia Code, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the West Virginia Code. This certificate for application is to be used to request such preference. The Purchasing-Division will make the determination of the Resident Vendor Preference, if applicable.

- 1. Application is made for 2.5% resident vendor preference for the reason checked: Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; or, Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or, Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; or,
2. Application is made for 2.5% resident vendor preference for the reason checked: Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,
3. Application is made for 2.5% resident vendor preference for the reason checked: Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor with an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing a minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of the employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,
4. Application is made for 5% resident vendor preference for the reason checked: Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; or,
5. Application is made for 3.5% resident vendor preference who is a veteran for the reason checked: Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; or,
6. Application is made for 3.5% resident vendor preference who is a veteran for the reason checked: Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years.

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) reject the bid; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Under penalty of law for false swearing (West Virginia Code, §61-5-3), Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: _____ Signed: _____

Date: _____ Title: _____

*Check any combination of preference consideration(s) indicated above, which you are entitled to receive.

RFQ No. FAR110000

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

West Virginia Code §5A-3-10a states: No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owed is an amount greater than one thousand dollars in the aggregate.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Debtor" means any individual, corporation, partnership, association, limited liability company or any other form or business association owing a debt to the state or any of its political subdivisions. "Political subdivision" means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities. "Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceed five percent of the total contract amount.

EXCEPTION: The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

Under penalty of law for false swearing (*West Virginia Code* §61-5-3), it is hereby certified that the vendor affirms and acknowledges the information in this affidavit and is in compliance with the requirements as stated.

WITNESS THE FOLLOWING SIGNATURE

Vendor's Name: _____

Authorized Signature: _____ Date: _____

State of _____

County of _____, to-wit:

Taken, subscribed, and sworn to before me this ____ day of _____, 20__.

My Commission expires _____, 20__.

AFFIX SEAL HERE

NOTARY PUBLIC _____