

1. Please describe the reason for rotation of audit firms and issuance of the RFP?
State law and purchasing rules allow for a one-year contract with several renewals, then the contract must be re-bid.
2. When will the award decision be made? Hopefully by June 1.
3. Please provide the prior year hours and fees? 9,888 hours and \$1.6 Million
4. Were there any prior year journal entries / adjustments proposed by the auditors? What was the nature of the adjustments? Yes, deferred revenue was understated by \$4.6 million.
5. The RFP mentions that portions of the DOT will now be included within this contract. Will all federal expenditures for DOT be included within this contract or will any part of DOT's SEFA be audited by other auditors. All the DOT federal funds will be audited under this Single Audit.
6. Please provide an overview of the internal audit function. During the year, does the OIG (or equivalent) or internal audit function perform tests of the internal control system? If so, is that reporting made available to or performed directly in support of the external auditors? In addition, what, if any, other work of the OIG and/or Internal Audit department has the external auditor used? The previous external audit firm has used the reports from the Legislative Auditor, post audit division. Those reports are random agencies, probably 15 each year.
7. How much in ARRA (stimulus) funds has the State received or will spend in FY 2011? Approximately \$600 million
8. Do you expect the composition of major programs to change significantly from major programs reported for the year ended June 30, 2010? No.
9. How has the audit been scheduled in the past and how many auditors were on site for each phase? Scheduling is left up to the audit firm. There have preliminary requests for information in July that we have provided to the audit firm. Entrance conferences with certain large agencies usually take place in April or May. Audit staff usually moves into our conference room in September or October. There may be 2 or 3 to start, then 4 or 5, and at the end it can be 10 people in our office. I have no idea how many people are at the agencies doing testing of single audit information.
10. Considering the issuance date of the RFP, what is the earliest available timeline to begin interim procedures? As soon as the contract is signed.
11. Were there any major accounting changes during FY 2011? No.
12. Were there any major changes in the State's system of internal controls for FY 2011? No.

13. Has the State transitioned to any new computer systems or applications during FY 2011? If so, was a reconciliation performed from the old system to the new? What type of audit trail exists? Are the systems still running parallel? No.
14. Has the responsibility for system operation and maintenance of any of the systems been outsourced to a third party? DHHR has some systems that are outsourced. Also CHIP's system is with PEIA. We receive SAS 70s for the Medicaid and SNAP systems and CHIP's third party administrator.
15. Of those systems outsourced, has a recent SAS 70 been performed on the respective entities? Yes
16. Will the Office of Technology obtain a SAS 70 report covering any portion of the year ended June 30, 2011?
It's doubtful.
17. Please provide an overview of the specialists used by the State (actuaries, valuation firms, third party experts, law firms to assess environmental liabilities, etc.) in determining financial statement balances and disclosures. Consolidated Public Retirement Board (CPRB) retains Buck Consultants for valuations of the retirement plans. That information is used in the notes of the CAFR. CPRB also has an in-house actuary. PEIA uses an outside actuary for OPEB valuation. Office of the Insurance Commission, which includes the old Workers Compensation funds, has an outside actuary.
18. Please provide a listing of the laws and regulations which the State considers significant to its operations and its financial statements. GASB, OMB Circulars and WV State Code.
19. If State to State licensing reciprocity exists, and the proposing firm is licensed in WVA, can key professional staff attain individual WVA licenses upon successful award of the contract? ??
20. Who is responsible for preparing the required reporting under the Federal Funding Accountability and Transparency Act which will need to be tested as part of the 2011 compliance supplement? Will this be the responsibility of each agency or will it be centralized? The reporting is centralized under the Governor's Office.
21. Do you expect the number of Type A programs to increase over 2010? We think 1 or 2 additional programs may go over the threshold.
22. The Request for Proposal has indicated that the Office of Technology obtained a SAS 70 audit report for Fiscal Year 2010. Has a decision been made as to whether one will be obtained for 2011? No decision has been made, but it is doubtful. The SAS 70 obtained for last year was the first time and I am not sure the audit firm used it.
23. Do you have a targeted implementation date for the Enterprise Resource Planning (ERP) system?
Estimated 2014

24. Who will coordinate the audit effort of the Motor Vehicle, Public Transit, Aeronautic Commission, and Port Authority? Will these be coordinated through FARS or with DOT personnel? FARS will coordinate the effort. DOT will be creating the statements. Auditing will be done at the agency.
25. What were the prior 3 years audit fees? 2010 - \$1.6 M. 2009 - \$1.7 M and 2008 - \$1.7 M
26. Were there any significant audit adjustments in the last three prior audits? Yes.
27. Do you anticipate any significant changes in Federal funding levels or any new significant federally funded programs? We think 1 or 2 additional programs may go over the threshold.
28. What is the level of effort/hours that the incumbent has provided for the previous years audits? 9,888 hours in 2010, 9,960 hours in 2009, 9,989 hours in 2008
29. Is the incumbent allowed to bid? Yes
30. Are there any improvements you would like to see in the audit process? We are open to suggestions.
31. Are there any significant changes in operations in the current year vs. the prior year including changes in policies and procedures, personnel, information systems or the reporting entity? DOT's smaller agencies, DMV and all their federal expenditures used to be included in separately issued financial statements with Division of Highways (DOH) and audited through another firm. This year, all of DOT's information, EXCEPT the DOH, will be audited under this contract.
32. Are we providing fees for the entities mentioned in *Attachment D* of the RFP? No
33. Please provide a list of all individuals and CPA firms represented at the pre-bid conference on May 2, 2011. Please see attached PDF files FAR110000 Business Cards & FAR110000 Sign In Sheet.
34. Please provide the amounts paid related to the 2010 audit. Please break out the base amount for the audit and any additional amounts for other services with a brief description of those services.

Base Amount	1,600,000
Meals	4,000
Lodging	10,000
Travel	8,000
Total	1,622,000

35. Please provide the amount of audit hours spent on the 2010 audit summarized by level (if available).

Level	Hours
National Partner	8
Partner	195
Senior Manager	1,039

Manager	503
Senior	3,072
Advance Staff	643
Staff	1,429
Subcontractor Staff	2,601
Actuary	12
Client Service Assistant	9
IT Partner	36
IT Senior	182
IT Staff	159
Total Hours	9,888

36. Please provide some perspective (i.e. amounts or percentages) on the DOT divisions that will be included in the scope of the 2011 audit. On DOT's FY 2010 audited financial statements the governmental funds on the Statement of Net Assets, which is made up of Highways and the other DOT divisions, the DOT divisions that will be included in the scope of the 2011 audit is approximately less than 2% (assets: \$43,000,000, liabilities: \$12,000,000, and net assets: \$31,000,000) and on the Statement of Activities is approximately less than 4% (revenue: \$45,000,000 and expenses: \$41,000,000).
37. Finding 2010-5 (prior year finding 2009-11) discloses issues with agencies providing sufficient information necessary to accurately prepare the schedule of expenditures of federal awards but does not identify the specific agencies. Which agencies failed to submit accurate financial data last year. Has there been improvement from previous years? Those agencies which failed to submit accurate financial data in FY 2010 are: Adjutant General, Court of Claims, Workforce WV, Governor's Office, DHHR, Human Rights Commission, Senior Services, the Tax Department, Bluefield State College, New River CTC, Concord University, Pierpont CTC, Glenville State College, Marshall University, Marshall CTC, Shepherd University, Blue Ridge CTC, Southern WV CTC, Northern Community College, WV State University and all of WVU and affiliates.

Agencies that were more than 14 days late on submitting any financial data for FY 2010 were: Adjutant General, Auditors' Office, Workforce WV, DHHR, Health Care Authority, DNR, Prosecuting Attorney's Institute, Supreme Court, Bluefield State College, Fairmont State University, Pierpont CTC, Marshall CTC, West Liberty State College, and WV School of Osteopathic Medicine.

In general there was an improvement from the previous years for agencies that did not have ARRA disclosures.

38. Have any liquidated damages, as mentioned under section 5.10 of the RFP, been assessed against the auditors in conjunction with prior audits? No What provision is there for not being assessed such liquidated damages if the delays are caused by delays in the receipt of information? If delays are caused by the State no liquidated damages would be assessed to the audit firm.

