

# TECHNICAL PROPOSAL

NOVEMBER 30, 2020  
RFP # MU21PAUDIT



SUBMITTED BY:

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PRINCIPAL AUDITOR

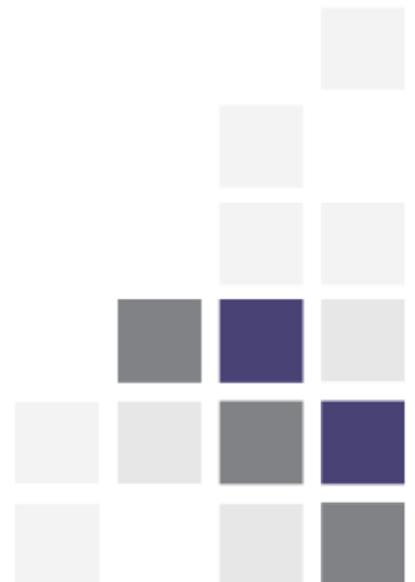
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# PURCHASING PERFORMANCE AUDIT

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MARSHALL UNIVERSITY, WV



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# I. QUALIFICATIONS AND EXPERIENCE

## ABOUT MGT

MGT Consulting Group (MGT) is pleased to present the following proposal to Marshall University to provide **Purchasing Performance Audit Services** for **Fiscal Years 2018, 2019 and 2020**.

As one of the nation's premier public sector consulting firms with a **46-year track record** of supporting public sector clients and government agencies in their pursuit of performance excellence, MGT is exceptionally well qualified to provide these services. In selecting MGT, the University receives the benefits of a firm with the experience and credentials necessary to execute the Purchasing Performance Audit Services, combined with the breadth of multidiscipline subject matter expertise required to deliver on the full scope of work as presented in the RFP.

MGT has assembled a team of experienced professionals with a track record of providing quality services to public agencies across the country. Our proposed project director and principal auditor for the University's audit engagement is **Mr. Ricardo Cepin, a Certified Public Accountant (CPA) with extensive government auditing experience**

conducting financial, operational, compliance, and performance audits. Mr. Cepin will be responsible for oversight of all audit activities and ensure compliance with appropriate policies, rules, and regulations.

A fundamental philosophy of MGT is that we work with, not for, our clients. The majority of our proposed project team has previously worked in the public sector and we will keep the benefit of the ultimate client, the State of West Virginia, at the forefront of our evaluation. As former government employees, we have worked with consultants as clients and know the importance of developing practical recommendations that can be implemented.

MGT's headquarters are in Tampa, Florida with additional locations across the country shown below. Mr. Ricardo Cepin will fulfill the obligations of this project from the Tampa, FL location.



### MGT FIRM CONSULTING GROUP PROFILE

MGT of America Consulting, LLC is a financially stable national consulting firm with local offices and 220+ staff throughout the country.

Founded in Florida in 1974 as a public-sector research firm, MGT has always taken pride in providing fiercely independent analysis and thoughtful advice to all our clients.

MGT Consulting is a privately held, employee-owned and quickly growing limited liability company with a deep roster of experienced cost allocation experts and national resources.



## NATIONAL FIRM LOCAL FOCUS

**CALIFORNIA**  
Sacramento | Pasadena

**COLORADO**  
Denver

**FLORIDA**  
Tallahassee | Tampa

**KANSAS**  
Wichita

**ILLINOIS**  
Chicago

**MASSACHUSETTS**  
Boston

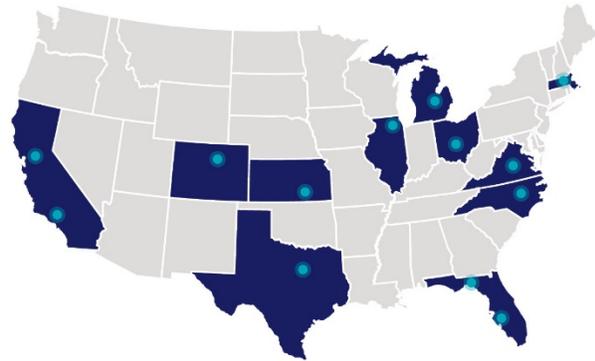
**MICHIGAN**  
Bay City

**NORTH CAROLINA**  
Raleigh

**OHIO**  
Columbus

**TEXAS**  
Dallas

**VIRGINIA**  
Richmond



<b>PROJECT LEADER</b>	<p><b>Mr. Ricardo Cepin, CPA, Principal Auditor</b> 4320 West Kennedy Boulevard   Tampa, Florida 33609 P: 813.843.5801   Email: <a href="mailto:rcepin@mgtconsulting.com">rcepin@mgtconsulting.com</a></p>
<b>MGT HEADQUARTERS</b>	<p><b>MGT of America Consulting, LLC</b> 4320 West Kennedy Boulevard   Tampa, Florida 33609 P: 813.327.4717   Fax: 850.385.4501   <a href="http://www.mgtconsulting.com">www.mgtconsulting.com</a> FEIN: 81-0890071</p>

MGT is a national consulting firm specializing in *helping public sector clients perform more efficiently and effectively*. MGT was **established in 1974** by a group of former public sector leaders to provide management consulting services to help clients operate more efficiently, effectively, and with more accountability to the communities they serve. MGT’s mission is supported by its capacity to deliver an extensive range of services to a variety of state and local governmental agencies, educational institutions, and nonprofit organizations. A significant portion of MGT’s work is repeat business, reflecting the high level of customer satisfaction in the firm’s ability to do the job and do it right.

We have been in **continuous business for over 46 years** and have had a successful local agency audits practice for the last 30 years. MGT has specialized in helping public sector clients achieve success in planning for their operational and long-range needs. We have a deep understanding of state and local government environments and the trends that impact these organizations’ needs for strategic planning. MGT’s clients appreciate and benefit from high-quality quantitative and qualitative analysis, detailed findings, and objective recommendations that are practical and actionable.

Part of MGT’s success is based upon our promise to be flexible and responsive. We are acutely aware of the political, economic, social, and technological factors that impact all agencies and organizations. MGT has successfully delivered **more than 13,000 projects** through a careful balance of addressing the immediate needs of our clients, while maintaining the vision and direction towards their long-term goals



and monitoring industry best practices. Our firm currently has **over 220 professionals** to support our clients' success, and has averaged over 100 employees over the past three years.

## THE MGT CONSULTING ADVANTAGE

Close partnerships with our clients require clear, frequent, and honest communication throughout the project to ensure the most positive project outcome for all parties. Some key benefits of having MGT staff this project include:



**Impartial perspective** of the outcomes and findings. As an independent entity, our only vested interest is that of the clients; therefore, we apply our extensive experience to generating objective independent solutions to assist our client needs.



**Innovative and bold thinking.** MGT understands lasting and meaningful changes require innovative and bold thinking, and we do not shy away from questioning everything from organizational structures and work processes to the very statutes and ordinances that create and guide the work of an agency or institution. MGT is committed to offering useful recommendations that achieve real results and is ever mindful of the practical and political realities an organization may face.



**Extensive track record** of providing consulting services that are similar in scope to this project. Our solutions help the public and private organizations and institutions we work with to more effectively and efficiently achieve their goals and serve constituents. We are committed to providing customized consulting services, objective research, creative solutions, and quality products that respond to each client's unique needs and time requirements.



**Customized Solutions.** MGT provides solutions which are specifically tailored to meet the needs of our clients. Our consulting team has an impressive track record of providing customized solutions, objective research, creative recommendations, and quality products that respond to each client's unique needs and time requirements.

## AUDIT QUALIFICATIONS

The staff assigned to this project have **extensive experience conducting audits** of public sector entities, including state, local, and municipal agencies. Our team members will question existing organizational structures, programs, policies, operations, work processes, and performance. MGT has assigned senior-level professionals to the University's project.

Now more than ever, public agencies are expected to demonstrate performance levels typically associated with businesses. As a result, boards, councils, and management teams have had to rethink how they operate and provide greater emphasis on continuous improvement, performance metrics, and return on investment. This makes **strengthening performance** by enhancing economy, efficiency, effectiveness, and transparency and reducing risk of vital importance to governmental entities of all sizes and types.

## I. QUALIFICATIONS AND EXPERIENCE



One of the key means of doing so is via performance audits. MGT offers comprehensive performance audit services designed to help you identify and overcome the critical challenges your organization faces.

Our experience has enabled us to develop a flexible audit approach that allows us to fully gain an understanding of the audit scope and objectives and recommend improvements in operational practices and procedures that strengthen the entity's internal controls, correct deficiencies, improve performance, credibility, transparency, and increase employee morale. Our relevant experience provides us with superior qualifications to conduct performance audits. Just a few of the advantages we bring to this engagement include:

- ◆ **Performance Audit Expertise:** We have extensive experience conducting audits of public entities, including state and local government, school systems, and universities. Our proposed project team includes a Certified Public Accountant (CPA) and Certified Fraud Examiner (CFE) with over six years of experience conducting operational and performance audits of state and local governments and other public sector organizations. Together, our team members will question existing organizational structures, programs, policies, operations, work processes, and performance.
- ◆ **Public Sector Focus:** We are focused on the public sector. Many of our senior consultants come from leadership roles in government. They have experienced first-hand the challenges of meeting the technology and operational needs of the public sector workforce and the public. Our consultants know what it takes to work within the structure of government organizations to deliver real and lasting improvements.
- ◆ **Project Management Excellence:** We are project management gurus who have successfully completed more than 13,000 engagements of all sizes around the world. We have the experience University needs to assimilate the requirements of leadership and stakeholders and coordinate the many technical and administrative resources required to ensure a successful audit.

The success of a consulting engagement depends on the qualifications of the project team and the way in which the project is structured and managed. Accordingly, our proposed organizational structure includes:

- ◆ Strict adherence to detailed work plans and schedules specifically designed for conducting audits that clearly assign responsibilities and reporting dates for each major activity.
- ◆ An organizational structure consisting of clearly assigned work tasks, reporting deadlines, and experienced staff members who are organized and ready to begin work immediately upon execution of a work order.
- ◆ The use of staff members who are thoroughly familiar with and have a detailed understanding of and expertise in public agency auditing.
- ◆ A close and structured working relationship between MGT's Project Director and University Project Officer. This will entail meetings, progress reports, and information exchanges to ensure all priorities, changes, and challenges are communicated immediately to prevent waste of time and resources.

## I. QUALIFICATIONS AND EXPERIENCE



We have earned a 30-year-plus track record of delivering high value to our clients desiring performance audit services, working with them to collaboratively define an objective assessment tailored to their organization, operations, and community commitments. Our staff who provide audit services draw on best practices to develop solutions that are **practical, achievable, and affordable**, and we deliver results in a manner sensitive to the public service environment in which you operate.

To ensure successful completion of the audit, MGT has assembled a team of experienced professional with a track record of providing quality services to public agencies across the country. Our staff include CPAs and subject matter experts with extensive audit experience of government entities. The strength and experience of our team will allow for efficient and effective project management and results. Each team member has a wide range of project experience working with clients similar to that of the University. The team we have designated is highly experienced with this type of engagement, and therefore requires little orientation time.

STAFF	EDUCATION/TRAINING	PROF. AFFILIATIONS
<b>B. Schlyer</b>	B.S., Business Accounting, University of Kansas	
<b>R. Cepin</b>	M.B.A., Florida State University B.S., Accounting, University of South Florida	Certified Public Accountant, 2015 Certified Fraud Examiner, 2016
<b>J. Wolf</b>	M.B.A., Business, Booth Graduate School of Business – The University of Chicago M.A., Social Policy, School of Social Service Administration, The University of Chicago B.A., Political Science and Economics, Washington University in St. Louis	Certified Public Accountant, States of Illinois and Maryland CFA Society of Chicago Washington University in St. Louis – Chicago Regional Cabinet Civic Federation of Chicago Board of Directors
<b>M. Garrett</b>	Master of Accountancy, University of Missouri – Columbia Bachelor of Science in Business Administration, Northern Arizona University	

## RELEVANT EXPERIENCE

MGT is the pre-eminent expert in government consulting throughout the United States. MGT brings over 46 years of management consulting experience to local and state government organizations around the nation. ***MGT has developed a unique and highly specialized set of qualifications that make us especially well-suited to effectively perform auditing services for the University.*** The core of the firm’s

## I. QUALIFICATIONS AND EXPERIENCE



leadership has served in senior technical and managerial positions for local governments and public agencies prior to their transition to MGT.

Over the years, we have developed and maintained an extensive database of best practices and industry standards that we use to recognize exemplary practices and to recommend improvements in operational practices and procedures. Through this experience, MGT has developed a unique and highly specialized set of qualifications that make us especially well-suited to effectively conduct county performance audits. These qualifications include:

- ◆ Over 260 management, organizational, and performance studies/audits for government systems throughout the country.
- ◆ Maintaining objectivity and flexibility throughout the project.
- ◆ Specialized analytical tools and comprehensive consulting experience that we use to address all components vital to the successful completion of extensive performance audits.

### PERFORMANCE AUDIT EXPERIENCE

The following is a brief listing of recent auditing experience provided by MGT, led by Mr. Cepin.

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#### COUNTY OF MAUI, HI | FISCAL AND PERFORMANCE AUDIT

MGT conducted a fiscal and performance audit of the Maui County Council (Council). The objective of the audit was to provide the current Council with an overview of past practices by the 2015-2017 and 2017-2019 councils and their management of expenditures to identify long-term, decision making solutions. Audit procedures included testing of individual expenditure transactions.

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#### GWINNETT COUNTY PUBLIC SCHOOLS, GEORGIA | SPLOST AUDIT

MGT performed an annual Special-Purpose Local-Option Sales Tax (SPLOST) audit and review for the Gwinnett County Board of Education for a five-year period, with a recent renewal period for the 2019 fiscal year. The audits were to ensure compliance with the requirements of Georgia HB346 and to provide for a continuing annual performance audit/review of the expenditure of Gwinnett County Public Schools' SPLOST funds. The audits included a review of SPLOST program goals and the extent to which the program met expectations for the effective, efficient, and economic use of tax dollars collected.

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#### CITY OF SCOTTSDALE, ARIZONA | IT GENERAL CONTROLS AUDIT

MGT performed an IT general controls audit of the City's Police Department IT operations. The objective of the audit was to provide an assessment of key controls relating to the Department's IT operations, including evaluating and assessing the design and effectiveness of internal controls as it relates to physical security, logical access, program change controls, backup and recovery controls, development and acquisition controls, computer operations controls, database controls, telecommunication controls, network controls, personal computer and end-user computing controls, and internet and electronic commerce controls.

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**FLORIDA LEGISLATURE'S OFFICE OF PROGRAM POLICY ANALYSIS AND GOVERNMENT ACCOUNTABILITY (OPPAGA) | PERFORMANCE AUDIT**

The Florida Legislature's Office of Program Policy Analysis and Government Accountability (OPPAGA) contracted with MGT Consulting Group to conduct performance audits of four Florida counties and two county school districts in accordance with generally accepted government auditing standards (GAGAS). The performance audits were a statutory requirement in support of the respective entities' resolutions to pursue local option surtaxes via public referenda. The audits focused on the program areas related to the intended use of the funds, including:

- ◆ **Broward County, Florida:** planning, development, operation, and maintenance of roads and bridges, bus systems, fixed guideway rapid transit systems, and on-demand transportation services; as well as the County's payment of principal and interest on bonds issued for authorized transportation and transit projects.
- ◆ **Collier County, Florida:** construction, repair or maintenance of roads, bridges, signals, sidewalks, parks, as well as evacuation shelters, governmental, mental health, and emergency services facilities; and the acquisition of land and construction support for workforce housing and career and technical training, veterans' nursing home(s), and expanded mental health facilities.
- ◆ **Okaloosa County, Florida:** law enforcement and public safety facilities and vital equipment; the reduction of traffic congestion; construction and repairing of roads and bridges; flood control and water quality improvements; the construction of other public facility improvements; and debt service functions.
- ◆ **St. Lucie County, Florida:** financing, construction, reconstruction, maintenance, repair and improvement of public infrastructure projects such as roadway expansion and major resurfacing, reduced traffic congestion, new and improved sidewalks near schools, local flood control, and improved water quality.

The scope of each audit spanned six research tasks, encompassing perspectives on related programs including (1) economy, efficiency, or effectiveness; (2) the structure or design to accomplish goals and objectives; (3) alternative methods of providing services or products; (4) goals, objectives, and performance measures used to monitor and report; (5) the accuracy or adequacy of public documents, reports, and requests; and (6) compliance of the related programs with appropriate policies, rules, and laws. Findings of the audits included observations of both positive and adverse conditions, with recommendations for improvement where any deficiencies were observed. The final reports were published to agency websites 60 days in advance of each respective ballot to provide transparency regarding stewardship of public funds to inform voters' decisions to authorize the additional levies.

**HIGHER EDUCATION PERFORMANCE/ FUNCTIONAL AUDIT EXPERIENCE**

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**TEXAS A&M UNIVERSITY | OPERATIONAL AND ORGANIZATIONAL REVIEW**

Texas A&M University AgriLife hired MGT to perform an organizational and operational review of the marketing and communications function within AgriLife, an organization comprising numerous college departments, statewide agricultural extension services, research centers, institutes, and laboratories. MGT examined the current state of the marketing and communications function across these organizations, which traditionally have operated independently, and recommended AgriLife centralize

## I. QUALIFICATIONS AND EXPERIENCE



the function under a modern marketing organizational structure charged with championing AgriLife's strategic goals. MGT conducted more than 50 stakeholder interviews, surveyed all current marketing and communications staff, and met with 10 peer institutions to assimilate best practices. MGT delivered the study, including a proposed implementation plan, under an accelerated 60-day schedule and advised on various measures to elevate the AgriLife brand via a more efficient organizational structure. (2020)

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### UNIVERSITY OF MAINE SYSTEM | *PERFORMANCE AUDIT OF AUXILIARY SERVICES*

MGT was engaged to conduct a two-part engagement. Part I involved a revenue analysis and benchmarking study. Part II involved an auxiliary services program review. This review was a follow-up to the Financial Analysis and Planning Services Study previously conducted by MGT. (2010 – 2011)

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### CITY COLLEGE OF SAN FRANCISCO | *PERFORMANCE AUDIT*

MGT provided bond performance auditing services to City College of San Francisco for its capital outlay program funded by bonds approved by the local electorate in 2001 and 2005, for the period from program inception to June 30, 2008. MGT's services included follow-up on the performance audit findings and recommendations reported by MGT in the prior year's audit with an audit period from program inception to June 30, 2007. Contract is renewable, at district's option, for one additional annual performance audit. (2008 – 2009)

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### CITY COLLEGE OF SAN FRANCISCO | *PROPOSITION 39 BOND PERFORMANCE AUDITING SERVICES*

MGT provided bond performance auditing services to City College of San Francisco for its capital outlay program funded by bonds approved by the local electorate in 2001 and 2005, for the period from program inception to June 30, 2007. MGT's services responded to the college's RFP number 007, and additional scope posed by a California State Auditor's Analysis of Audit, dated August 29, 2007, and an audit request submitted to the Joint Legislative Audit Committee dated August 22, 2007. Contract is renewable, at district's option, for two additional annual performance audits. (2007 – 2008)

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### ROGER WILLIAMS UNIVERSITY | *PERFORMANCE OF A POSITION AUDIT*

MGT conducted a review of all current and planned positions to support Roger Williams University's (RWU) operations. The goal of the study was to enhance the competitive position of RWU in the higher education community in which it operates. MGT assessed business processes, unit staffing levels, and how administrative functions were aligned with the mission and goals of the university. (2011)

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### LASSEN COMMUNITY COLLEGE | *INVESTIGATIVE AUDIT OF LASSEN COMMUNITY COLLEGE*

MGT contracted with the Fiscal Crisis and Management Assistance Team to perform an extraordinary audit, in compliance with Generally Accepted Government Auditing Standards, of the Lassen Community College District. Among the areas the team plan reviewed were the district's system of accounting and financial reports; the district's system for administering grants, scholarships, and for using federal funds; the district's management of assets including conflict of interest policies related to the use of assets; and the district's human resources policies and procedures. (2008)

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### UNIVERSITY OF WISCONSIN SYSTEM | *MANAGEMENT REVIEW/OPERATIONS AUDIT*

The University of Wisconsin System retained MGT to conduct a management review and operations audit of the Administrative Services Office. Issues covered by the review included staffing, training, workflow, quality control, application of technologies, planning and budgeting, and accountability and

## I. QUALIFICATIONS AND EXPERIENCE



compliance mechanisms. The overall purpose of the review was to help the office set an agenda for improvement over the next several years. (2000)

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### UNIVERSITY OF ARKANSAS | *MANAGEMENT AUDIT*

MGT assisted the University of Arkansas, Little Rock, in improving both the level of service and the efficiency of the institution's programs and operations. MGT reengineered policies, procedures, and processes within selected administrative units on campus, and trained university employees to conduct reengineering projects so they could lead future reengineering efforts. Relevant experience gained in the project included: detailed understanding of the operations of the student financial aid office; specific knowledge of the interactions among university administrative units (e.g., treasurer's office, registrar's office, student financial aid, admission's office, budget office, computing center); conducting and planning formal training for university staff; and understanding student experiences with administrative units on campus. (1994 – 1995)

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### WYOMING COMMUNITY COLLEGE COMMISSION | *MANAGEMENT AUDIT*

MGT conducted a comprehensive management audit of the Wyoming Community College System. The audit included the identification of perceptions and expectations of state leaders, educators, students, and business leaders; an assessment of performance relative to those expectations; the performance of the system and colleges in identifying and meeting their missions; the cost-effectiveness of the system; and the governance structure of community colleges and of higher education in general. MGT conducted five separate surveys of students, faculty, University of Wyoming students who transferred from community colleges, and state leaders, trustees, presidents, and commissioners. In addition, the team conducted interviews of college officials, state and community leaders, state legislators, trustees, and commissioners. The audit included a review of the missions of the community colleges, the service levels in the various counties, the relationship of community colleges to economic development, the need for existing and new institutions, the facilities capacity of each community college, the information needs of the colleges and the Commission, and the management practices of the colleges. The study also involved extensive comparisons with other institutions and with national community college data. (1990)

## MGT'S HIGHER EDUCATION SOLUTIONS

MGT has been providing higher education consulting services to institutions for the past 30 years and is recognized as a premier educational consulting firm. We drive results for education and help develop more effective and efficient operations that lead to successful campuses, students, and communities. Our team understands the higher education landscape. From operations to planning, curriculum to branding; there is no aspect of the institution where our experts have not been involved. With more than 900+ projects completed for more than 450 higher education institutions, we are the trusted advisors for your next consulting project.

### STRATEGIC PLANNING

Strategic planning helps move an entity from reactive to proactive by connecting goals, strategies, performance measures, and action plans to an overall resource allocation process. Our team partners with Institutions to envision the future and develop the actions necessary to bring that vision to life.



### ECONOMIC AND SOCIO-ECONOMIC IMPACT

Higher education leaders need to demonstrate the impact and contribution their institution makes to their community both economically and socially. Our specialty is in providing this proof.

### EDUCATION MASTER PLANNING

A properly tuned education master plan helps institutions weather enrollment changes by focusing on an institution's primary functions, student access, changing enrollment, and affordability.

### FEASIBILITY STUDIES

Our feasibility method includes studying the technical, economic, legal, operations, finance, and scheduling of your proposed project to provide an accurate picture of how to obtain success.

### NEEDS ASSESSMENTS

Our process analyzes labor trends, enrollment changes and other economic factors to provide recommendations on new program development, recalibration of existing programs, expanding degree and continuing education or sunseting programs.

### GRANT EVALUATIONS

Evaluations assess the quality or impact of their funded programs, plan and implement new programs, make future grant decisions, and demonstrate accountability to the public trust.

### STUDENT HOUSING MARKET DEMAND STUDIES

The MGT team can assist institutions in long term planning for changing residential necessities by comparing enrollment trends with an assessment of the need for new student housing, renovations, demolitions, or public private partnership (P3) developments. Our studies are quality certified and regularly used for bonding of future housing projects.

### CAMPUS MASTER PLANNING

Combining our work in education master planning, facilities strategic planning, and traditional facilities condition assessments, the MGT team can create a spherical Campus Master Plan that serves as a roadmap to address all aspects of your institution's physical and educational plans.

### RESIDENTIAL STRATEGIC PLANS

For decades, MGT has worked with colleges and universities to provide knowledge, studies, and analysis that help institutions envision, finance, and build accessible, comfortable, and safe housing for students and faculty. We work in tandem with our clients to build communities in which students' social needs are met, while fostering academic achievement and personal development.

### PERFORMANCE/ FUNCTIONAL AUDITS

MGT has provided performance auditing services to colleges and universities for over 30 years. Through our work, MGT has helped improve the level of service and the efficiency of institution's programs and operations, reengineered policies, procedures, and processes, and trained university employees to lead future efforts. MGT's services included follow-up on the performance audit findings and recommendations reported.

## 2. PROPOSED MANAGEMENT STRUCTURE

The staff assigned to this project have *extensive experience conducting audits* of public sector entities, including state, local, and municipal agencies. Our team members will question existing organizational structures, programs, policies, operations, work processes, and performance.

### PROJECT TEAM ORGANIZATION CHART

Our staff include CPAs with extensive audit experience of government entities. The chart below illustrates the organizational structure of the project team. The strength and experience of our team will allow for efficient and effective project management and results. Each team member has a wide range of project experience working with clients similar to Marshall University. The team we have designated is highly experienced with this type of engagement, and therefore requires little orientation time.



## QUALIFICATIONS OF KEY PERSONNEL

### RICARDO CEPIN, CPA, CFE | PROJECT DIRECTOR AND PRINCIPAL AUDITOR



Mr. Cepin is a CPA and CFE and recently obtained an MBA from Florida State University. He is a skilled audit and accounting professional with over six years of experiencing conducting financial, operational, compliance, and performance audits of government entities.

As a consultant with MGT, Mr. Cepin served as the Principal Auditor on five performance audits of county governments and school districts in accordance with Section 212.055 (10) Florida Statutes. The county audits scope included evaluating the operations of the transportation and public works departments responsible for building and making improvements to roads and bridges. As the Principal Auditor, he was responsible for oversight of all performance audit activities and compliance with appropriate policies, rules and regulations.

Prior to joining MGT, Mr. Cepin was a Senior Internal Auditor with the Hillsborough County Internal Auditor's Office, where he assisted the County Internal Auditor in various projects, including the performance audit of the Environmental Land Acquisition and Protection Program (ELAPP). Prior to the County Internal Auditor's Office, he was a Senior Auditor with the State of Florida Auditor General's Office where he performed operational and federal awards audits of state agencies and programs, including audits performed in accordance with 2 CFR Part 200.

As Project Manager, Mr. Cepin will be responsible for managing the relationship with the University and will provide project coordination and technical direction to MGT staff. Mr. Cepin will develop and oversee the schedule and budget, implement Quality Assurance / Quality Control (QA/QC) procedures, coordinate and direct task assignments among team members, assign staff and approve the standards and procedures for the project, and maintain communication with the University personnel.

In summary, Mr. Cepin will be responsible for the execution of the work and will ensure adequate personnel and other resources are made available for the project, so this is a successful, quality, and timely project.

### JERRY WOLF, CPA | SENIOR AUDIT CONSULTANT



Mr. Wolf is a CPA and an experienced financial and revenue manager within the state and local agency environment and has led major assignments for the City of Chicago (enterprise and internal funds, user fees, and budget planning) and New York City. His projects focused on how the cost of services supported by the cities' general fund were to be shared by related governments and resulted in the recovery of billions of dollars for their respective general funds. He has practical experience in the areas of human services management and finance.

Previously, Mr. Wolf served as Public Consulting Group's project manager for federal revenue maximization assignments with the States of Illinois, Michigan, and Wisconsin. He also was a senior vice president with MAXIMUS and directed the firm's financial services practice in both the Midwest and eastern regions. Mr. Wolf has 38 years of consulting experience helping hundreds of cities, counties, states, and special purpose district develop strategies with:

## 2. PROPOSED MANAGEMENT STRUCTURE



- ◆ Identifying and implementing best practices for operations.
- ◆ Developing improved approaches to cost reimbursement.
- ◆ Reducing operating expenses.

As the Senior Audit Consultant on the project, Mr. Wolf will support the Project Manager and will assist with all audit procedures including conducting audit testing.

### EMPLOYEE SCREENING

In order to provide equal employment and advancement opportunities to all individuals, employment decisions at MGT are based on merit, qualifications, and abilities. MGT does not discriminate in employment opportunities or practices on the basis of race, color, religion, sex, national origin, age, disability, marital status, genetic information, sexual orientation, pregnancy, gender identity, or any other characteristic protected by law.

In addition to a commitment to provide equal employment opportunities to all qualified individuals, MGT has established an affirmative action program to promote opportunities for individuals in certain protected classes throughout the organization.

MGT is in compliance with the most updated rulings delivered to employers by the U.S. Occupational Safety and Health Administration (OSHA), U.S. Department of Labor, and the Equal Employment Opportunity Commission.

The Company performs thorough background checks and e-verify checks on all potential hires. If the candidate has a criminal conviction of any nature, it is the Company's policy to determine if it would materially interfere with or pose an unacceptable safety risk with regard to the performance of the employee's job duties or is part of an ongoing and sustained pattern of illegal conduct. If such determination is made, the offer of employment will be rescinded.

If a current employee is found to be convicted of a crime during the course of employment, the same determination of suitability of employment will be made. Such actions may include but not be limited to modification of assigned duties or work assignment, continuation of employment conditional on successful completion of appropriate treatment or counseling, or appropriate disciplinary action up to and including termination of employment.

All employees are required to provide official transcripts/proof of certification of any and all higher education coursework, specialized training, technical, and other industry certifications listed on their resume.

All applicants are required to provide an updated copy of their resume or curriculum vitae for MGT's review and consideration as part of the candidate screening and selection process. MGT's HR department verifies the applicant meets the minimum qualifications listed on the respective job description for the position applied. MGT employs the knowledge and experience of each consulting practice's leadership to thoroughly review the applicant's qualifications, education, and associated abilities as it relates to the job requirements. Further employment consideration is dependent on the leadership's determination that the job description requirements have been met. Applicants must

## 2. PROPOSED MANAGEMENT STRUCTURE



provide work samples and are tested in technical areas of expertise as necessary to ensure qualifications for positions. References are verified and questioned according to specific subject domain required for successful execution of each applicants' prospective assignments.

To ensure individuals who join MGT are well-qualified and have a strong potential to be productive and successful, it is the policy of MGT to check the employment references of all applicants, as described above. MGT takes appropriate measures to confirm all considered references are accurately depicted in terms of their described positions, responsibilities, and experiences working directly with the candidates, insofar that they would allow an accurate assessment of each candidates' abilities to perform duties specific to the prospective position.

### EMPLOYEE TRAINING

MGT offers a robust professional development program, encouraging employees to continuously augment their skills and strive towards the company's tenets to exemplify **Character, Purpose, and Performance**. MGT offers an annual peer nomination and recognition process, where employees are evaluated for commitment, thoughtfulness, and significant contributions to the company's overall success and mission. Our employees are recognized for their accomplishments and rewarded with professional development experience or certification of their choosing. Additionally, all MGT consultants attend regular peer group reviews and training sessions to continuously refine project management and client service skills.

MGT recognizes the benefit of developmental experiences and encourages employees to talk with their supervisors about their career plans. Supervisors are encouraged to support employees' efforts to gain experience and advance within the organization.

In addition to MGT's corporate led training, staff members who are assigned to work on projects that are conducted in accordance with United States Government Accountability Office, Government Auditing Standards (e.g., the "Yellow Book"), are required to meet minimum continuing professional education (CPE) requirements. CPE programs are structured educational activities designed to maintain or enhance participants' knowledge and skills in areas applicable to the discipline in which they work. This may be achieved through a group program or an individual study program.

Employees are encouraged to complete 40 hours of CPE per year. Employees who are assigned to work on audits conducted in accordance with the United States Government Accountability Office, Government Auditing Standards are responsible for completing the continuing education training requirements (CPE) with their respective fields, licenses and certifications and are subject to "Yellow Book" standards as follows:

- ◆ 80 hours of CPE every two years with a minimum of 20 hours per year.
- ◆ 24 of the 80 hours must be in subjects directly related to the government environment, government auditing, or the specific or unique environment in which the audited entities operate.

## 2. PROPOSED MANAGEMENT STRUCTURE



### RESUMES

Resumes of key team member are provided below. If, *for any reason*, a team member needs to be replaced, the MGT Project Director will submit the alternate employee's resume to the University's Project Manager for approval.



## RICARDO CEPIN, CPA, CFE

**Auditor | Senior Consultant**

MGT CONSULTING GROUP

Mr. Cepin is a skilled audit and accounting professional with over six years of experience conducting financial, operational, compliance, and **performance audits**. He is a detailed-oriented team member and has proven success in conducting accurate appraisals of state and local agencies with conditions and financial controls.



### AREAS OF EXPERTISE

- ◆ Data Analytics
- ◆ Fluent in Spanish

- ◆ Experience in FLAIR Accounting software and AutoAudit

### EDUCATION

M.B.A., Florida State University, 2019  
 B.S., Accounting, University of South Florida, 2007

### PROFESSIONAL AFFILIATIONS

Certified Public Accountant (CPA), licensed in Florida - 2015  
 Certified Fraud Examiner (CFE) - 2016

### PROJECT EXPERIENCE

- Adams 14 School District (CO) | School Turnaround
- **Alachua County School District (FL) | Performance Audit**
- City of Charlottesville (VA) | Disproportionate Minority Study
- City of Dallas (TX) | Availability and Disparity Study
- City of Dayton (OH) | Third Generation Disparity Study
- City of Fort Lauderdale (FL) | Disparity Study
- City of New York City (NY) | Local Hiring Study
- City of Port St. Lucie (FL) | User Fee Study
- City of Safety Harbor (FL) | Building Permit Application Review Fee Study
- **City of Scottsdale (AZ) | General IT Controls Audit**
- City of Tallahassee (FL) | Disparity Study
- City of Westminster (CO) | Cost Allocation Plan
- City of Winston-Salem (NC) | Disparity Study
- **County of Broward (FL) | Performance Audit**
- **County of Collier (FL) | Performance Audit**
- County of Garfield (CO) | Uniform Guidance Compliance Review
- **County of Maui (HI) | Fiscal and Performance Audit**
- **County of Okaloosa (FL) | Performance Audit**
- County of Peoria (IL) | Cost Allocation Plan
- **County of St. Lucie (FL) | Performance Audit**
- Florida Department of Education | Review of Florida Safe School Assessment Tool
- Florida Office of Program Policy Analysis and Government Accountability | Florida Clerks of Court Organizational Review
- **Gwinnett County Public Schools (GA) | SPLOST Audit Review (Years 1 & 2)**
- Indiana Department of Administration | Emergency Management Services: Gary Community School Corporation
- Inter American University of Puerto Rico | Feasibility/Impact Study
- North Texas Tollway Authority | Disparity Study
- Pinellas County (FL) | Cost Allocation Plan
- Prince Georges County and Community College (MD) | Availability and Utilization Studies
- The Government of Washington, D.C. | MWSDBE Program Evaluation and Review
- Virginia Mines, Minerals and Energy | Indirect Cost Recovery Rate

### ADDITIONAL EXPERIENCE

**Audits of State Agencies** – Auditor/Senior Auditor. During his time with the Auditor General’s Office, Mr. Cepin conducted financial, operational, and compliance audits of state agencies.

- Planned and managed all aspects of the audit process for comprehensive financial, operational, and compliance audits
- Participated in the Statewide Financial Statement Audit (SWFS), including evaluating internal controls.
- Oversaw the cost allocation audit of the Northwest Regional Data Center, including the creation of an audit plan and budget, coordination of on-site visits, and performing detail testing.

**Internal Audits of County Agencies** – Senior Internal Auditor. During his time with the Hillsborough County Internal Auditor’s Office, Mr. Cepin evaluated county agencies’ and programs’ performance and compliance with a wide range of local laws and regulations:

- Identified and documented weaknesses in internal controls through questionnaires, narratives, and flowcharts.
- Conducted financial and performance audits of local programs, including Safe & Sound Hillsborough and the County’s Jan K. Platt Environmental Lands Acquisition and Protection Program (ELAPP), respectively.

## 2. PROPOSED MANAGEMENT STRUCTURE



### JERRY WOLF

**Sr. Audit Consultant**  
MGT CONSULTING GROUP

Mr. Wolf is an experienced financial and revenue manager within the state and local agency environment and has led major assignments for the City of Chicago (enterprise and internal funds, user fees, and budget planning) and New York City. His projects focused on how the cost of services supported by the cities' general fund were to be shared by related governments and resulted in the recovery of billions of dollars for their respective general funds. He has practical experience in the areas of human services management and finance.



Previously, Mr. Wolf served as Public Consulting Group's project manager for federal revenue maximization assignments with the States of Illinois, Michigan, and Wisconsin. He also was a senior vice president with MAXIMUS and directed the firm's financial services practice in both the Midwest and eastern regions. Mr. Wolf has 38 years of consulting experience helping hundreds of cities, counties, states, and special purpose district develop strategies with:

- ✓ Identifying and implementing best practices for operations.
- ✓ Developing improved approaches to cost reimbursement.
- ✓ Reducing operating expenses.

#### AREAS OF EXPERTISE

- ◆ Enterprise Funds
- ◆ Central Administrative Services
- ◆ Public Works
- ◆ Law Enforcement
- ◆ Dispute Resolution

- ◆ Financial Analysis
- ◆ Mergers and Consolidations
- ◆ Rates and Charges
- ◆ Intergovernmental Agreements
- ◆ Building, Planning, Zoning

#### EDUCATION

M.B.A., Business, Booth Graduate School of Business – The University of Chicago, 1975

M.A., Social Policy, School of Social Service Administration, The University of Chicago, 1974

B.A., Political Science and Economics, Washington University in St. Louis, 1972

#### PROFESSIONAL AFFILIATIONS

CPA, States of Illinois and Maryland

CFA Society of Chicago

Washington University in St. Louis – Chicago Regional Cabinet

Civic Federation of Chicago Board of Directors

#### SAMPLE OF RELEVANT PROJECT EXPERIENCE

- Development of improved cost reimbursement and cost control methodologies to increase federal reimbursements from human services programs. Midwestern state clients recovered or saved an additional \$2 billion.
- Design policies and procedures to streamline management and control of federal grant programs to bring grant programs into compliance with federal regulations.
- Development of methodologies to improve the reimbursements by general funds of costs incurred to support enterprise fund operations. Implemented methodologies recovered more than \$1 billion for clients.
- Conduct user fee studies of many types of billable governmental service, analyzing service delivery methods, costs and cost recovery options.
- Review the service levels of all departments, validating staffing and spending levels and streamlining service delivery processes. Areas examined have included: administrative services, development, public works, fleet, and law enforcement operations.
- Evaluation of rate structures for a state rehabilitation services agency.
- Review of cost sharing agreements between jurisdictions to properly align the costs and benefits.
- Expert witness support on cost of service for the City of Chicago and the City of New York.



## BRET SCHLYER

**Vice President | Financial Solutions**

MGT CONSULTING GROUP



Mr. Schlyer has more than 25 years of experience assisting state and local government clients. His extensive **statewide work experience** and consulting project experiences have provided him both theoretical and practical experience in the analysis and costing of governmental operations. He has thorough knowledge of federal cost determination standards; generally accepted accounting principles and procedures; and governmental budgeting, finance, accounting, and operations.

Mr. Schlyer is nationally recognized as an authority on federal cost principles and its impact on state and local governments. He has made numerous presentations and published articles for governmental organizations on the development and application of federal cost allocation plans, indirect cost rates, and charge-back rates. He has provided training at several state Association of Governmental Accountants and Governmental Finance Officer Association professional development conferences. In addition, he has given presentations on federal costing principles, cost analysis, and cost recovery subjects to state agencies and local entities in Alabama, Arizona, Colorado, Florida, Kansas, Louisiana, Nebraska, New Jersey, New Mexico, and Oklahoma.

Mr. Schlyer has extensive experience and knowledge of 2 CFR Part 200 and its application and relevance to state governments in a variety of settings including the development and negotiation of cost allocation plans (CAP), state wide cost allocation plans (SWCAPs) and indirect cost rate proposals (ICRP). He also has experience with implementing and administering random moment sampling systems, and rate setting and administrative claiming for the Medicaid program.

### AREAS OF EXPERTISE

- ◆ Cost Allocation Plans (CAPs) in accordance with generally accepted accounting principles (GAAP)
- ◆ CAPs in accordance with federal principles (2 CFR Part 200)
- ◆ Statewide Cost Allocation Plans (SWCAPs).
- ◆ Indirect Cost Rate Proposals (ICRPs).
- ◆ Indirect cost policies, procedures, and models for sub-grantees.
- ◆ Activity based cost of services and user fee studies
- ◆ Assisting agencies in maximizing general fund cost recoveries from federally funded programs, enterprise and special revenue funds, and other non-general fund sources

### EDUCATION

Bachelor of Science, Business Accounting, University of Kansas

### PROFESSIONAL EXPERIENCE

MGT of America Consulting, LLC, *Vice President, Financial Solutions, 2008-Present*  
 Maximus, Inc., *Director, Financial Services Division*  
 David M. Griffith & Associates, LTD. (DMG), *Consultant*  
 Kansas Corporation Commission, *Administrative Officer*

### RECENT STATEWIDE PROJECT EXPERIENCE

- |  |  |
|--|--|
| <p><i>Statewide Cost Allocation Plans</i></p> <ul style="list-style-type: none"> <li>◆ State of Louisiana Division of Administration</li> <li>◆ Nevada Department of Administration</li> <li>◆ New Mexico Department of Administration</li> <li>◆ Washington Office of Financial Management</li> </ul> | <p><i>Statewide Cost Allocation and Indirect Cost Rate</i></p> <ul style="list-style-type: none"> <li>◆ Arizona Governor's Office</li> <li>◆ Arizona Attorney General</li> <li>◆ Florida Agency for Workforce Innovation</li> <li>◆ Virginia Department of Mines &amp; Minerals</li> </ul> |
|--|--|



## MICHELLE GARRETT

**Manager | Financial Solutions**

MGT CONSULTING GROUP

Ms. Garrett is a Manager in MGT’s Financial Solutions Group and has over fifteen years of cost accounting consulting experience. Since joining MGT she has prepared cost allocation plans, user-fee studies and indirect cost rate calculations, and other management documents for numerous cities and counties throughout the country. Her experience also includes negotiation with federal and state authorities, audit defense and customized cost analyses for public-sector clients. She has proven experience complying with and negotiating cost allocation plans with state and federal cognizant agencies.

Ms. Garrett received her Bachelor of Science in Business Administration degree with honors from the Northern Arizona University and her Master in Accountancy with honors from the University of Missouri. She passed the CPA exam her first sitting.

Ms. Garrett has prepared cost allocation plans, user fee studies and indirect cost rate calculations for cities and counties in Arizona, Hawaii, New Mexico, California, Florida, Tennessee, Oklahoma, and a particular emphasis in Colorado. Ms. Garrett has worked with over 75 cities and counties in Colorado, giving her a long and successful history of preparing exceptional cost allocation plans all over the state.

### AREAS OF EXPERTISE

- ◆ Federal Cost Allocation Plans (2 CFR Part 200)
- ◆ Indirect Cost Rate Proposals (ICRP)
- ◆ Full Cost Allocation Plans (GAAP)
- ◆ Charge Back and Billing Rate Models
- ◆ User Fee Studies
- ◆ Daily Jail Rate
- ◆ Regulated Cannabis/Marijuana Cost Analyses

### EDUCATION

Master of Accountancy, University of Missouri – Columbia

Bachelor of Science in Business Administration, Northern Arizona University

### PROFESSIONAL AFFILIATIONS

Certified Public Accountant (inactive)

### PROFESSIONAL EXPERIENCE

MGT of America Consulting, LLC, *Senior Manager, 2007 – present*

Public Resource Management (PRM), *Consultant*

Sloan’s Lake HMO, *Senior Accountant*

Reinsurance Group of America, *Accountant*

Coopers & Lybrand, LLP, *Senior Audit Associate*

### CLIENT SERVICE HIGHLIGHTS

#### **Cost Allocation Plans | Delta County, CO**

Ms. Garrett worked with county personnel and Department of Human Services personnel to optimize the cash flow in the county. Improvements were made through the utilization of the State of Colorado Human Services reimbursement and the utilization of reimbursement from Federal and State Human Services programs via analysis of their cost allocation plan.

#### **Cost Allocation Plans, Special District Cost Rates | City and County of Denver, CO**



## MICHELLE GARRETT

**Manager | Financial Solutions**

MGT CONSULTING GROUP

Ms. Garrett has led a team to provide the City and County of Denver with 2 CFR Part 200 and Full Cost Allocation Plans since 2003. More recently, she has been a part of the MGT project team to provide Denver with a cannabis study, user fee studies, and departmental and special district cost plans and rates.

### REPRESENTATIVE CLIENTS

- Summit County, Colorado
- City & County of Broomfield, Colorado
- City & County of Denver, Colorado
- Eagle County, Colorado
- Rio Blanco County, Colorado
- Otero County, Colorado
- Gilpin County, Colorado
- Gunnison County, Colorado
- Larimer County, Colorado
- Mesa County, Colorado
- Ouray County, Colorado
- Pitkin County, Colorado
- City of Boulder, Colorado
- City of Loveland, Colorado
- Shelby County, Tennessee
- Butte County, California
- Los Alamos County, New Mexico
- San Mateo County, California
- Plumas County, California
- Pinellas County, Florida
- Pinal County, Arizona
- Orange County, California
- Lassen County, California
- Jefferson County, Colorado
- Garfield County, Colorado
- Montrose County, Colorado
- Delta County, Colorado
- Fremont County, Colorado
- Park County, Colorado
- Crowley County, Colorado
- Archuleta County, Colorado
- City of Westminster, Colorado
- City of Brighton, Colorado
- Canon City, Colorado
- Town of Castle Rock, Colorado
- Kauai County, Hawaii
- County of Yuma, Arizona
- City of Yuma, Arizona
- Lake County, California
- La Plata County, California
- La Mesa County, California
- City of Goodyear, Arizona
- City of Fort Collins, Colorado
- City of Edmond, Oklahoma
- Coconino County, Arizona
- Culver City, California

### 3. MANAGEMENT APPROACH & TIMELINES

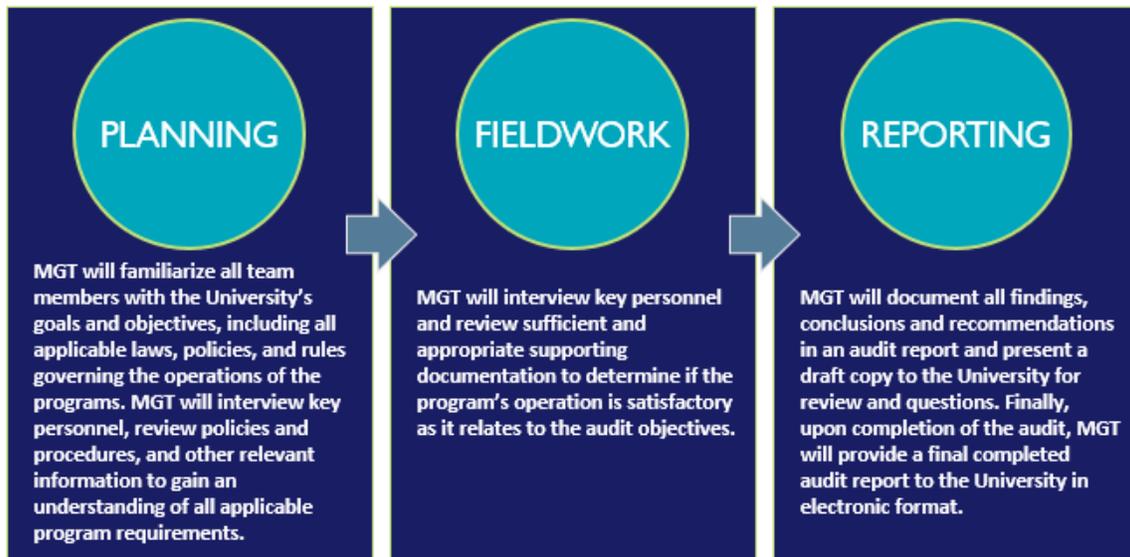
#### PROJECT UNDERSTANDING

We understand that Marshall University seeks a qualified consultant to perform a Purchasing Performance Audit for Fiscal Years 2018, 2019 and 2020. Our project team will conduct an audit inclusive of the entire time period that has elapsed since the date of the preceding audit. The project will include independent performance audit of all purchasing functions and duties, pursuant to West Virginia Code §18B-5-3 through §18B-5-9.

#### PROJECT APPROACH

Our team’s approach to audits is based on the methodologies, models, and tools we have developed for this specific type of work. To successfully conduct an audit, it is important to fully understand the environment in which the organization operates and audit objectives. MGT will conduct the audit in three phases: **planning**, **fieldwork**, and **reporting**, shown below. These phases will be broken down into tasks. Throughout these tasks, MGT will perform adequate and appropriate procedures to ensure all audit objectives are satisfied.

*Audit Approach Methodology*



Through the duration of each audit, MGT will collaborate with the University’s Project Manager to ensure the result will be a final report that provides well-researched and fully supported findings that address the economy, efficiency, and effectiveness of the program(s), and when appropriate, quality, cost effective, and actionable recommendations. An example audit work plan follows.

## SAMPLE AUDIT WORK PLAN

### TASK 1.0: PROJECT MANAGEMENT

#### WORK ACTIVITIES

- 1.1 Meet with the University's Project Manager or designee to review project scope and work plan, establish working relationships, determine communication lines, and finalize contractual arrangements.
- 1.2 Revise original work plan and finalize the timelines for each project task with the University's Project Manager. Develop in greater detail:
  - Data collection approach.
  - Interim milestones and deliverables.
  - Monitoring procedures.
- 1.3 Meet, as a team, with key stakeholders for progress meetings and workshops.
- 1.4 Conduct one-on-one meetings with the University.
- 1.5 Communicate, as applicable, with external agencies.
- 1.6 Assist, as needed, with the public outreach campaign.
- 1.7 Conduct, as needed, additional review meetings.

### TASK 2.0: GAIN UNDERSTANDING OF DEPARTMENT/PROGRAM OPERATIONS

#### WORK ACTIVITIES

- 2.1 Meet with department/program heads to gain an understanding of the department/ program and its functions.
- 2.2 Obtain and review copies of applicable laws and regulations, policies, procedures, reports, audits, and other background materials and data relevant to the audit from department/program officials, to include:
  - Organizational structure.
  - Strategic or comprehensive plan, mission statement, goals, and objectives.
  - List of entities to be used as peers for purposes of this review.
  - Recent audits and reviews.
  - Performance effectiveness measures and standards from the governing agency, if applicable.
  - Previous and current management studies and program evaluations.
  - Budgets, both operational and capital.
  - Operating procedures and policies.
- 2.3 Identify, obtain, and review operational best practices.

### TASK 3.0: UTILIZE COSO FRAMEWORK TO EVALUATE RELEVANT CONTROLS

#### WORK ACTIVITIES

- 3.1 Interview key stakeholders and review policies and procedures to gain an understanding of the design of internal controls.
- 3.2 Flowchart processes to identify significant internal controls and significant deficiencies in internal controls.
- 3.3 Perform walkthroughs and observations to assess the design and effectiveness of internal controls.

### TASK 4.0: COLLECT AND EVALUATE DATA

#### WORK ACTIVITIES

- 4.1 Interview key personnel and review policies and procedures and applicable laws and regulations to identify relevant data.
- 4.2 Perform audit procedures to evaluate data, including:
  - Procedures to evaluate the reliability of the data.
  - Procedures to evaluate the data for completeness.
- 4.3 Identify and investigate discrepancies found in the data.

### TASK 5.0: DEVELOP TESTING PLAN

#### WORK ACTIVITIES

- 5.1 Develop criteria, benchmark, and measures that can be used to assess program performance.
- 5.2 Design and document audit procedures/tests that satisfy the audit objectives.
- 5.3 If appropriate, select a sample of transactions for testing and evaluate whether the department's actions complied with applicable policies and procedures.
- 5.4 Document all proposed audit procedures/tests in the Testing Plan document. The Testing Plan should include, at a minimum, procedures/tests to:
  - To assess the program performance overall.
  - To assess program performance when compared to peer entities.
  - To assess program performance against best practices.

### TASK 6.0: CONDUCT AUDIT TESTING/FIELDWORK

#### WORK ACTIVITIES

- 6.1 Review criteria, benchmarks, and measures applicable to specific audit procedure/test.
- 6.2 Develop individual audit procedure/test document.

- 6.3 Obtain relevant data (e.g., source documents, management reports, etc.) stored within the department's records to test against established criteria, benchmarks, and measures.
- 6.4 Investigate all exceptions identified during testing.
- 6.5 Document findings, conclusions, and recommendations within testing document.

## TASK 7.0: DEVELOP AND PRESENT DRAFT AND FINAL REPORTS

### WORK ACTIVITIES

- 7.1 Develop draft findings and recommendations for the University's consideration. The drafts will provide:
  - A summary of the MGT Project Methodology.
  - Annotated Key Findings.
  - Recommendations for enhancing the department's operations.
- 7.2 Review the draft report with the University's Project Manager or designee and other appropriate staff.
- 7.3 Complete revisions to produce the final report. The final report will detail the recommended operational changes.

## TASK 8.0: SUPPLEMENTAL SERVICES

### WORK ACTIVITIES

- 8.1 Communicate with the University Project Manager to determine if there are additional supplemental services MGT can perform for the University.
- 8.2 Based on the feedback from the University Project Manager, perform adequate and appropriate procedures to perform the work as requested by the University.

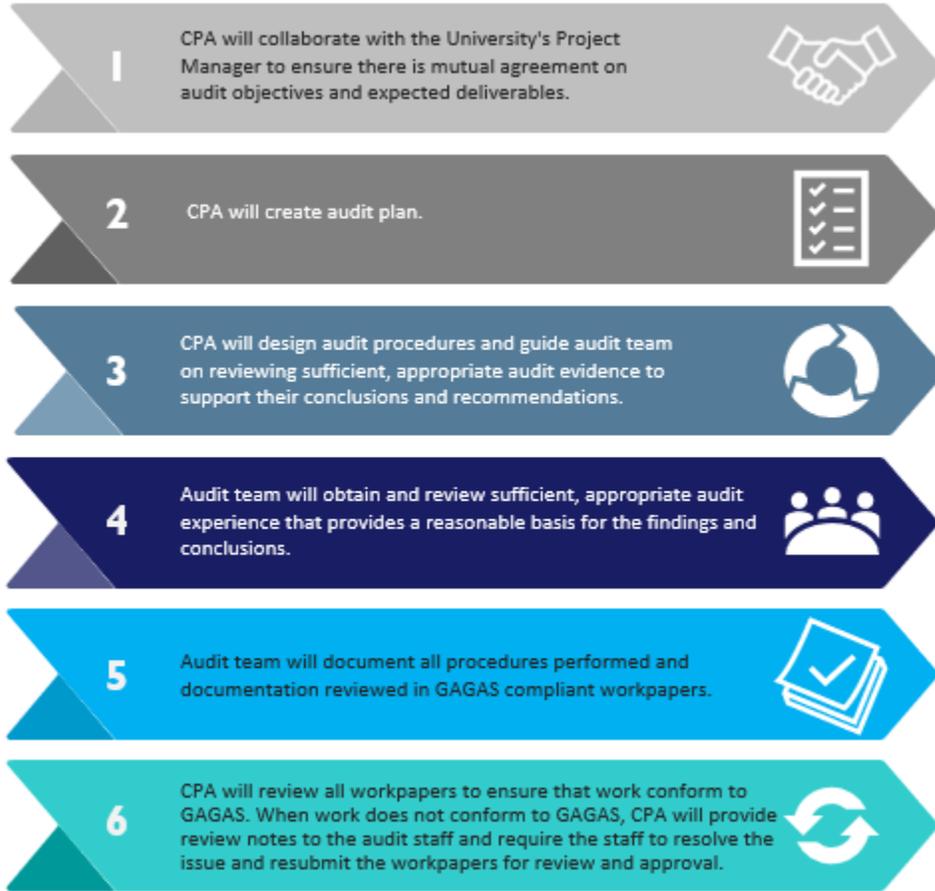
### DELIVERABLES

At the conclusion of each audit, MGT will provide the University's Project Manager or designee a written draft report detailing results and recommendations to improve internal controls and overall operations, along with supporting workpapers for review and comments. After taking into consideration the University's comments, MGT will provide the University a final report on the findings and recommendations.

## QUALITY CONTROL OF AUDIT SERVICES

MGT is committed to ensuring all audit work conducted within the organization conforms with applicable standards, including GAGAS. Below we present the steps that we will take to ensure that audit services provided to the University conforms with GAGAS.

*Quality Control Process*



## PROJECT EFFICIENCY MEASURES

At MGT, we take pride in our ability to provide services in the most efficient and effective way possible. MGT employs a rigorous contract and project management methodology to ensure that the project is conducted efficiently, remains on point, and delivers quality findings. All projects are managed by a senior staff member who has extensive project management experience and will have the overall responsibility of daily project oversight.

Our senior consultants are experts at project management and fully understand what is necessary to ensure that a project is completed efficiently. After collaborating with the University and ensuring all expectations are clear, the Project Director will assign tasks based on project needs and personnel experience and expertise. The Project Director will also identify and allocate the material, equipment, and technology necessary to complete the project. Throughout the project, all effort will be made to control costs. Methods of cost control will include, but are not limited to:

- ◆ Scheduling onsite reviews in regional groups to maximize travel time, or conduct meetings using virtual forums, as required by public health guidelines.

### 3. MANAGEMENT APPROACH & TIMELINES



- ◆ Using state contracts for rental cars if approved by the Commissioner.
- ◆ Avoiding wasteful practices such as unnecessary travel, duplicative printing, and postage fees where electronic communication will suffice.
- ◆ Using electronic communication to the most practical extent possible.
- ◆ Avoiding duplication of work efforts.
- ◆ Contracting only highly qualified staff to complete this project.
- ◆ Using consultant staff where appropriate.
- ◆ Confirming scheduled onsite visits with sponsors prior to arrival.
- ◆ Utilizing shared software programs.
- ◆ Beginning project immediately and working continuously through completion.

Our project management process consists of:

- ◆ Development of a mutually acceptable work plan, methodology, and time schedule. All parties involved have a clear understanding of what the project is to accomplish, what the time commitment/schedule will be, and the methodologies employed.
- ◆ Scheduled team meetings where progress is monitored and team members provide the MGT project manager with progress reports, assessments, project notes, and deliverables.
- ◆ Delivery of monthly progress reports to the client project director. It is important to note communication with the project director will be on an ongoing basis.

## 4. MANDATORY REQUIREMENTS

### MANDATORY REQUIREMENT 1: FIRM'S FINANCIAL CAPABILITY

As a long-standing contractor, MGT has the financial capacity to undertake and complete a project of this scope. MGT has been in continuous business since 1974, and has the necessary financial ability to perform the functions required by this RFP and to provide those services represented in this response. MGT does not anticipate any organizational changes that may impede our ability to complete any future projects. We have over 46 years of experience in providing sound, practical, implementable solutions to state and local governments around the country. In addition, MGT has not been involved in any litigation or court proceedings whereby a court or any other administrative agency has ruled against MGT in any matter related to the professional activities of our firm. MGT is fully bondable and a copy of our most recent audited financial statements for the past 3 years is included in the Appendix.

### MANDATORY REQUIREMENT 2: CORPORATE EXPERIENCE

#### PERFORMANCE AUDIT EXPERIENCE

MGT has had a successful local agency audits practice for the last 30 years, including performance audits of education entities. In addition, our proposed Project Director has over six years of experience conducting performance and operational audits of governmental entities. MGT has an outstanding record of past performance. Our teams are composed of proven professionals with the goal of providing the best quality of service while meeting project schedules and budgets.

#### SIMILAR PROJECTS

To demonstrate the depth and breadth of our experience, we have provided a list of similar projects below.

RELEVANT PERFORMANCE AUDIT PROJECTS – STATE, LOCAL, AGENCY CLIENTS	
CLIENT	PROJECT DESCRIPTION
Maricopa County, AZ	Operational Review
California Bureau of State Audits, CA	Operational Review
Irvine, CA	Performance Audit / Review
California Department of Conservation, CA	Performance Audit / Review
Fiscal Crisis & Management Assistance Team (FCMAT), CA	Operational Review
City College of San Francisco, CA	Performance Audit / Review
Sacramento Public Library Authority, CA	Performance Audit / Review
California State Auditor, CA	Performance Audit / Review

4. MANDATORY REQUIREMENTS



RELEVANT PERFORMANCE AUDIT PROJECTS – STATE, LOCAL, AGENCY CLIENTS	
CLIENT	PROJECT DESCRIPTION
County of Riverside, CA	Performance Audit / Review
Office of the Colorado State Auditor, CO	Performance Audit / Review
City of Stamford, CT	Operational Review
Hillsborough County, FL	Performance Audit / Review
Tallahassee-Leon Economic Development Council, FL	Performance Audit / Review
Miami-Dade Expressway Authority, FL	Performance Audit / Review
OPPAGA - Collier County, FL	Operational Review
OPPAGA - Okaloosa County, FL	Operational Review
OPPAGA - St. Lucie County, FL	Operational Review
OPPAGA - Broward County, FL	Operational Review
Georgia Department of Human Services, GA	Performance Audit / Review
DeKalb County Board of Education, GA	Performance Audit / Review
County of Maui, HI	Performance Audit / Review
Iowa Board of Regents, IA	Organizational Review
Education Commission of the States, IA	Performance Audit / Review
Louisiana Office of Youth Development, LA	Performance Audit / Review
Maryland Department of Education, MD	Performance Audit / Review
Office of Program Evaluation and Government Accountability, ME	Performance Audit / Review
Jackson County, MO	Performance Audit / Review
North Carolina Department of Transportation, NC	Performance Audit / Review
North Carolina State Health Plan for Teachers and State Employees, NC	Performance Audit / Review
North Dakota Office of the State Auditor, ND	Performance Audit / Review
City of Reno, NV	Performance Audit / Review
Oklahoma State Auditor and Inspector, OK	Performance Audit / Review
Legislative Service Bureau (LSB) of the Oklahoma Legislature, OK	Performance Audit / Review
Town of Johnston, RI	Performance Audit / Review
State of South Carolina Legislative Audit Council, SC	Performance Audit / Review
Nashville and Davidson County - Metro Government, TN	Performance Audit / Review
Anderson County, TN	Performance Audit / Review
Texas Comptroller of Public Accounts, TX	Organizational Review

4. MANDATORY REQUIREMENTS



RELEVANT PERFORMANCE AUDIT PROJECTS – STATE, LOCAL, AGENCY CLIENTS	
CLIENT	PROJECT DESCRIPTION
Texas Legislative Budget Board, TX	Operational Review
Salt Lake City Corporation, UT	Performance Audit / Review
Loudoun County, VA	Performance Audit / Review
Newport City, VA	Performance Audit / Review
The State Auditor's Office, VT	Organizational Review
Washington State Auditor's Office, WA	Performance Audit / Review
Washington Sound Transit, WA	Performance Audit / Review

RELEVANT PERFORMANCE AUDIT PROJECTS – PK 12 AND HIGHER EDUCATION CLIENTS	
CLIENT	PROJECT DESCRIPTION
OPPAGA - Alachua County Schools, FL	Operational Review
OPPAGA - Washington County Schools, FL	Performance Audit / Review
Gwinnett County Public Schools, GA	Performance Audit / Review
Gwinnett County Public Schools, GA	Organizational Review
Gwinnett County Public Schools, GA	Policy and Procedure Review
Memphis City Schools, TN	Performance Audit / Review
Austin Independent School District, TX	Performance Audit / Review
University of Wisconsin System, WI	Operational Review
Texas A&M University	Operational and Organizational Review
University of Maine System, ME	Performance Audit of Auxiliary Services
City College of San Francisco	Performance Audit
City College of San Francisco	Proposition 39 Bond Performance Auditing Services
Roger Williams University	Performance of a Position Audit
Lassen Community College	Investigative Audit of Lassen Community College
University of Wisconsin System	Management Review/Operations Audit
University of Arkansas, AR	Management Audit
Wyoming Community College Commission	Management Audit

#### 4. MANDATORY REQUIREMENTS



### SIMILAR ACTIVE PROJECTS

MGT has the following active accounts where MGT is conducting similar performance audits.

ACTIVE PERFORMANCE AUDIT PROJECTS	
CLIENT	PROJECT DESCRIPTION
Maricopa County's District 5 Office, AZ	P-Card Audit
Gwinnett County, GA	SPLOST Audit
California State University, San Marcos, CA	Strategic Plan
California State University, Sacramento, CA	Strategic Plan
Guilford Technical Community College, NC	Training and Awareness
Texas A&M Univ-Corpus Christi, TX	Strategic Plan

### REFERENCES

The projects and references below provide recent examples in which MGT's performance exceeded expectations, all of which we have worked with in the past two years.

#### 1. COUNTY OF MAUI, HAWAII | FISCAL AND PERFORMANCE AUDIT

MGT conducted a fiscal audit of the Maui County Council (Council). The objective of the audit was to provide the current Council with an overview of past practices by the 2015-2017 and 2017-2019 councils and their management of expenditures to identify long-term, decision making solutions. Audit procedures included testing of individual expenditure transactions.

Dates of Performance: 5/29/2019 – 9/18/2019

Contact Person: Traci N. T. Fujita, Director of Council Services

Phone Number: 808.270.7687

Email: Traci.FujitaW@mauicounty.us

#### 2. GWINNETT COUNTY SCHOOL DISTRICT, GEORGIA | SPLOST AUDIT

MGT performed an annual Special-Purpose Local-Option Sales Tax (SPLOST) audit and review for the Gwinnett County Board of Education for a five-year period, with a recent renewal period for the 2019 fiscal year. The audits were to ensure compliance with the requirements of Georgia HB346 and to provide for a continuing annual performance audit/review of the expenditure of Gwinnett County Public Schools' SPLOST funds. The audits included a review of SPLOST program goals and the extent to which the program met expectations for the effective, efficient, and economic use of tax dollars collected.

Dates of Performance: 2018-2023

Contact Person: Dan Smith

Phone Number: 678.301.6000

#### 4. MANDATORY REQUIREMENTS



Email: Dan\_Smith@Gwinnett.k12.ga.us

### 3. ALACHUA COUNTY SCHOOL DISTRICT, FLORIDA | PERFORMANCE AUDIT

MGT conducted a performance audit of the Alachua County School District in accordance with GAGAS. The performance audit was a statutory requirement in support of a respective resolution to pursue a local option surtax via public agenda. The audit scope included the safety and security improvements; repair, renovation and remodeling of board-owned schools, including modernization of classrooms, science labs and other spaces; technology; elimination of portable classrooms; new construction; land acquisition and improvement; and other school facilities projects.

Dates of Performance: June 2018-August 2018

Contact Person: Karen Clarke, Superintendent

Phone Number: 352.955.7546

Email: supt@gm.sbac.edu

#### LOST ACCOUNTS

MGT has no lost accounts, demonstrating our commitment to our clients and our ability to complete projects successfully and on time.

### MANDATORY REQUIREMENT 3: ASSESSMENT OF COMPLIANCE AND PROCEDURES

We understand that Marshall University seeks a qualified consultant to perform a Purchasing Performance Audit for Fiscal Years 2018, 2019 and 2020. The audit will:

- ♦ Entail objective and systematic examination of evidence to provide an independent assessment of procurement functions against objective criteria. The audit will also assess compliance with state law and the rules, policies, and procedures of the Marshall University of Board of Governors as they apply to purchasing, receiving, supplies and equipment.
- ♦ Determine whether the CPO has been properly designated as CPO and is performing the CPO's responsibilities, duties and remedies outlined in the Marshall University Board of Governors Policy, State Law and duly adopted Purchasing Manual. Determine if the buyer delegations been made according to the Marshall University Board of Governors Policy, West Virginia Code and duly adopted Purchasing Manual.
- ♦ Determine whether professional procurement procedures are established and maintained within the University. Determine if the requirements of the Governing Boards Purchasing procedures manual, provisions of the Marshall University Board of Governor's Policy, State Law and duly adopted Purchasing Manual are being followed for purchases within adopted authority levels.

#### 4. MANDATORY REQUIREMENTS



MGT will conduct the audit in accordance with GAGAS. MGT will obtain and review sufficient and appropriate audit evidence to support its findings and conclusions. The proposed audit methodology is presented in section 3. Management Approach and Timeless, above.

### **MANDATORY REQUIREMENT 4: BEST BUSINESS PRACTICES AND IMPROVEMENTS**

MGT follows a robust and comprehensive process solidly rooted in industry best-practices and augmented by our decades of experience conducting these types of projects for universities, government agencies and other public sector institutions. We are experts with a rich toolset that includes the leadership, facilitation, and data analysis skills the University's needs to ensure successful planning activities that yield sustainable, actionable plans to meet your objectives now and into the future.

Over the years, we have developed and maintained an extensive database of best practices and industry standards that we use to recognize exemplary practices and to recommend improvements in operational practices and procedures. Through this experience, MGT has developed a unique and highly specialized set of qualifications that make us especially well-suited to effectively conduct performance audits. These qualifications include:

- ◆ Over 260 management, organizational, and performance studies/audits for government systems throughout the country.
- ◆ Maintaining objectivity and flexibility throughout the project.
- ◆ Specialized analytical tools and comprehensive consulting experience that we use to address all components vital to the successful completion of extensive performance audits.

MGT will gain an understating of best practices and industry standards. Upon gaining an understanding of best practices and industry standards, MGT will assess the University's performance against best practices. The objective of the assessment will be:

- ◆ To identify whether best business practices in procurement are employed at the University.
- ◆ To identify factors inhibiting efficient and satisfactory performance.
- ◆ To identify ways of making purchasing work better.

Based on the results of the assessment, MGT will make recommendations that improve program operations and facilitate decision making by parties with responsibility to oversee or initiative corrective actions and improve public accountability.

### **MANDATORY REQUIREMENT 5: PCARD EFFICIENCIES AND COMPLIANCE**

The audit will encompass a wide variety of objectives, including assessing program effectiveness and results, economy and efficiency, internal control, compliance with legal or other requirements or other analysis. The audit will also identify internal controls that should be implemented at the University and

#### 4. MANDATORY REQUIREMENTS



determine if the Purchasing Card Program is being managed by the University in conformance with West Virginia code Section 12-3-10a and Title 148CSR7.

MGT will conduct the audit in accordance with GAGAS. MGT will obtain and review sufficient and appropriate audit evidence to support its findings and conclusions. The proposed audit methodology is presented in section 3. Management Approach and Timeless, above.

### **MANDATORY REQUIREMENT 6: REPORTING**

At the conclusion of the audit, MGT will provide the Chief Procurement Officer a written draft report detailing findings identified during fieldwork and recommendations to improve the purchasing functions. The report will be presented to the Chief Procurement Officer and Senior Vice President of Operations during the exit conference. At the exit conference, the University will be requested to provide a written response to the draft report within a specified time. Upon review of the University's written response, MGT and the procurement staff will review the University's response to determine if a rebuttal is warranted. If a rebuttal is warranted, MGT will include it after the University's response.

MGT will incorporate the University's response into the final report and provide a hard copy and an electronic copy of the final report. MGT will invoice the University when each deliverable has been accepted. Deliverables include the audit plan, the draft audit report and the final audit report.

# APPENDIX I – REQUIRED FORMS

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<b>Request for Proposals</b>	 <p><b>Marshall University Office of Purchasing One John Marshall Drive Huntington, WV 25755-4100</b> Direct all inquiries regarding this order to: (304) 696-2599</p>	<b>Proposal/Bid# MU21PAUDIT</b>
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<b>Vendor:</b>  MGT of America Consulting, LLC	<b>For information call:</b> <b>Purchasing Contact:</b> Angela White Negley <b>Phone:</b> (304) 696-2599 <b>Email:</b> <a href="mailto:Negley4@marshall.edu">Negley4@marshall.edu</a> & <a href="mailto:purchasing@marshall.edu">purchasing@marshall.edu</a>
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Sealed requests to bid for furnishing the supplies, equipment or services described below will be received by the Institution. TO RECEIVE CONSIDERATION FOR AWARD, UNLESS OTHERWISE NOTED, THE BID WILL BE SUBMITTED ON THIS FORM AND UPLOADED INTO THE MU BONFIRE PORTAL ON OR BEFORE THE DATE AND TIME SHOWN FOR THE BID OPENING. When applicable, prices will be based on units specified; and Bidders will enter the delivery date or time for items contained herein. The Institution reserves the right to accept or reject bids on each item separately or as a whole, to reject any or all bids, to waive informalities or irregularities and to contract as the best interests of the Institution may require. BIDS ARE SUBJECT TO THE GENERAL TERMS AND CONDITIONS AS SET FORTH HEREIN.

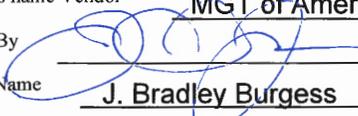
<b>DATE</b> 10/6/2020	<b>MANDATORY PRE-PROPOSAL/BID MEETING:</b> 11/16/2020 @ 10am LPT via Zoom	<b>DEPARTMENT REQUISITION NO.</b>	<b>PROPOSALS OPEN:</b> November 30, 2020 @ 3:00 pm LPT via Zoom	<b>BIDDER MUST ENTER DELIVERY DATE FOR EACH ITEM BID</b>
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Item #	Quantity	Description	Unit Price	Extended Price
		<b><u>REQUEST FOR PROPOSALS</u></b> Marshall University, on behalf of the Board of Governors, invites sealed proposals to provide all Work, including but not limited to labor, material, equipment, supplies, and transportation for:  <b>PURCHASING PERFORMANCE AUDIT MARSHALL UNIVERSITY – HUNTINGTON, WV</b>  <b>Mandatory Pre-Bid Meeting:</b> November 16, 2020 at 10:00 a.m. via Zoom at <a href="https://marshall.zoom.us/j/98279946807?pwd=bHJPSEpCYs9UejgxUTE2T1ZkWXRRQT09&amp;from=addon">https://marshall.zoom.us/j/98279946807?pwd=bHJPSEpCYs9UejgxUTE2T1ZkWXRRQT09&amp;from=addon</a> Meeting ID: 982 7994 6807 Passcode: 386723  <b>Technical Question Deadline:</b> November 19, 2020 by 9:00 a.m. LPT send via email to <a href="mailto:smiths@marshall.edu">smiths@marshall.edu</a> with Subject Line <b>MU21PAUDIT Questions</b>  <b>Bid Opening,</b> November 30, 2020 @ 3:00 pm LPT, via Zoom at the following <a href="https://marshall.zoom.us/j/98346439616?pwd=TFVvMEVvV1ZMzTJlSMDMzU0xRVklPUT09&amp;from=addon">https://marshall.zoom.us/j/98346439616?pwd=TFVvMEVvV1ZMzTJlSMDMzU0xRVklPUT09&amp;from=addon</a> Meeting ID: 983 4643 9616 Passcode: 884700		

**Total**

To the Office of Purchasing,  
 In compliance with the above, the undersigned offers and agrees, if this offer is accepted within \_\_\_\_\_ calendar days (30 calendar days unless a different period is inserted by the purchaser) from the bid open date, specified above, to furnish any or all items upon which prices are offered, at the price set opposite each item, delivered at the designated point(s), within the time specified.

Bidder guarantees shipment from \_\_\_\_\_ within \_\_\_\_\_ days  
 FOB \_\_\_\_\_ After receipt of order at address shown  
 Terms \_\_\_\_\_

Bidder's name Vendor MGT of America Consulting, LLC  
 Signed By   
 Typed Name J. Bradley Burgess  
 Title Executive Vice President  
 Email Proposals@mgtconsulting.com  
 Street Address 4320 West Kennedy Boulevard  
 City/State/Zip Tampa, Florida 33609  
 Date 11/23/2020 Phone 888.302.0899  
 Fein 81-0890071

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

Ricardo Cepin, CPA, CFE / Senior Consultant  
\_\_\_\_\_  
(Name, Title)

Ricardo Cepin, CPA, CFE / Senior Consultant  
\_\_\_\_\_  
(Printed Name and Title)

4320 West Kennedy Boulevard, Tampa, Florida 33609  
\_\_\_\_\_  
(Address)

813.843.5801  
\_\_\_\_\_  
(Phone Number)

850.385.4501  
\_\_\_\_\_  
(Fax Number)

rcepin@mgtconsulting.com  
\_\_\_\_\_  
(Email Address)

**CERTIFICATION AND SIGNATURE:** By signing below, or submitting documentation through BONFIRE, I certify that I have reviewed this Solicitation in its entirety; that I understand the requirements, terms and conditions, and other information contained herein; that this bid, offer or proposal constitutes an offer to Marshall University that cannot be unilaterally withdrawn; that the product or service proposed meets the mandatory requirements contained in the Solicitation for that product or service, unless otherwise stated herein; that the Vendor accepts the terms and conditions contained in the Solicitation, unless otherwise stated herein; that I am submitting this bid, offer or proposal for review and consideration; that I am authorized by the Vendor to execute and submit this bid, offer, or proposal, or any documents related thereto on Vendor's behalf; that I am authorized to bind the Vendor in a contractual relationship; and that to the best of my knowledge, the Vendor will properly register with the WV Purchasing Division and Marshall University.

MGT of America Consulting, LLC  
\_\_\_\_\_  
(Company)

  
\_\_\_\_\_  
(Authorized Signature)

J. Bradley Burgess, Executive Vice President  
\_\_\_\_\_  
(Printed Name and Title of Authorized Representative)

11/23/2020  
\_\_\_\_\_  
(Date)

888.302.0899  
\_\_\_\_\_  
(Phone Number)

850.385.4501  
\_\_\_\_\_  
(Fax Number)

**ADDENDUM ACKNOWLEDGEMENT FORM**  
**SOLICITATION NO.:** MU21PAUDIT  
**(If Applicable)**

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

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

Addendum Numbers Received:

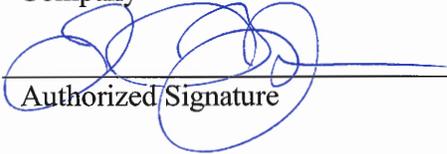
*(Check the box next to each addendum received)*

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

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

MGT of America Consulting, LLC \_\_\_\_\_

Company



Authorized Signature

11/23/2020 \_\_\_\_\_

Date

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

# REQUEST FOR PROPOSAL

## Marshall University MU21PAUDIT – Purchasing Performance Audit

disqualification, will not be available until after the contract has been awarded pursuant to West Virginia Code of State Rules §148-1-6.3.d.

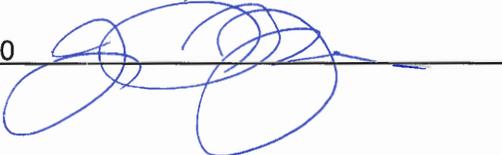
By signing below, I certify that I have reviewed this Request for Proposal in its entirety; understand the requirements, terms and conditions, and other information contained herein; that I am submitting this proposal for review and consideration; that I am authorized by the bidder to execute this bid or any documents related thereto on bidder's behalf; that I am authorized to bind the bidder in a contractual relationship; and that, to the best of my knowledge, the bidder has properly registered with any State Department that may require registration.

MGT of America Consulting, LLC  
(Company)

J. Bradley Burgess, Executive Vice President  
(Representative Name, Title)

Phone: 916.443.3411 / Fax: 850.385.4501  
(Contact Phone/Fax Number)

11/23/2020  
(Date)



<b>Request for Bids</b>	 <b>MARSHALL UNIVERSITY</b>	<b>Marshall University</b> <b>Office of Purchasing</b> <b>One John Marshall Drive</b> <b>Huntington, WV 25755-4100</b> Direct all inquiries regarding this order to: (304) 696-2599	<b>Bid#</b> <b>MU21PAUDIT</b> <b>Addendum #1</b>
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<b>Vendor:</b>  MGT of America Consulting, LLC	<b>For information call:</b> <b>Purchasing Contact:</b> Angela White Negley <b>Phone:</b> (304) 696-2599 <b>Email:</b> <a href="mailto:Negley4@marshall.edu">Negley4@marshall.edu</a> & <a href="mailto:purchasing@marshall.edu">purchasing@marshall.edu</a>
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Sealed requests to bid for furnishing the supplies, equipment or services described below will be received by the Institution. TO RECEIVE CONSIDERATION FOR AWARD, UNLESS OTHERWISE NOTED, THE BID WILL BE SUBMITTED ON THIS FORM AND UPLOADED INTO THE MU BONFIRE PORTAL ON OR BEFORE THE DATE AND TIME SHOWN FOR THE BID OPENING. When applicable, prices will be based on units specified; and Bidders will enter the delivery date or time for items contained herein. The Institution reserves the right to accept or reject bids on each item separately or as a whole, to reject any or all bids, to waive informalities or irregularities and to contract as the best interests of the Institution may require. BIDS ARE SUBJECT TO THE GENERAL TERMS AND CONDITIONS AS SET FORTH HEREIN.

<b>DATE</b>  10/26/2020	<b>MANDATORY PRE-BID MEETING:</b> 11/16/2020 @ 10am LPT via Zoom	<b>DEPARTMENT REQUISITION NO.</b>	<b>BIDS OPEN:</b> <b>November 30, 2020 @ 3:00 pm LPT via Zoom</b>	<b>BIDDER MUST ENTER DELIVERY DATE FOR EACH ITEM BID</b>
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Item #	Quantity	Description	Unit Price	Extended Price
		<b><u>ADDENDUM #1</u></b>  PURCHASING PERFORMANCE AUDIT MU21PAUDIT  The purpose of addendum #1 is to modify project specifications as follows: <b>The CPA LICENSE IS NO LONGER A REQUIREMENT</b> <b>Replace page 14 of 40 with the attached page revision.</b>  Mandatory Pre-Bid Meeting: November 16, 2020 at 10:00 a.m. via Zoom at <a href="https://marshall.zoom.us/j/98279946807?pwd=bHJPSEpCYs9UejgxUTE2T1ZkWXRlRQT09&amp;from=addon">https://marshall.zoom.us/j/98279946807?pwd=bHJPSEpCYs9UejgxUTE2T1ZkWXRlRQT09&amp;from=addon</a> Meeting ID: 982 7994 6807 Passcode: 386723  Technical Question Deadline: November 19, 2020 by 9:00 a.m. LPT send via email to <a href="mailto:smiths@marshall.edu">smiths@marshall.edu</a> with Subject Line MU21PAUDIT Questions  Bid Opening, November 30, 2020 @ 3:00 pm LPT, via Zoom at the following <a href="https://marshall.zoom.us/j/98346439616?pwd=TFVvMEVlV1ZMZTJlSjZDMzU0xRVklPUT09&amp;from=addon">https://marshall.zoom.us/j/98346439616?pwd=TFVvMEVlV1ZMZTJlSjZDMzU0xRVklPUT09&amp;from=addon</a> Meeting ID: 983 4643 9616 Passcode: 884700		

**Total**

To the Office of Purchasing,  
 In compliance with the above, the undersigned offers and agrees, if this offer is accepted within \_\_\_\_\_ calendar days (30 calendar days unless a different period is inserted by the purchaser) from the bid open date, specified above, to furnish any or all items upon which prices are offered, at the price set opposite each item, delivered at the designated point(s), within the time specified.

Bidder guarantees shipment from \_\_\_\_\_ within \_\_\_\_\_ days  
 FOB \_\_\_\_\_ After receipt of order at address shown  
 Terms \_\_\_\_\_

Bidder's name Vendor MGT of America Consulting, LLC  
 Signed By   
 Typed Name J. Bradley Burgess  
 Title Executive Vice President  
 Email Proposals@mgtconsulting.com  
 Street Address 4320 West Kennedy Boulevard  
 City/State/Zip Tampa, Florida 33609  
 Date 11/23/2020 Phone 888.302.0899  
 Fein 81-0890071

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

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

**6. EMERGENCY PURCHASES:** The Chief Procurement Officer may suspend the use of a university wide mandatory contract (the University's Office of Purchasing has created standard specifications that are establish University wide contracts for commonly used commodities and services that are needed on a repetitive basis), or the competitive bidding process to allow a Department to purchase goods or services in the open market if for immediate or expedited delivery in an emergency.

Emergencies shall include, but are not limited to, delays in transportation or an unanticipated increase in the volume of work, provided that a required University emergency purchase with another vendor does not cause a breach of contract.

**7. REQUIRED DOCUMENTS:** All the items checked below must be provided to the University by the Vendor as specified below.

**BID BOND (Construction Only):** Pursuant to the requirements contained in W. Va. Code § 5-22-1(c), All Vendors submitting a bid on a construction project shall furnish a valid bid bond in the amount of five percent (5%) of the total amount of the bid protecting the State of West Virginia. The bid bond must be submitted with the bid.

**PERFORMANCE BOND:** The apparent successful Vendor shall provide a performance bond in the amount of 100% of the contract. The performance bond must be received by the Marshall University Office of Purchasing Office prior to Contract award.

**LABOR/MATERIAL PAYMENT BOND:** The apparent successful Vendor shall provide a labor/material payment bond in the amount of 100% of the Contract value. The labor/material payment bond must be received by the Marshall University Office of Purchasing Office prior to Contract award.

**MAINTENANCE BOND:** The successful Vendor shall provide a two (2) year maintenance bond covering the roofing system. The maintenance bond must be issued and received by the Marshall University Office of Purchasing Office prior to Contract award.

**LICENSE(S) / CERTIFICATIONS / PERMITS:** In addition to anything required under the Section entitled Licensing, of the General Terms and Conditions, the Vendor shall furnish proof of the following licenses, certifications, and/or permits prior to Contract award, in a form acceptable to the University.

**ADDENDUM ACKNOWLEDGEMENT  
FORM SOLICITATION NO.:**

**MU21PAUDIT ADDENDUM No. 1**

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

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

Addendum Numbers Received:

*(Check the box next to each addendum received)*

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

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

**MGT of America Consulting, LLC**

Company

  
Authorized Signature

**11/23/2020**

Date

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

<b>Request for Proposals</b>	 <b>Marshall University</b> <b>Office of Purchasing</b> One John Marshall Drive Huntington, WV 25755-4100 Direct all inquiries regarding this order to: (304) 696-2599	<b>PROPOSAL #</b>  MU21PAUDIT Addendum #2
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<b>Vendor:</b> MGT of America Consulting, LLC  <b>FEIN/SSN:</b> 81-0890071	<b>Phone:</b> 888.302.0899 <b>Fax:</b> 850.385.4501	<b>For information contact: Purchasing</b> <b>Contact:</b> Angela White Negley <b>Email:</b> <a href="mailto:negley4@marshall.edu">negley4@marshall.edu</a> & <a href="mailto:purchasing@marshall.edu">purchasing@marshall.edu</a> <b>Phone:</b> (304) 696-2599
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Sealed requests for proposals furnishing services described below will be received by the Institution. TO RECEIVE CONSIDERATION FOR AWARD, UNLESS OTHERWISE NOTED, THE PROPOSAL WILL BE SUBMITTED IN BONFIRE ON OR BEFORE THE DATE AND TIME SHOWN FOR THE PROPOSAL OPENING. The Institution reserves the right to accept or reject proposals separately or as a whole, to reject any or all proposals, to waive informalities or irregularities and to contract as the best interests of the Institution may require. PROPOSALS ARE SUBJECT TO THE GENERAL TERMS AND CONDITIONS AS SET FORTH HEREIN.

<b>DATE</b> 11/11/2020	Pre-proposal/bid meeting 11/16/2020 @10 a.m. EST	<b>DEPARTMENT REQUISITION NO.</b>	BIDS OPEN: 11/30/20 @ 3:00 pm. EST	<b>BIDDER MUST ENTER DELIVERY DATE FOR EACH ITEM BID</b>
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Item #	Quantity	Description	Unit Price	Extended Price
		<u>Addendum #2</u>		
		Project: Marshall University's Purchasing Performance Audit  Date: November 30, 2020 Time: 3:00pm EST  The purpose of this addendum is to modify and/or clarify project requirements as per the attached information. The updated information must be taken into account in preparing proposals and shall become a part of the final contract documents.  Receipt of this addendum must be acknowledged in the space provided on this front page and within this addendum, see page 5.		
<b>Total</b>				

**To the Office of Purchasing,**

In compliance with the above, the undersigned offers and agrees, if this offer is accepted within \_\_\_\_\_ calendar days (30 calendar days unless a different period is inserted by the purchaser) from the bid open date, specified above, to furnish any or all items upon which prices are offered, at the price set opposite each item, delivered at the designated point(s), within the time specified.

Bidder guarantees shipment from \_\_\_\_\_

\_\_\_\_\_ within \_\_\_\_\_ days

FOB \_\_\_\_\_ After receipt of order at address shown

Terms \_\_\_\_\_

Bidder's name Vendor \_\_\_\_\_

MGT of America Consulting, LLC

Signed By \_\_\_\_\_

Typed Name \_\_\_\_\_

J. Bradley Burgess

Title \_\_\_\_\_

Executive Vice President

Street Address \_\_\_\_\_

4320 West Kennedy Boulevard

City/State/Zip \_\_\_\_\_

Tampa, Florida 33609

Date \_\_\_\_\_

11/23/2020

Phone 888.302.0899

Fein \_\_\_\_\_

81-0890071

**SOLICITATION NUMBER: MU21PAUDIT**  
**MARSHALL UNIVERSITY PURCHASING PERFORMANCE AUDIT**

**Addendum Number: No. 02**

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The purpose of this addendum is to modify the solicitation identified as ("Solicitation") to reflect the change(s) identified and described below.

**Applicable Addendum Category:**

- Modify bid opening date and time
- Modify specifications of product or service being sought
- Attachment of vendor questions and responses
- Attachment of pre-bid sign-in sheet
- Correction of error
- Other

**Description of Modification to Solicitation:**

Addendum issued to publish and distribute the attached documentation to the vendor community.

1. To answer bidders' preliminary questions.

**NO OTHER CHANGES.**

Additional Documentation: Documentation related to this Addendum (if any) has been included herewith and is specifically incorporated herein by reference.

**Terms and Conditions:**

1. All provisions of the Solicitation and other addenda not modified herein shall remain in full force and effect.
2. Vendor should acknowledge receipt of all addenda issued for this Solicitation by completing an Addendum Acknowledgment, a copy of which is included herewith. Failure to acknowledge addenda may result in bid disqualification. The addendum acknowledgement should be submitted with the bid to expedite document processing.

Q1. Section 4: 4.2.2.1.1 – We are a CPA Firm and a Partnership and do not have audited financial statements. What are you willing to accept in place of audit financial statements?

4.2.2.1 Mandatory Requirement 1: Firm’s Financial Capability

4.2.2.1.1 Firm must submit a copy of the most recent audited comparative financial statements that have been prepared in accordance with general accepted accounting principles (GAAP). At a minimum, this information must include comparative income statement and balance sheet information for the three (3) most recent years for which audited financial statements have been completed.

**(A1) Internal Financial Statements, that have been certified by the Managing Partner of the CPA Firm, would be acceptable.**

Q2. Section 4: 4.2.2.2.3 and 4.2.2.2.4 – Are you looking for these to be the same accounts/references or should we provide a different list for each?

4.2.2.2 Mandatory Requirement 2: Corporate Experience

4.2.2.2.3 Firm must provide a current list of at least three (3) active contracted accounts (preferably Higher Education Clients) of comparable size, dollar volume in gross sales and number of transactions.

4.2.2.2.4 Provide references for prior projects. Each reference provided must include the name, address, fax number, e-mail address and telephone numbers of the main contact person on these accounts, information as to the contract and its duration.

**(A2) 4.2.2.2.3 would be clients of comparable complexity to Marshall. 4.2.2.2.4 would be for clients whom the same or very similar work has been performed**

Q3. Attachment A “Cost Sheet” – Will expenses be reimbursable, or should they be included as part of the fee?

MU21PAUDIT ATTACHMENT A

MU21PAUDIT PRICE SHEET

ITEM NAME	PER HOUR RATE	ESTIMATED HOURS	UNIT PRICE
INTERVIEW, DATA COLLECTION UPDATE			
COMPLIANCE AUDIT			
PERFORMANCE REVIEW			
DRAFT AND FINAL REPORT			
OTHER			

Insert pricing into the Bonfire portal Excel Sheet. If submitting a hard copy, place the pricing information under separate sealed cover. Cost proposals will be opened at a scheduled date and time after the technical review has been completed.

**(A3) The price sheet has been updated to include an “Other” table. Bidder must include all expenses in the fee rate. Expenses may be partitioned out with the bidder’s description in the Other table.**

Q4. General Terms and Conditions #7 – What licenses/certifications/permits are you requiring per this statement?

MARSHALL UNIVERSITY GENERAL TERMS AND CONDITIONS

7. REQUIRED DOCUMENTS: All the items checked below must be provided to the University by the Vendor as specified below.

Certificate, permit, registration, or authorization to perform audit

**(A4) Please provide professional licensure, subject matter certification, or other credentials that pertain to the work being requested. The successful bidder must register with the State of WV Purchasing Division.**

Q5. On the first page of the RFP, the Pre-Bid Meeting is slated for 11/16/2020 @ 10:00 AM LPT and the Bids will be open 11/30/2020 @ 3:00 PM LPT. However, on the last page of the RFP it states that submission is due by 11/30/2020 @ 3:00 PM EST. Can you confirm which time zone we should use for the Pre-Bid Meeting and submission times?

**(A5) The pre-bid meeting is scheduled on November 16, 2020 at 10:00 a.m. Eastern Standard Time. Bid Submissions are due by the bid opening date and time, November 30, 2020 at 3:00 p.m. Eastern Standard Time.**

Q6. To help us draft the response in the expected format, would you like to see the response in a Word format or PowerPoint format?

**(A6) Word format**

Q7. Is there a form or a means to inform you of our "Intent to Bid" or are you using page 25 of the RFP to capture this? Lastly is there a deadline for the "Intent to Bid"?

**(A7) Marshall University Purchasing does not require bidders to submit an "intent to bid". Page 25 should be submitted with the Bidder's response to the RFP. The response must be received on or before 3:00 p.m. EST on November 30, 2020.**

PURCHASING CONTINUATION SHEET

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Requisition No.: MUP21PAUDIT

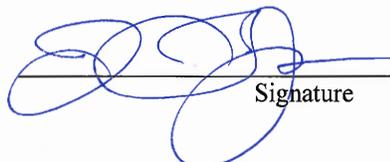
ADDENDA ACKNOWLEDGEMENT

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

Addenda:

- No. 1           X
- No. 2           X
- No. 3
- No. 4
- No. 5

I understand that failure to confirm the receipt of the each Addendum is cause for rejection of bids.

  
\_\_\_\_\_  
Signature

          MGT of America Consulting, LLC            
Company

          11/23/2020            
Date

Request for Proposals		<b>Marshall University</b> <b>Office of Purchasing</b> <b>One John Marshall Drive</b> <b>Huntington, WV 25755-4100</b>	<b>PROPOSAL #</b>  <b>MU21PAUDIT</b> <b>Addendum #3</b>
		Direct all inquiries regarding this order to: (304) 696-2599	

<b>Vendor:</b> MGT of America Consulting, LLC  <b>FEIN/SSN:</b> 81-0890071	<b>Phone:</b> 888.302.0899 <b>Fax:</b> 850.385.4501	<b>For information contact: Purchasing</b> <b>Contact:</b> Angela White Negley <b>Email:</b> <a href="mailto:negley4@marshall.edu">negley4@marshall.edu</a> & <a href="mailto:purchasing@marshall.edu">purchasing@marshall.edu</a> <b>Phone:</b> (304) 696-2599
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Sealed requests for proposals furnishing services described below will be received by the Institution. TO RECEIVE CONSIDERATION FOR AWARD, UNLESS OTHERWISE NOTED, THE PROPOSAL WILL BE SUBMITTED IN BONFIRE ON OR BEFORE THE DATE AND TIME SHOWN FOR THE PROPOSAL OPENING. The Institution reserves the right to accept or reject proposals separately or as a whole, to reject any or all proposals, to waive informalities or irregularities and to contract as the best interests of the Institution may require. PROPOSALS ARE SUBJECT TO THE GENERAL TERMS AND CONDITIONS AS SET FORTH HEREIN.

<b>DATE</b> 11/19/2020	Pre-proposal/bid meeting 11/16/2020 @10 a.m. EST <b>Completed</b>	<b>DEPARTMENT REQUISITION NO.</b>	<b>BIDS OPEN:</b> 11/30/20 @ 3:00 pm. EST	<b>BIDDER MUST ENTER DELIVERY DATE FOR EACH ITEM BID</b>
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Item #	Quantity	Description	Unit Price	Extended Price
		<u>Addendum #3</u>		
		Project: Marshall University's Purchasing Performance Audit  Date: November 30, 2020 Time: 3:00pm EST  The purpose of this addendum is to modify and/or clarify project requirements as per the attached information. The updated information must be taken into account in preparing proposals and shall become a part of the final contract documents.  Receipt of this addendum must be acknowledged in the space provided on this front page and within this addendum, see page 4.		

**Total**

To the Office of Purchasing,  
 In compliance with the above, the undersigned offers and agrees, if this offer is accepted within \_\_\_\_\_ calendar days (30 calendar days unless a different period is inserted by the purchaser) from the bid open date, specified above, to furnish any or all items upon which prices are offered, at the price set opposite each item, delivered at the designated point(s), within the time specified.

Bidder guarantees shipment from \_\_\_\_\_ within \_\_\_\_\_ days  
 FOB \_\_\_\_\_ After receipt of order at address shown  
 Terms \_\_\_\_\_

Bidder's name Vendor MGT of America Consulting, LLC  
 Signed By [Signature]  
 Typed Name J. Bradley Burgess  
 Title Executive Vice President  
 Street Address 4320 West Kennedy Boulevard  
 City/State/Zip Tampa, Florida 33609  
 Date 11/24/2020 Phone 888.302.0899

**SOLICITATION NUMBER: MU21PAUDIT**  
**MARSHALL UNIVERSITY PURCHASING PERFORMANCE AUDIT**

**Addendum Number: No. 03**

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The purpose of this addendum is to modify the solicitation identified as ("Solicitation") to reflect the change(s) identified and described below.

**Applicable Addendum Category:**

- Modify bid opening date and time
- Modify specifications of product or service being sought
- Attachment of vendor questions and responses
- Attachment of pre-bid sign-in sheet
- Correction of error
- Other

**Description of Modification to Solicitation:**

Addendum issued to publish and distribute the attached documentation to the vendor community.

1. To answer bidders' questions from the mandatory pre-bid/proposal meeting
2. To provide data
3. To attach the pre-bid/proposal attendee sheet

NO OTHER CHANGES.

Additional Documentation: Documentation related to this Addendum (if any) has been included herewith and is specifically incorporated herein by reference.

**Terms and Conditions:**

1. All provisions of the Solicitation and other addenda not modified herein shall remain in full force and effect.
2. Vendor should acknowledge receipt of all addenda issued for this Solicitation by completing an Addendum Acknowledgment, a copy of which is included herewith. Failure to acknowledge addenda may result in bid disqualification. The addendum acknowledgement should be submitted with the bid to expedite document processing.

MU21PAUDIT Addendum number three (3) provides a list of attendees and answers to Firms' questions from the Virtual Pre-Bid/Proposal Conference held November 16, 2020 at 10:00 a.m.

**Q1.** Has the University established a budget for this project? If so, what is the budgeted amount?

A1. A budget has not been established.

**Q2.** What is the timeframe to complete the project?

A2. The Institution would like to receive the final report by May 31, 2021. MU currently plans to issue this contract by January 15, 2021.

**Q3.** What is the LPT Time Zone equivalent to?

A3. Please use the Eastern Standard Time Zone, (Addendum #2, item A5)

**Q4.** Please provide a copy of the previous audit.

A4. Provided in Exhibit B

**Q5.** Please provide the amount paid for the previous audit.

A5. \$41,500.00

**Q6.** Who completed the 2015, 2016, and 2017 audit?

A6. Matrix Consulting Group

**Q7.** What is the difference in scope from the previous audit?

A7. Difference in scope is the volume of transactions used to audit Purchasing Card Utilization.

**Q8.** What is the preferred virtual platform?

A8. The preferred Virtual platform would be Microsoft Team

**Q9.** Will the University request the firm performing the audit to assist with correcting/implementing the recommendations or will Marshall look to correct/ implement internally?

A9. Marshall will look to correct/implement all recommendations internally.

**10.** Statistical data is provided in Exhibit A

**11.** The pre-bid/proposal attendee list is attached as Exhibit C

**Attachments:**

Exhibit A – MU Purchasing and MU PCard Statistics (Chart 1)

Exhibit B – Previous Purchasing Performance Audit issued June 2018

Exhibit C – Pre-Bid/Proposal Attendee list

PURCHASING CONTINUATION SHEET

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Requisition No.: MUP21PAUDIT

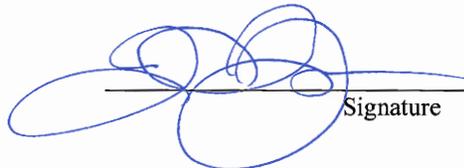
ADDENDA ACKNOWLEDGEMENT

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

Addenda:

- No. 1           X
- No. 2           X
- No. 3           X
- No. 4
- No. 5

I understand that failure to confirm the receipt of the each Addendum is cause for rejection of bids.

  
\_\_\_\_\_  
Signature

          MGT of America Consulting, LLC            
Company

          11/24/2020            
Date

<b>Request for Proposals</b>		<b>Marshall University Office of Purchasing One John Marshall Drive Huntington, WV 25755-4100</b>	<b>PROPOSAL #</b>
		Direct all inquiries regarding this order to: (304) 696-2599	MU21PAUDIT Addendum #4

**Vendor:** MGT of America Consulting, LLC  
**Phone:** 888.302.0899  
**Fax:** 850.385.4501  
**FEIN/SSN:** 81-0890071

**For information contact: Purchasing**  
**Contact:** Angela White Negley  
**Email:** [negley4@marshall.edu](mailto:negley4@marshall.edu)  
 & [purchasing@marshall.edu](mailto:purchasing@marshall.edu)  
**Phone:** (304) 696-2599

Sealed requests for proposals furnishing services described below will be received by the Institution. TO RECEIVE CONSIDERATION FOR AWARD, UNLESS OTHERWISE NOTED, THE PROPOSAL WILL BE SUBMITTED IN BONFIRE ON OR BEFORE THE DATE AND TIME SHOWN FOR THE PROPOSAL OPENING. The Institution reserves the right to accept or reject proposals separately or as a whole, to reject any or all proposals, to waive informalities or irregularities and to contract as the best interests of the Institution may require. PROPOSALS ARE SUBJECT TO THE GENERAL TERMS AND CONDITIONS AS SET FORTH HEREIN.

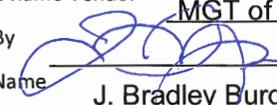
<b>DATE</b> 11/24/2020	Pre-proposal/bid meeting 11/16/2020 @10 a.m. EST Completed	<b>DEPARTMENT REQUISITION NO.</b>	<b>BIDS OPEN:</b> 3:00 p.m. on 12/7/20	<b>BIDDER MUST ENTER DELIVERY DATE FOR EACH ITEM BID</b>
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Item #	Quantity	Description	Unit Price	Extended Price
		<u>Addendum #4</u> Project: Marshall University's Purchasing Performance Audit Date: December 7, 2020 (revised date) Time: 3:00pm EST Join Zoom Meeting: <a href="https://marshall.zoom.us/j/98346439616?pwd=TFVvMEVlV1ZMZTJlSjZmZU0xRVk1PUT09">https://marshall.zoom.us/j/98346439616?pwd=TFVvMEVlV1ZMZTJlSjZmZU0xRVk1PUT09</a> The purpose of this addendum is to extend the bid opening time and date and to attach the corrected pre-bid/proposal sign-in sheet as Exhibit C - Revised. The updated information must be taken into account in preparing proposals and shall become a part of the final contract documents. Receipt of this addendum may be acknowledged in the space provided on this front page and within this addendum, see page 5. Pg. 5 will suffice for previous addenda.		

**Total**

To the Office of Purchasing,  
 In compliance with the above, the undersigned offers and agrees, if this offer is accepted within \_\_\_\_\_ calendar days (30 calendar days unless a different period is inserted by the purchaser) from the bid open date, specified above, to furnish any or all items upon which prices are offered, at the price set opposite each item, delivered at the designated point(s), within the time specified.

Bidder guarantees shipment from \_\_\_\_\_ within \_\_\_\_\_ days  
 FOB \_\_\_\_\_ After receipt of order at address shown  
 Terms \_\_\_\_\_

Bidder's name Vendor MGT of America Consulting, LLC  
 Signed By   
 Typed Name J. Bradley Burgess  
 Title Executive Vice President  
 Street Address 4320 West Kennedy Boulevard  
 City/State/Zip Tampa, Florida 33609  
 Date 11/24/2020 Phone 888.302.0899

**SOLICITATION NUMBER: MU21PAUDIT**  
**MARSHALL UNIVERSITY PURCHASING PERFORMANCE AUDIT**

**Addendum Number: No. 04**

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The purpose of this addendum is to modify the solicitation identified as ("Solicitation") to reflect the change(s) identified and described below.

**Applicable Addendum Category:**

- Modify bid opening date and time
- Modify specifications of product or service being sought
- Attachment of vendor questions and responses
- Attachment of pre-bid sign-in sheet
- Correction of error
- Other

**Description of Modification to Solicitation:**

Addendum issued to publish and distribute the attached documentation to the vendor community.

1. To extend bid opening date and time to December 7, 2020 @ 3:00 pm EST
2. To attach corrected pre-bid/proposal sign-in sheet

**NO OTHER CHANGES.**

Additional Documentation: Documentation related to this Addendum (if any) has been included herewith and is specifically incorporated herein by reference.

**Terms and Conditions:**

1. All provisions of the Solicitation and other addenda not modified herein shall remain in full force and effect.
2. Vendor should acknowledge receipt of all addenda issued for this Solicitation by completing an Addendum Acknowledgment, a copy of which is included herewith. Failure to acknowledge addenda may result in bid disqualification. The addendum acknowledgement should be submitted with the bid to expedite document processing.



Office of Purchasing  
**MANDATORY VIRTUAL PRE-BID/PROPOSAL MEETING ATTENDEE SHEET**  
**MU21PAUDIT ADDENDUM #4 EXHIBIT C - Revised**

**PROJECT NAME:** Marshall University Purchasing Performance Audit  
**PROJECT NO:** MU21PAUDIT  
**MEETING PLACE:** <https://marshall.zoom.us/j/98279946807?pwd=bHJPSEpCYs9UejgxUTE2T1ZkWXRRQT09&from=addon>  
**DATE:** November 16, 2020 @ 10:00 am EST

**Confirmed Email Attendees:**

#	NAME	TITLE	REPRESENTING	PHONE	CELL	FAX	EMAIL	
1.	Kevin Knight	Senior Manager, Business Development	Stinnett & Associates		918-269-8862	888.808.4111	<a href="mailto:kevin.knight@stinnett-associates.com">kevin.knight@stinnett-associates.com</a>	
2.	Alan Pennington	Matrix Consulting Group	Matrix Consulting Group,	618.795.1995			<a href="mailto:apennington@matrixcg.net">apennington@matrixcg.net</a>	
3.	Ron Steinkamp	Partner, Advisory Services and Public Sector	Brown Smith Wallace LLP	314.983.1238			<a href="mailto:rsteinkamp@bswllc.com">rsteinkamp@bswllc.com</a>	
	Cory M. Metz	Manager, Advisory Services		314-983-1216	636-675-2928		<a href="mailto:cmetz@bswllc.com">cmetz@bswllc.com</a>	
4.	Randy Sherrod	MANAGER, Risk Advisory Services	Dixon Hughes Goodman LLP	804-474-6857	804-728-8339	804-282-1461	<a href="mailto:randy.sherrod@dhq.com">randy.sherrod@dhq.com</a>	
5.	Joe Tereshinski	Senior Manager, Supply Chain	Protiviti	404-926-4304	980-395-4330		<a href="mailto:joe.tereshinski@protiviti.com">joe.tereshinski@protiviti.com</a>	
	Bernie Donachie	Managing Director, Global Supply Chain Lead		x31062				<a href="mailto:bernie.donachie@protiviti.com">bernie.donachie@protiviti.com</a>
	Jim Aerni	Managing Director, Internal Audit & Financial Advisory						<a href="mailto:james.aerni@protiviti.com">james.aerni@protiviti.com</a>
	Jen Zatchey	Associate Director, Internal Audit & Financial Advisory						<a href="mailto:jen.zatchey@protiviti.com">jen.zatchey@protiviti.com</a>
	Julia Sloan	Senior Manager, Supply Chain						<a href="mailto:julia.sloan@protiviti.com">julia.sloan@protiviti.com</a>
6.	Darin V. Iacobelli	Partner – Consulting Services	NawrockiSmith Certified Public Accounts & Business Consultants	631-756-9500	631-834-2103	631-756-9818	<a href="mailto:diacobelli@nslpcpa.com">diacobelli@nslpcpa.com</a>	
	Dimitris Bantileskas			x209			<a href="mailto:dbantileskas@nslpcpa.com">dbantileskas@nslpcpa.com</a>	
7.	Bar Sisson	Senior Proposal Development Coordinator	MGT Consulting Group	916-760-4161	916-718-3190		<a href="mailto:bsisson@mgtconsulting.com">bsisson@mgtconsulting.com</a>	
	Ricardo Ceppin	Senior Consultant		813-843-5801			<a href="mailto:rcepin@mgtconsulting.com">rcepin@mgtconsulting.com</a>	
8.	Sarah Crouse	Manager	Suttle & Stalnaker, PLLC				<a href="mailto:scrouse@suttlecpas.com">scrouse@suttlecpas.com</a>	
	Kelly Shafer	Proposed engagement member					<a href="mailto:kshafer@suttlecpas.com">kshafer@suttlecpas.com</a>	



Office of Purchasing  
**MANDATORY VIRTUAL PRE-BID/PROPOSAL MEETING ATTENDEE SHEET**  
**MU21PAUDIT ADDENDUM #4 EXHIBIT C - Revised**

**Marshall University and Other Attendees on call:**

#	NAME	TITLE	REPRESENTING	PHONE	CELL	FAX	EMAIL
9.	Angela White Negley	Chief Procurement Officer/Director	Marshall University Operations Office of Purchasing	304-696-2599		304-696-3333	<a href="mailto:negley4@marshall.edu">negley4@marshall.edu</a>
10.	Michelle Wheeler	Associate Director	Marshall University Operations Office of Purchasing	304-696-2727		304-696-3333	<a href="mailto:wheelersha@marshall.edu">wheelersha@marshall.edu</a>
11.	Justin Hawthorne	Purchasing Agent	Marshall University Operations Office of Purchasing	304-696-2820		304-696-3333	<a href="mailto:hawthorne2@marshall.edu">hawthorne2@marshall.edu</a>
12.	Perry Chaffin	Director of Audits	Marshall University Internal Audit	304-696-3377		304-696.4354	<a href="mailto:chaffin@marshall.edu">chaffin@marshall.edu</a>
13.	Jason Baldwin	Budget Manager	Marshall University Finance Budget Office	304-696-5143		304-696.4354	<a href="mailto:baldwinja@marshall.edu">baldwinja@marshall.edu</a>
14.	Teresa Meddings	PCard Coordinator	Marshall University Finance Purchasing Card	304-696-2215			<a href="mailto:marcumte@marshall.edu">marcumte@marshall.edu</a>
15.	Stephanie Smith	Purchasing Representative	Marshall University Operations Office of Purchasing	304-696-2821		304-696-3333	<a href="mailto:smiths@marshall.edu">smiths@marshall.edu</a>

PURCHASING CONTINUATION SHEET

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Requisition No.: MUP21PAUDIT

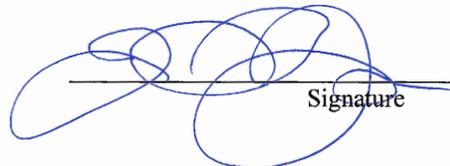
ADDENDA ACKNOWLEDGEMENT

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

Addenda:

- No. 1           X
- No. 2           X
- No. 3           X
- No. 4           X
- No. 5

I understand that failure to confirm the receipt of the each Addendum is cause for rejection of bids.

  
\_\_\_\_\_  
Signature

          MGT of America Consulting, LLC            
Company

          11/24/2020            
Date



Ron DeSantis, Governor

Halsey Beshears, Secretary



**STATE OF FLORIDA**  
**DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION**

**BOARD OF ACCOUNTANCY**

THE CERTIFIED PUBLIC ACCOUNTANT HEREIN IS LICENSED UNDER THE  
PROVISIONS OF CHAPTER 473, FLORIDA STATUTES

**CEPIN, RICARDO**

8246 WILLOW BEACH DRIVE  
RIVERVIEW FL 33578

**LICENSE NUMBER: AC48693**

**EXPIRATION DATE: DECEMBER 31, 2021**

Always verify licenses online at [MyFloridaLicense.com](http://MyFloridaLicense.com)



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**CERTIFIED FRAUD EXAMINER**

**Mr. Ricardo Cepin, CFE, CPA**

**797728**

**Certified: October 19, 2016**

**Expiration Date: September 30, 2021**

# State of Illinois

## Department of Financial and Professional Regulation Division of Professional Regulation

LICENSE NO.  
239.020303

The person, firm, or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below:

EXPIRES:  
09/30/2021

### REGISTERED CERTIFIED PUBLIC ACCOUNTANT



JERROLD EMIL WOLF  
965 VOLTZ ROAD  
NORTHBROOK, IL 60062



*Bryan A. Schneider*

BRYAN A. SCHNEIDER  
SECRETARY

*Jessica Baer*

JESSICA BAER  
DIRECTOR

The official status of this license can be verified at [www.idfpr.com](http://www.idfpr.com)

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For future reference, IDFPR is now providing each person/business a unique identification number, 'Access ID', which may be used in lieu of a social security number, date of birth or FEIN number when contacting the IDFPR. Your Access ID is: 3490262

LICENSE NO.  
239.020303

Department of Financial and Professional Regulation  
Division of Professional Regulation



### REGISTERED CERTIFIED PUBLIC ACCOUNTANT

JERROLD EMIL WOLF

EXPIRES:

09/30/2021

*Bryan A. Schneider*

BRYAN A. SCHNEIDER  
SECRETARY

*Jessica Baer*

JESSICA BAER  
DIRECTOR

The official status of this license can be verified at [www.idfpr.com](http://www.idfpr.com)

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**MGT of America, LLC  
and Subsidiaries**

**June 30, 2019 and 2018**

**Consolidated Financial Statements and  
Independent Auditor's Report**



## Table of Contents

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Consolidated Statement of Cash Flows for the years ended June 30, 2019 and 2018 .....	8
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**INDEPENDENT AUDITOR'S REPORT**

To the Members  
MGT of America, LLC and Subsidiaries  
Tampa, Florida

We have audited the accompanying consolidated financial statements of MGT of America, LLC and Subsidiaries ("Company"), which comprise the consolidated balance sheets as of June 30, 2019 and 2018, and the consolidated statement of operations, consolidated statement of changes in members' equity, and consolidated statement of cash flows for the years then ended, and the related notes to the consolidated financial statements.

**Management's Responsibility for the Consolidated Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Experienced, resourceful and passionate about your needs

**INDEPENDENT AUDITOR'S REPORT (Continued)**

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MGT of America, LLC and Subsidiaries as of June 30, 2019 and 2018, and the results of its consolidated operations and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Is and company

Is and company

St. Petersburg, Florida  
December 19, 2019

**MGT of America, LLC and Subsidiaries**  
**Consolidated Balance Sheets**  
**As of June 30, 2019 and 2018**

	2019	2018
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 582,023	\$ 1,472,861
Accounts receivable, net	4,196,896	4,552,784
Unbilled receivables	3,378,493	2,172,756
Prepaid expenses	210,321	84,493
Total current assets	8,367,733	8,282,894
Property and equipment, net	493,413	503,687
Goodwill	4,821,833	5,013,724
Other assets and intangibles, net	1,002,556	426,074
Deposits	30,672	57,232
Total other assets	6,348,474	6,000,717
Total assets	\$ 14,716,207	\$ 14,283,611
<b>Liabilities and members' equity</b>		
Current liabilities:		
Accounts payable	\$ 759,511	\$ 1,195,105
Accrued liabilities	923,697	1,475,866
Due to (from) related parties	151,103	(31,619)
Equipment Lease	-	91,000
Lines of credit	3,082,815	2,959,195
Deferred revenue	206,283	159,563
Term Loan, current portion	267,257	292,579
Related party notes payable, current portion	217,171	221,632
Total current liabilities	5,607,837	6,363,321
Long-term liabilities:		
Capital Lease	-	138,300
Accrued benefits	514,067	514,066
Term loan, less current portion	704,981	981,400
Related party notes payable, less current portion	1,433,166	1,657,513
Total liabilities	8,260,051	9,654,600
Members' equity:		
Total liabilities and members' equity	\$ 14,716,207	\$ 14,283,611

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

**MGT of America, LLC and Subsidiaries**  
**Consolidated Statement of Operations**  
**For the Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Revenue	\$ 24,276,690	\$ 24,040,737
Salaries and benefits	12,885,965	10,426,609
Contract labor	4,676,699	6,872,091
Travel	1,853,537	1,813,444
	<u>19,416,201</u>	<u>19,112,144</u>
Gross profit	<u>4,860,489</u>	<u>4,928,593</u>
General and administrative expenses		
Operating expenses	2,290,570	2,087,757
Occupancy	434,323	466,721
Interest	299,702	245,535
Depreciation and amortization	303,102	95,132
Total general and administrative expenses	<u>3,327,697</u>	<u>2,895,145</u>
Other income	174,237	359,000
Net income	<u>\$ 1,707,029</u>	<u>\$ 2,392,448</u>

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

**MGT of America, LLC and Subsidiaries**  
**Consolidated Statement of Changes in Members' Equity**  
**For the Years Ended June 30, 2019 and 2018**

	Total	Common Units	Preferred Units
June 30, 2017	\$ 3,829,680	\$ 1,953,218	\$ 1,876,462
Net income before taxes	2,392,448	2,392,448	-
Priority charges	-	(191,934)	191,934
Common shares vested/purchased	136,907	136,907	-
Shares purchased	(1,727,764)	(121,464)	(1,606,300)
Distributions	(2,260)	(2,260)	-
June 30, 2018	\$ 4,629,011	\$ 4,166,915	\$ 462,096
Net income before taxes	1,707,029	1,707,029	-
Priority charges	-	(115,524)	115,524
Common shares vested/purchased	138,970	138,970	-
Distributions	(18,854)	(18,854)	-
June 30, 2019	\$ 6,456,156	\$ 5,878,536	\$ 577,620

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

**MGT of America, LLC and Subsidiaries**  
**Consolidated Statement of Operations**  
**For the Years Ended June 30, 2019 and 2018**

	2019	2018
Cash Flow from operating activities		
Net Income	\$ 1,707,029	\$ 2,392,448
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	303,102	95,132
Change in allowance for bad debts	143,648	-
Gain on preferred member unit redemption		(359,000)
Employee units vested	138,970	136,907
Change in operating assets and liabilities		
Accounts receivable and unbilled	(849,849)	(1,461,983)
Prepaid assets	(125,828)	(91,863)
Due to related party	182,722	(32,063)
Deposits and other assets	26,560	(4,072)
Deferred revenue	46,720	(922,186)
Accounts payable and accrued expenses	(987,762)	517,394
Net cash from operations	585,312	270,714
Cash flow from investing activities		
Purchase of property and equipment	(143,647)	(185,439)
Acquisitions and long term contracts	(576,482)	(232,249)
Payments on capital leases	(229,300)	(42,107)
Distributions to members	(18,854)	(2,260)
Net cash from investing activities	(968,283)	(462,055)
Cash flow from financing activities		
Payments on line of credit, net	(123,620)	609,002
Principal payments on debt	(270,017)	(1,396,768)
Payments on related party debt	(242,230)	(31,619)
Proceeds from VNB loan	128,000	1,310,000
Net cash from financing activities	(507,867)	490,615
(Decrease) increase in cash	(890,838)	299,274
Cash, beginning of year	1,472,861	1,173,587
Cash, end of year	\$ 582,023	\$ 1,472,861
Supplemental Disclosure of cash flow information:		
Cash paid during the year for interest	\$ 299,702	\$ 245,535
Supplemental schedule of non cash financing and investing activities		
Related party notes with former founders in exchange for their preferred interests		\$ 1,206,000

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

**MGT of America, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2019 and 2018 and for the Years Ended June 30, 2019 and 2018**

**1. Description of Business**

MGT of America, LLC (MGT) along with its subsidiaries (MGT of America Consulting, LLC and Strategos Public Affairs, LLC) (collectively called “the Company”) is a nationwide professional services firm that delivers a diverse range of consulting services to public and public related agencies in the following markets: financial services, educational transformation, PK-12, higher education, facilities, disparity, human resources, and cyber security.

**2. Basis of Presentation and Consolidation**

The accompanying audited consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and reflect the financial statement presentation and disclosure requirements under U.S. GAAP. The consolidated financial statements include the accounts of MGT along with its subsidiaries as noted above. All significant intercompany transactions have been eliminated in consolidation.

**3. Summary of Significant Accounting policies under US GAAP**

**Use of Estimates**

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include cash or deposits with financial institutions and deposits in highly liquid money market securities. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. Bank deposits at times may exceed federally insured limits. Amounts over the FDIC insurance limit at June 30, 2019 and 2018 were approximately \$461,900 and \$1,409,600, respectively.

**Accounts Receivable, Net**

The Company carries its accounts receivable at face value less an allowance for doubtful accounts. The allowance for doubtful accounts is established to cover probable and reasonably estimable losses. The Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on historical experience, aging analyses, specifically identified troubled receivable balances that are past due and other currently available information, including macroeconomic factors. Uncollectible receivables are charged to bad debt expense when that determination is made. Bad debt expense for the year ended June 30, 2019 and 2018 was \$146,000 and \$8,000, respectively. Allowance for doubtful accounts was \$166,700 and \$29,000 for the years ended June 30, 2019 and 2018.

**MGT of America, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2019 and 2018 and for the Years Ended June 30, 2019 and 2018**

**3. Summary of Significant Accounting policies under US GAAP - Continued**

**Property and Equipment, Net**

Property and equipment are carried at cost, net of accumulated depreciation and amortization. Maintenance repairs and minor improvements are expensed as incurred. Depreciation is computed using the straight-line method of depreciation over the estimated useful lives of the assets, as follows:

Technology equipment and software	3 to 5 years
Furniture and fixtures	15 years
Leasehold improvements	Term of lease

**Goodwill and Intangible Assets**

Goodwill consists of the excess of purchase price over the fair value of identifiable net assets of companies acquired. In accordance with the Accounting Standards Codification (“ASC”) 350 “Intangibles-Goodwill and Other”, the carrying amount of goodwill and intangible assets is to be reviewed at least annually for impairment, and losses in value, if any, will be charged to operations in the period of impairment. Accounting Standards Update 2011-8 permits an entity to evaluate qualitative factors to assess whether impairment is more likely than not to have occurred. The test for impairment was completed for the years ended June 30, 2019 and 2018. Goodwill was determined to not be impaired for the years ended June 30, 2019 and 2018.

In June 2019, partners of Fiscal Choice joined the Company. They were given one year employment agreements with earn out targets of \$100,000 if performance metrics were met. In August 2017, the Company acquired the assets of Anderson Strickler (AS), a management consultancy firm for \$50,000 at closing and \$286,000 payable over the next three years based on AS achieving certain earn out targets. Earn out targets were not met for the first payoff of \$50,000 due in August 2018 except for the guarantee of \$25,000. The remaining targets to achieve the additional payouts in 2019 and 2020 will not be met and goodwill was adjusted by \$211,000 to reflect that these payoffs would not occur.

Intangible assets are recorded at their estimated fair value at the date of acquisition. Intangible assets are amortized using the straight-line method over 15 years. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Assets that are deemed to be potentially impaired are evaluated for recoverability based upon management’s estimates of future discounted cash flows. If the carrying value exceeds the recoverable amount of the asset, the deficiency is recorded as an impairment loss. No fixed or intangible assets impairment charges were recorded for the years ended June 30, 2019 and 2018.

**Fair Value Measurements**

The Company’s financial instruments primarily consist of cash, accounts receivable, accounts payable, and debt. The fair value of cash, accounts receivable, and accounts payable approximate carrying value since they are relatively short-term in nature. The carrying value of debt approximates fair value due either to length of maturity or existence of interest rates that approximate the prevailing market rates.

Read accompanying Independent Auditor’s Report.

**MGT of America, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2019 and 2018 and for the Years Ended June 30, 2019 and 2018**

**3. Summary of Significant Accounting policies under US GAAP - Continued**

**Income Taxes and Priority Charges**

The Company operates as a partnership for U.S. federal and state income tax purposes with a calendar year end. Generally, the tax liability related to income earned represents obligations of the individual members and has not been reflected in the consolidated financial statements. In the operating agreement, preferred members earn a 4% dividend on capital invested payable at the discretion of management with board approval. This obligation is not charged against earnings but shown as priority charge in the Statement of Changes in Members' equity.

The Company accounts for uncertain tax positions, if any in accordance with FASB Accounting Standards Codification 740. In accordance with these professional standards, the Company recognizes tax positions only to the extent management believes it is "more likely than not" that its tax positions will be sustained upon IRS examination. Management believes it has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements for the years ended June 30, 2019 and 2018. The Company believes that its income tax filings positions will be sustained upon examination and does not anticipate any adjustments that would result in material adverse effect on the Company's consolidated balance sheet, consolidated statement of operations or consolidated cash flows. Accordingly, the Company has not recorded any accruals for interest and penalties for uncertain income tax positions at June 30, 2019.

The Company's income tax returns are subject to examination by taxing authorities since its formation. At June 30, 2019 the following tax years are subject to examination

<u>Jurisdiction</u>	<u>Open Years for Filed Returns</u>
Federal	December 31, 2016, 2017 and 2018
Various State	December 31, 2016, 2017 and 2018

**Revenue Recognition**

Revenues include all amounts billable to clients. Revenues are principally recognized as services are rendered by employees of the Company and subcontractors working under the authority of the Company. The impact of performance variances to engagement revenues recognized to date, from changes in expected revenues, are recorded in the period in which these changes become known. Unbilled accounts receivable represents revenues for services rendered and expenses incurred that have not yet been billed. Billings in excess of services rendered are recorded as deferred revenues until the applicable revenue recognition criteria are met. The Company also derives revenues from engagements with incentive-based contracts and other contracts that condition fees on the ability to deliver certain defined goals. Revenues from such engagements are not recognized until a defined goal or milestone is met

**Advertising Costs**

Advertising costs are charged to expense as incurred. Related expenses included in operating expenses in the accompanying consolidated statement of operations for the years ended June 30, 2019 and 2018 were approximately \$4,700 and \$11,000, respectively.

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2019 and 2018 and for the Years Ended June 30, 2019 and 2018**

**3. Summary of Significant Accounting policies under US GAAP - Continued**

**Credit Risks**

The Company provides professional services to many geographically diverse customers primarily across the public sector. The Company performs ongoing credit evaluations of its clients and generally does not require collateral. Accounts receivable are reviewed on a periodic basis and an allowance for doubtful accounts is recorded where such amounts are determined to be uncollectible. Due to the large number of client accounts and the type of client base, management does not believe that a significant exposure from a concentration of credit risk exists.

**Reclassifications**

The Company has reclassified certain prior year amounts to conform to current year presentation. These reclassifications had no effect on previously reported net income or total equity.

**4. Property and Equipment, net**

Property and equipment, net consists of the following at June 30:

	2019	2018
Computers and Software	\$ 493,780	\$ 659,484
Furniture and equipment	43,542	80,655
Leasehold improvements	36,170	36,170
Assets under constuction	208,665	151,200
	782,157	927,509
less accumulated depreciation	(288,744)	(423,822)
	\$ 493,413	\$ 503,687

Depreciation expense for the year ended June 30, 2019 and 2018 was approximately \$154,000 and \$53,000, respectively.

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2019 and 2018 and for the Years Ended June 30, 2019 and 2018**

**5. Other and Intangible Assets, net**

Other and Intangible assets consist of the following:

	2019	2018	Estimated life (years)
Non-complete agreements	\$ 771,277	\$ 771,277	15
Customer relationships	1,088,000	1,088,000	15
Contracts	747,760	118,394	2-4
Other	85,735	-	2-4
	<u>2,692,772</u>	<u>1,977,671</u>	
less accumulated depreciation	<u>(1,690,216)</u>	<u>(1,551,597)</u>	
	<u>\$ 1,002,556</u>	<u>\$ 426,074</u>	

Amortization expense was approximately \$150,000 and \$42,000 for the years ended June 30, 2019 and 2018, respectively. Estimated future amortization is estimated to be approximately \$250,000 for the next four years and \$42,000 thereafter.

**6. Line of Credit**

The Company has three lines of credit for a total of \$5,150,000 with interest rates of prime plus one percent – approximately 6 % as of June 30, 2019. Interest on the lines is due monthly and the outstanding principal balance is due in full on demand. The outstanding balances owed on the lines of credit at June 30, 2019 and 2018 were approximately \$3,083,000 and \$2,959,000. The lines of credit are collateralized by all assets of the Company. At June 30, 2019 and 2018, the Company is compliant with all covenants.

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2019 and 2018 and for the Years Ended June 30, 2019 and 2018**

**7. Long Term Debt**

In May 2019, the Company refinanced its \$1,300,000 term loan and restructured the terms of its lines of credit to finance continued growth of the business.

Long Term debt consists of the following:

	<u>2019</u>	<u>2018</u>
Term loan due in monthly installment of \$31,486 and \$24,843 in 2019 and 2018 including interest at 5.5% through January 2023, secured by the assets of the Company and guaranteed by a member of the Company.	\$ 1,229,068	\$ 1,262,094
Term loan due in monthly installments of \$4,500 in 2019 and 2018 including interest at 5% through October 2019. Secured by all assets of Strategos Public Affairs, LLC	<u>17,818</u>	<u>69,485</u>
	1,246,886	1,331,579
Less current installments of long-term debt	<u>(267,257)</u>	<u>(292,579)</u>
Long-term debt, excluding current installments	979,629	1,039,000
Capitalized loan costs	<u>(274,648)</u>	<u>(57,600)</u>
Long-term debt	<u>\$ 704,981</u>	<u>\$ 981,400</u>

As of June 30, 2019, the annual maturities of long-term debt are as follows:

<u>June 30,</u>	
2020	\$ 267,257
2021	308,871
2022	335,151
2023	<u>335,607</u>
	<u>\$ 1,246,886</u>

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2019 and 2018 and for the Years Ended June 30, 2019 and 2018**

**8. Lease Obligations**

The Company leases various operating facilities in Florida, Michigan and California with non-cancelable lease terms through 2025. The leases require payments of taxes and certain other expenses. Office rent expense was approximately \$434,00 and \$466,000 in 2019 and 2018 respectively. The following is a schedule of future minimum rental commitments required under non-cancelable leases that have a minimum initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2019:

<u>June 30,</u>	
2020	\$ 400,000
2021	184,000
2022	<u>151,000</u>
	<u>\$ 735,000</u>

In 2018, the Company began leasing certain computer equipment under leases classified as capital leases. In 2019, the computer equipment under lease was purchased for \$243,000 by the Company and recorded as fixed assets. No other capital leases exist as of June 30, 2019.

**9. Retirement Plan**

The Company has adopted a 401(k)-profit sharing plan. Eligible employees may contribute elective pre-tax deferrals subject to Internal Revenue Service limitations. The Company matches contributions up to 3% of an employee's compensation. Employee contributions vest over a six year period. Total employer contributions for the year ended June 30, 2019 and 2018 were approximately \$248,000 and \$222,000, respectively.

**10. Related Party Transactions**

In June 2018, the former founders exchanged their preferred interests for long term notes with an original principal balance of \$1,206,000, payable in 96 monthly principal payments of \$12,706 plus interest of 4.25%. In 2014, CPI, a company majority owned by former stock holders of MGT of America, Inc. entered into a loan agreement with an original principal balance of \$ 1,000,000 with the Company to fund ongoing operations payable monthly through July 15, 2025 plus interest of 6.25%.

**MGT of America, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2019 and 2018 and for the Years Ended June 30, 2019 and 2018**

**10. Related Party Transactions – Continued**

Related party notes consist of the following:

	2019	2018
Related party debt due in monthly payments of \$12,706 plus interest of 4.25% through July 2026	\$ 1,047,114	\$ 1,197,399
Related party debt due in monthly payments of \$9,288 plus interest of 6.25% through September 2025. Secured by accounts receivable of the Company	593,223	671,746
Due to member	10,000	10,000
	\$ 1,650,337	\$ 1,879,145
Less current installments of long-term debt	(217,171)	(221,632)
Long-term debt, excluding current installments	\$ 1,433,166	\$ 1,657,513

As of June 30, 2019, the annual maturities of related party debt are as follows:

June 30,		
2020	\$	217,171
2021		238,329
2022		240,110
2023		252,523
2024		265,604
thereafter		436,600
	\$	1,650,337

In 2019 and 2018, the Company incurred rent expense of approximately \$199,000 and \$226,000; legal costs of \$57,000 and \$124,000; travel costs of \$79,000 and \$115,000 and refinancing costs of \$200,000 and \$72,000 to entities that are owned by members.

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2019 and 2018 and for the Years Ended June 30, 2019 and 2018**

**11. Commitments and Contingencies**

The Company is involved in litigation arising in the ordinary course of business. Some of the actions and proceedings have been brought on behalf of various claimants and certain of these claimants seek damages of unspecified amounts. While the ultimate outcome of litigation matters cannot be predicted with certainty, it is the current opinion of management that the resolution of such litigation is not likely to have a material adverse effect on the consolidated financial statements.

**12. Voting rights**

Common units include two classes - Class A common units which have total voting rights while Class C common units have limited voting rights and can be redeemed subject to cash availability and board approval. There were 522,436 and 498,294 vested Class A units and 668,520 and 552,211 Class A issued at June 30, 2019 and 2018, respectively. Class C common units vested and issued were 22,934 and 22,934 at June 30, 2019 and 2018, respectively. At June 9, 2018, Class C units of 9,708 were redeemed as part of the related party transaction described in Note 10.

Preferred units include three types – Preferred A, Preferred B and Preferred C. Preferred A units have no voting rights. They were issued at \$1,000 per unit and can be redeemed at any time at the discretion of the Board. They accrue dividends at Prime plus 3% per annum, cumulative and payable with preference over common units. All 687 units issued and outstanding except 59 were redeemed during June 2018 for notes payable – see note 10. Preferred B units have no voting rights. They were issued at \$12 per unit and can be redeemed at any time at the discretion of the Board. They accrue dividends at 5% of Agreed Value, cumulative, payable monthly, with preference over common units. All 65,384 units were redeemed during June 2018 for notes payable. See note 10. Preferred Class C units have limited voting rights and accrue dividends at 4% to be paid at the discretion of the Board with preference over common units. There were 515,205 units outstanding as of June 30, 2019 and 2018.

**13. Subsequent Events**

Management has evaluated subsequent events through December 19, 2019, the date on which the consolidated financial statements were available to be issued. No subsequent events were identified that would require adjustment to, or disclosure in, the consolidated financial statements.

**MGT of America, LLC  
and Subsidiaries**

**June 30, 2018 and 2017**

**Consolidated Financial Statements and  
Independent Auditor's Report**



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**INDEPENDENT AUDITOR'S REPORT**

To the Members  
MGT of America, LLC and Subsidiaries  
Tampa, Florida

We have audited the accompanying consolidated financial statements of MGT of America, LLC and Subsidiaries ("Company"), which comprise the consolidated balance sheets as of June 30, 2018 and 2017, and the consolidated statement of operations, consolidated statement of changes in members' equity, and consolidated statement of cash flows for the year ended June 30, 2018 and the related notes to the consolidated financial statements.

**Management's Responsibility for the Consolidated Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Experienced, resourceful and passionate about your needs

**INDEPENDENT AUDITOR'S REPORT (Continued)**

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MGT of America, LLC and Subsidiaries as of June 30, 2018 and 2017, and the results of its operations and its cash flows for the year ended June 30, 2018 in accordance with accounting principles generally accepted in the United States of America.

Is and company  
Is and company

St. Petersburg, Florida  
November 20, 2018

**MGT of America, LLC and Subsidiaries**  
**Consolidated Balance Sheets**  
**As of June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,472,861	\$ 1,173,587
Accounts receivable, net	4,552,784	3,301,202
Unbilled accounts receivable	2,172,756	1,962,355
Prepaid expenses	202,887	111,024
Total current assets	8,401,288	6,548,168
Property and equipment, net	503,687	99,664
Other assets:		
Goodwill	5,013,724	4,781,475
Intangible assets, net	307,680	349,989
Due from related party	31,619	-
Deposits	57,232	53,160
Total other assets	5,410,255	5,184,624
Total assets	\$ 14,315,230	\$ 11,832,456
<b>Liabilities and Members' Equity</b>		
Current liabilities:		
Accounts payable	\$ 1,195,105	\$ 1,838,648
Accrued liabilities	1,475,866	330,106
Capital lease, current portion	91,000	-
Line of credit	2,959,195	2,213,286
Deferred revenue	159,563	1,081,749
Term loan, current portion	292,579	1,208,900
Related party notes payable, current portion	221,632	88,936
Total current liabilities	6,394,940	6,761,625
Long-term liabilities:		
Capital lease, less current portion	138,300	-
Accrued benefits	514,066	498,889
Term loan, less current portion	981,400	69,485
Related party notes payable, less current portion	1,657,513	672,571
Total long-term liabilities	3,291,279	1,240,945
Total liabilities	9,686,219	8,002,570
Members' equity:	4,629,011	3,829,886
Total liabilities and members' equity	\$ 14,315,230	\$ 11,832,456

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

**MGT of America, LLC and Subsidiaries**  
**Consolidated Statement of Operations**  
**For the year ended June 30, 2018**

Sales	\$ 24,040,737
Cost of sales	
Salaries and employee benefits	10,426,609
Contract labor	6,872,091
Travel	<u>1,813,444</u>
Total cost of sales	<u>19,112,144</u>
Gross profit	<u>4,928,593</u>
General and administrative expenses	
Operating expenses	2,087,757
Occupancy	466,721
Interest	245,535
Depreciation and amortization	<u>95,132</u>
Total general and administrative expenses	<u>2,895,145</u>
Other income	<u>359,000</u>
Net income	\$ <u><u>2,392,448</u></u>

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

**MGT of America, LLC and Subsidiaries**  
**Consolidated Statement of Changes in Members' Equity**  
**For the Year Ended June 30, 2018**

	<u>Total</u>	<u>Common Units</u>	<u>Preferred Units</u>	<u>Strategos Retention</u>
Balances at June 30, 2017	\$ 3,829,886	\$ 1,861,168	\$ 1,876,462	\$ 92,256
Net income	2,392,448	2,476,508	-	(84,060)
Priority charge	-	(191,934)	191,934	-
Common units vested/purchased	136,907	136,907		
Units redeemed	(1,727,970)	(121,464)	(1,606,506)	
Distributions	<u>(2,260)</u>	<u>(2,260)</u>	<u>-</u>	<u>-</u>
Balances at June 30, 2018	\$ <u>4,629,011</u>	\$ <u>4,158,925</u>	\$ <u>461,890</u>	\$ <u>8,196</u>

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

**MGT of America, LLC and Subsidiaries**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended June 30, 2018**

Cash flow from operating activities:	
Net income	\$ 2,392,448
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	95,132
Gain on preferred member unit redemption	(359,000)
Change in operating assets and liabilities:	
Accounts receivable and unbilled AR	(1,461,983)
Prepaid expenses	(91,863)
Due to related party	(32,063)
Other assets	(4,072)
Deferred revenue	(922,186)
Accounts payable and accrued expenses	517,394
Net cash used in operating activities	<u>133,807</u>
Cash flows from investing activities:	
Purchase of property and equipment	(185,439)
Acquired acquisition	(232,249)
Payments on capital lease agreements	(42,107)
Payments on related party note payable	(31,619)
Distributions to members	(2,260)
Net cash used in investing activities	<u>(493,674)</u>
Cash flows from financing activities:	
Increase in LOC, net	745,909
Principal payments on long-term debt	(1,314,406)
Proceeds from long-term debt	1,310,000
Principal payments on related party debt	(92,362)
Proceeds from related party debt	10,000
Net cash provided by financing activities	<u>659,141</u>
Increase in cash	299,274
Cash, beginning of year	<u>1,173,587</u>
Cash, end of year	<u>\$ 1,472,861</u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	<u>\$ 245,535</u>
Supplemental schedule of noncash financing and investing activities:	
Related party notes with former founders in exchange for their preferred interests	<u>\$ 1,206,000</u>
Equipment purchased with assumption of capital leases	<u>\$ 271,407</u>

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

**MGT of America, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2018 and 2017 and for the Year Ended June 30, 2018**

**1. Description of Business**

MGT of America, LLC (MGT) along with its subsidiaries (MGT of America Consulting, LLC and Strategos Public Affairs, LLC) (collectively called “the Company”) is a nationwide professional services firm that delivers a diverse range of consulting services to public and public related agencies in the following markets: financial services, educational transformation, PK-12, higher education, facilities, disparity, human resources, and cyber security.

**2. Basis of Presentation and Consolidation**

The accompanying audited consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and reflect the financial statement presentation and disclosure requirements under U.S. GAAP. The consolidated financial statements include the accounts of MGT along with its subsidiaries as noted above. All significant intercompany transactions have been eliminated in consolidation.

**3. Summary of Significant Accounting policies under US GAAP**

**Use of Estimates**

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include cash or deposits with financial institutions and deposits in highly liquid money market securities. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. Bank deposits at times may exceed federally insured limits. Amounts over the FDIC insurance limit at June 30, 2018 and 2017 were approximately \$1,409,600 and \$963,500, respectively.

**Accounts Receivable, Net**

The Company carries its accounts receivable at face value less an allowance for doubtful accounts. The allowance for doubtful accounts is established to cover probable and reasonably estimable losses. The Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on historical experience, aging analyses, specifically identified troubled receivable balances that are past due and other currently available information, including macroeconomic factors. Uncollectible receivables are charged to bad debt expense when that determination is made. There was no bad debt expense for the year ended June 30, 2018. Allowance for doubtful accounts was \$29,000 and \$25,000 for the years ended June 30, 2018 and 2017.

**MGT of America, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2018 and 2017 and for the Year Ended June 30, 2018**

**3. Summary of Significant Accounting policies under US GAAP - Continued**

**Property and Equipment, Net**

Property and equipment is carried at cost, net of accumulated depreciation and amortization. Maintenance repairs and minor improvements are expensed as incurred. Depreciation is computed using the straight-line method of depreciation over the estimated useful lives of the assets, as follows:

Technology equipment and software	3 to 5 years
Furniture and fixtures	15 years
Leasehold improvements	Term of lease

**Goodwill and Intangible Assets**

Goodwill consists of the excess of purchase price over the fair value of identifiable net assets of companies acquired. In accordance with the Accounting Standards Codification (“ASC”) 350 “Intangibles-Goodwill and Other”, the carrying amount of goodwill and intangible assets is to be reviewed at least annually for impairment, and losses in value, if any, will be charged to operations in the period of impairment. ASU 2011-8 permits an entity to evaluate qualitative factors to assess whether impairment is more likely than not to have occurred. The test for impairment was completed for the years ended June 30, 2018 and 2017. Goodwill was determined to not be impaired for the years ended June 30, 2018 and 2017.

In August 2017, the Company acquired the assets of Anderson Strickler (AS), a management consultancy firm for \$50,000 at closing, \$286,000 payable over the next three years based on AS achieving certain earn out targets. Earn out targets for the first payoff of \$50,000 due in August 2018 were not achieved and was recorded against Goodwill as of June 30, 2018. The achievements of the remaining targets are doubtful. The acquisition added one director and four staff and strengthened the Company’s capabilities in higher education.

Intangible assets are recorded at their estimated fair value at the date of acquisition. Intangible assets are amortized using the straight-line method over 15 years. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Assets that are deemed to be potentially impaired are evaluated for recoverability based upon management’s estimates of future discounted cash flows. If the carrying value exceeds the recoverable amount of the asset, the deficiency is recorded as an impairment loss. No fixed or intangible assets impairment charges were recorded for the years ended June 30, 2018 and 2017.

**Fair Value Measurements**

The Company’s financial instruments primarily consist of cash, accounts receivable, accounts payable, and debt. The fair value of cash, accounts receivable, and accounts payable approximate carrying value since they are relatively short-term in nature. The carrying value of debt approximates fair value due either to length of maturity or existence of interest rates that approximate the prevailing market rates.

Read accompanying Independent Auditor’s Report.

**MGT of America, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2018 and 2017 and for the Year Ended June 30, 2018**

**3. Summary of Significant Accounting policies under US GAAP - Continued**

**Income Taxes and Priority Charges**

The Company operates as a partnership for U.S. federal and state income tax purposes with a calendar year end. Generally, the tax liability related to income earned represents obligations of the individual members and has not been reflected in the consolidated financial statements. In the operating agreement, preferred members earn a 4% dividend on capital invested payable at the discretion of management with board approval. This obligation is not charged against earnings but shown as priority charge in the Statement of Changes in Members' equity.

The Company accounts for uncertain tax positions, if any in accordance with FASB Accounting Standards Codification 740. In accordance with these professional standards, the Company recognizes tax positions only to the extent management believes it is "more likely than not" that its tax positions will be sustained upon IRS examination. Management believes it has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements for the year ended June 30, 2018. The Company believes that its income tax filings positions will be sustained upon examination and does not anticipate any adjustments that would result in material adverse effect on the Company's consolidated balance sheet, consolidated statement of operations or consolidated cash flows. Accordingly, the Company has not recorded any accruals for interest and penalties for uncertain income tax positions at June 30, 2018.

The Company's income tax returns are subject to examination by taxing authorities since its formation. As of June 30, 2018 the following tax years are subject to examination

Jurisdiction  
Federal

Open Years for Filed Returns  
December 31, 2016 and 2017

**Revenue Recognition**

Revenues include all amounts billable to clients. Revenues are principally recognized as services are rendered by employees of the Company and subcontractors working under the authority of the Company. The impact of performance variances to engagement revenues recognized to date, from changes in expected revenues, are recorded in the period in which these changes become known. Unbilled accounts receivable represents revenues for services rendered and expenses incurred that have not yet been billed. Billings in excess of services rendered are recorded as deferred revenues until the applicable revenue recognition criteria are met. The Company also derives revenues from engagements with incentive-based contracts and other contracts that condition fees on the ability to deliver certain defined goals. Revenues from such engagements are not recognized until a defined goal or milestone is met.

**Advertising Costs**

Advertising costs are charged to expense as incurred. Related expenses included in operating expenses in the accompanying consolidated statement of operations approximated \$11,000 for the year ended June 30, 2018.

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2018 and 2017 and for the Year Ended June 30, 2018**

**3. Summary of Significant Accounting policies under US GAAP - Continued**

**Credit Risks**

The Company provides professional services to many geographically diverse customers primarily across the public sector. The Company performs ongoing credit evaluations of its clients and generally does not require collateral. Accounts receivable are reviewed on a periodic basis and an allowance for doubtful accounts is recorded where such amounts are determined to be uncollectible. Due to the large number of client accounts and the type of client base, management does not believe that a significant exposure from a concentration of credit risk exists.

**4. Property and Equipment, net**

Property and equipment, net consists of the following at June 30:

	<b>2018</b>	<b>2017</b>
Computer equipment	\$ 485,398	\$ 183,663
Software	174,086	172,022
Furniture and equipment	80,655	80,655
Leasehold improvements	36,170	36,170
Assets under construction	151,200	-
	927,509	472,510
Less accumulated depreciation	(423,822)	(372,846)
	\$ 503,687	\$ 99,664

Depreciation expense for the year ended June 30, 2018 was approximately \$53,000.

**5. Intangible Assets, net**

Intangible assets consist of the following:

	<b>2018</b>	<b>2017</b>	<b>Estimated Useful Life (Years)</b>
Non-compete agreements	\$ 771,277	\$ 771,277	15
Customer Relationships	1,088,000	1,088,000	15
	1,859,277	1,859,277	
Less accumulated amortization	(1,551,597)	(1,509,288)	
	\$ 307,680	\$ 349,989	

Estimated future amortization is estimated to be approximately \$42,000 each year through 2026. Amortization expense was approximately \$42,000 for the year ended June 30, 2018.

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2018 and 2017 and for the Year Ended June 30, 2018**

**6. Line of Credit**

The Company has two lines of credit. One line has a limit of \$3,500,000 with an interest rate of prime plus one percent. The other line has a limit of \$150,000 with an interest rate of the Wall Street Journal Prime Interest Rate. The rate on the \$3,500,000 line was 5%. The rate on the \$150,000 line at June 30, 2018 was 5%. Interest on both lines is due monthly and the outstanding principal balance is due in full on demand. The outstanding balances owed on the lines of credit at June 30, 2018 were approximately \$2,849,195 and \$110,000. The outstanding balances owed on the lines of credit at June 30, 2017 were approximately \$2,163,287 and \$50,000. The line of credit of \$3,500,000 is collateralized by all assets of the Company. The line of credit of \$150,000 is collateralized by all assets of Strategos Public Affairs, LLC. As of June 30, 2018 and 2017, the Company is in compliance with all covenants.

**7. Long Term Debt**

In February 2018, the Company replaced its \$1,200,000 term loan with a new \$1,300,000 term loan and restructured the terms of its lines of credit to finance continued growth of the business.

Long Term debt consists of the following:

	<b>2018</b>	<b>2017</b>
Term loan due in monthly installments of \$24,883, including interest at 5.5% through January 2023, secured by assets of the Company and guaranteed by a member of the Company.	\$ 1,204,494	\$ -
Term loan due in monthly installments of \$4,500.28, including interest at 5% through October 2019, secured by all assets of Strategos Public Affairs, LLC.	69,485	107,563
Term loan due in monthly installments of \$8,800 including interest at 6% for July 2017 and August 2017. Final balloon payment due September 2017. Loan was extended month to month with same terms until refinancing in February 2018. Secured by assets of the Company.	-	1,170,822
	1,273,979	1,278,385
Less current installments of long-term debt	292,579	1,208,900
Long-term debt, excluding current installments	\$ 981,400	\$ 69,485

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2018 and 2017 and for the Year Ended June 30, 2018**

**7. Long Term Debt - Continued**

As of June 30, 2018, the annual maturities of long-term debt are as follows:

<u>June 30,</u>		
2019	\$	292,579
2020		269,332
2021		265,893
2022		280,891
2023		<u>165,284</u>
	\$	<u><u>1,273,979</u></u>

**8. Lease Obligations**

The Company leases various operating facilities in Florida, Michigan and California with non-cancelable lease terms through 2025. The leases require payments of taxes and certain other expenses. Office rent expense was approximately \$466,000 in 2018. The following is a schedule of future minimum rental commitments required under non-cancelable leases that have a minimum initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2018:

<b>Year Ending</b>		
<b>June 30,</b>		
<u>2019</u>	\$	272,000
2020		278,000
2021		155,000
2022		149,000

In 2018, the Company began leasing certain computer equipment under leases classified as capital leases. The leased equipment is amortized on a straight line basis over 3 years. Total accumulated amortization related to the leased equipment was approximately \$17,100 in 2018. The following is a schedule showing the future minimum lease payments under capital leases:

<b>Year Ending</b>		
<b>June 30,</b>		
<u>2019</u>	\$	91,000
2020		90,500
2021		<u>96,600</u>
		278,100
Less interest		<u>(48,800)</u>
Total		<u><u>229,300</u></u>

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2018 and 2017 and for the Year Ended June 30, 2018**

**8. Lease Obligations - Continued**

The interest rate related to the lease obligation is six percent with a maturity date in 2021. Total property under capital lease is \$271,407.

**9. Retirement Plan**

The Company has adopted a 401(k) profit sharing plan. Eligible employees may contribute elective pre-tax deferrals subject to Internal Revenue Service limitations. The Company matches contributions up to 3% of an employee's compensation. Employee contributions vest over a six year period. Total employer contributions for the year ended June 30, 2018 was approximately \$222,000.

**10. Related Party Transactions**

In June, the former founders exchanged their preferred interests for long term notes with an original principal balance of \$1,206,000, payable in 96 monthly principal payments of \$12,706 plus interest of 4.25%. In 2014, CPI, a company majority owned by former stock holders of MGT of America, Inc. entered into a loan agreement with an original principal balance of \$ 1,000,000 with the Company to fund ongoing operations payable monthly through July 15, 2025 plus interest of 6.25%.

Related party notes consist of the following:

	<u>2018</u>	<u>2017</u>
Related party debt due in monthly payments of \$12,706 plus interest of 4.25% through July 2026.	\$ 1,197,396	\$ -
Related party debt due in monthly payments of \$9,288 plus interest of 6.25% through September 2025. Secured by accounts receivable of the Company.	671,749	751,507
Due to partner	<u>10,000</u>	<u>10,000</u>
	1,879,145	761,507
Less current installments of long-term debt	<u>221,632</u>	<u>88,936</u>
Long-term debt, excluding current installments	<u>\$ 1,657,513</u>	<u>\$ 672,571</u>

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2018 and 2017 and for the Year Ended June 30, 2018**

**10. Related Party Transactions – Continued**

As of June 30, 2018, the annual maturities of related party debt are as follows:

June 30,		
2019	\$	221,632
2020		222,460
2021		233,864
2022		245,876
2023		258,528
Thereafter		696,785
	\$	1,879,145

During 2018, the Company incurred rent expense of approximately \$226,000; legal costs of \$124,000; travel costs of \$115,000 and \$72,000 of refinancing costs to entities that are owned by members.

**11. Commitments and Contingencies**

The Company is involved in litigation arising in the ordinary course of business. Some of the actions and proceedings have been brought on behalf of various claimants and certain of these claimants seek damages of unspecified amounts. While the ultimate outcome of litigation matters cannot be predicted with certainty, it is the current opinion of management that the resolution of such litigation is not likely to have a material adverse effect on the consolidated financial statements.

**12. Voting rights**

Common units includes two classes - Class A common unit which has total voting rights while Class C common unit has limited voting rights and can be redeemed subject to cash availability and board approval. There were 483,646 and 458,479 vested units and 509,229 and 483,646 issued units Class A unit at June 30, 2018 and 2017, respectively. Class C common units vested and issued were 23,132 and 23,132 and 32,850 and 32,850 at June 30, 2018 and 2017, respectively. At June 9, 2018, Class C units were redeemed as part of the related party transaction described in Note 10.

Preferred units include three types – Preferred A, Preferred B and Preferred C. Preferred A units have no voting rights. They were issued at \$1,000 per unit and can be redeemed at any time at the discretion of the Board. They accrue dividends at Prime plus 3% per annum, payable monthly, which should be cumulative and payable with preference over common units. All of the 687 issued and outstanding units except 59 were redeemed during June 2018 for notes payable – see note 10. Preferred B units have no voting rights. They were issued at \$12 per unit and can be redeemed at any time at the discretion of the Board. They accrue dividends at 5% of Agreed Value, cumulative, payable monthly, with preference over common units. All of the 65,384 units were redeemed during June 2018 for notes payable. See note 10.

**MGT of America, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2018 and 2017 and for the Year Ended June 30, 2018**

**12. Voting rights - Continued**

Preferred Class C units have limited voting rights and accrue dividends at 4% to be paid at the discretion of the Board with preference over common units. There were 515,205 units outstanding as of June 30, 2018 and 2017.

**13. Subsequent Events**

Management has evaluated subsequent events through November 20, 2018, the date on which the consolidated financial statements were available to be issued. No subsequent events were identified that would require adjustment to, or disclosure in, the consolidated financial statements.

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# NATIONAL FIRM LOCAL FOCUS

## CALIFORNIA

Sacramento | Pasadena

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## COLORADO

Denver

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## FLORIDA

Tallahassee | Tampa

## ILLINOIS

Chicago

---

## KANSAS

Wichita

---

## MASSACHUSETTS

Boston

## MICHIGAN

Bay City

---

## NORTH CAROLINA

Raleigh

---

## OHIO

Columbus

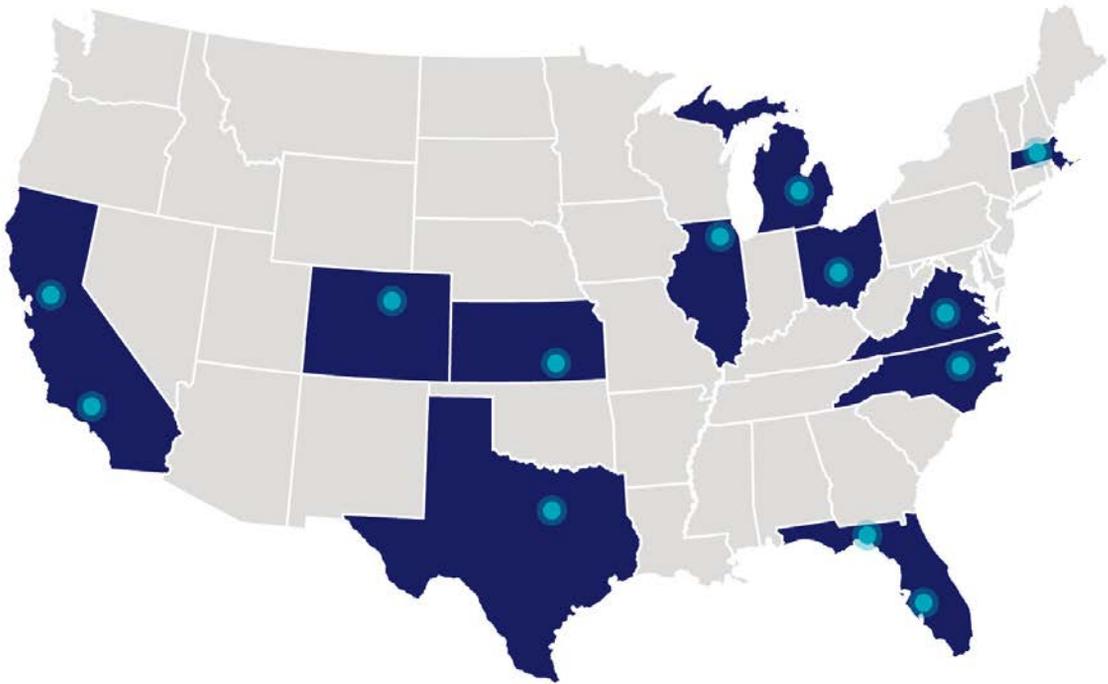
## TEXAS

Dallas

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## VIRGINIA

Richmond



4320 West Kennedy Boulevard, Tampa, Florida 33609

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## Primary Responses

Success: All data is valid!

Status	Bid/No Bid Decision	#	Item Name	Quantity Required	Numeric	Numeric	Total Cost
					Unit Price	Estimated Hours	
Success: All values provided	Bid	#0-1	INTERVIEWS, DATA COLLECTION, UPDATES	1	\$ 10,200.00	60	\$ 10,200.00
Success: All values provided	Bid	#0-2	COMPLIANCE AUDIT	1	\$ 20,400.00	120	\$ 20,400.00
Success: All values provided	Bid	#0-3	PERFORMANCE REVIEW DRAFT	1	\$ 6,800.00	40	\$ 6,800.00
Success: All values provided	Bid	#0-4	FINAL REPORT	1	\$ 6,800.00	40	\$ 6,800.00
Success: All values provided	Bid	#0-5	OTHER	1	\$ 1,320.00	8	\$ 1,320.00