



March 9, 2018

The Audit Committee of the Board of Regents  
and Dr. Thom Reilly, Chancellor  
Nevada System of Higher Education  
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Reno, NV 89512

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Dear Audit Committee and Dr. Reilly:

Thank you for discussing with us the requirements of our forthcoming engagement. This letter (the "Engagement Letter"), the NSHE Special Terms and Conditions attached as Exhibit A and the Fee Estimate Proposal attached as Exhibit B, documents our mutual understanding of the arrangements between the Nevada System of Higher Education (the "System") and Grant Thornton LLP ("Grant Thornton") for the services described herein. The parties expect the service relationship to extend to January 31, 2021, pursuant to the terms of this Engagement Letter and may be continued for additional periods upon mutual agreement of the parties.

**Scope of services**

Grant Thornton will audit the combined statement of financial position of Integrated Clinical Services, Inc. (collectively, "ICS" or the "Entity"), as of June 30, 2018, and the related statement of revenues, expenses, and changes in net position and cash flows for the year then ended.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America ("US GAAS") established by the American Institute of Certified Public Accountants ("AICPA") and the standards for financial audits of the U.S. Government Accountability Office's ("GAO") *Government Auditing Standards* ("GAGAS") issued by the Comptroller General of the United States. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

In assessing the risks of material misstatement, an auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. GAGAS further requires us to perform tests of the entity's compliance with laws, regulations, contracts, and grant agreements, in which noncompliance could have a direct and material effect on the determination of financial statement amounts. However, an audit is not designed to provide assurance on compliance or internal control over financial reporting or to identify immaterial instances of noncompliance or internal control deficiencies.

When conducting an audit, the auditor is required to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, to enable the auditor to express an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Although not absolute assurance, reasonable assurance is, nevertheless, a high level of assurance. However, an audit is not a guarantee of the accuracy of the financial statements. Even though the audit is properly planned and performed in accordance with professional standards, an unavoidable risk exists that some material misstatements or noncompliance with laws, regulations, contracts, and grant agreements may not be detected due to the inherent limitations of an audit, together with the inherent limitations of internal control. Also, an audit is not designed to detect errors or fraud that is immaterial to the financial statements.

It should be noted that because the determination of abuse is subjective, we have no responsibility to design the audit to provide reasonable assurance of detecting abuse. Abuse is distinct from fraud and noncompliance. Abuse involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances.

Upon the completion of the foregoing audit and subject to its findings, we will render our report on the Entity's financial statements and communicate our findings in accordance with US GAAS and GAGAS. In accordance with GAGAS, we will also render a report that includes our findings on the Entity's compliance with laws, regulations, contracts, and grant agreements and on internal control over financial reporting. Such report is an integral part of our audit and will be referred to in our report on the financial statements. However, our audit is not designed to provide an opinion on compliance or on internal control over financial reporting, and accordingly, we will not express such an opinion.

It is possible that circumstances may arise in which our report(s) may differ from its expected form and content, resulting in a modified report or disclaimer of opinion. Further, if in our professional judgment the circumstances necessitate, we may resign from the engagement prior to completion.

#### Required supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board ("GASB") who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We will apply certain limited procedures to the required supplementary information in accordance with US GAAS. These limited procedures consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtain during our audit of the basic financial statements. We will not express an opinion nor provide any assurance on the information because the limited procedures will not provide us with sufficient evidence to express an opinion or provide any assurance.

Management is responsible for providing us with required supplementary information that will be included in an annual report or similar document containing the audited financial statements and our auditor's report thereon. Management should provide the information prior to the release of our auditor's report. Our responsibility for such information does not extend beyond the financial information identified in our report. We do not perform any procedures to corroborate the other information contained in these documents. Professional standards require us to read the other information and consider whether the other

information, or the manner of its presentation, is materially inconsistent with information appearing in the financial statements. We will bring to management's attention any information that we believe is a material misstatement of fact.

#### Responsibilities of those charged with governance

Effective two-way communication with the Board of Regents (referred to as "those charged with governance") assists us in obtaining information relevant to the audit and also assists those charged with governance in fulfilling their responsibility to oversee the financial reporting process. Those charged with governance play an important role in the Entity's internal control over financial reporting by setting a positive tone at the top and challenging the Entity's activities in the financial arena. Accordingly, it is important for those charged with governance to communicate to us matters they believe are relevant to our engagement. As indicated below, management also has a responsibility to communicate certain matters to those charged with governance and to Grant Thornton.

In connection with our engagement, professional standards require us to communicate certain matters that come to our attention to those charged with governance, such as the following:

- fraud involving senior management and fraud that causes a material misstatement;
- illegal acts, unless clearly inconsequential;
- violations of contracts or grant agreements and abuse that causes a material misstatement;
- failure to report fraud, illegal acts, violations of contracts or grant agreements, or abuse to specified external parties when required by law or regulation. We may also be required to report such matters directly to the external party;
- significant deficiencies and material weaknesses in internal control over financial reporting;
- disagreements with management and other serious difficulties encountered;
- qualitative aspects of significant accounting practices, including accounting policies, estimates, and disclosures;
- audit adjustments and uncorrected misstatements, including missing disclosures.

#### Management responsibilities

As you are aware, the financial statements are the responsibility of management. Management is responsible for preparing and fairly presenting the financial statements in accordance with accounting principles generally accepted in the United States of America, which includes adopting sound accounting practices and complying with changes in accounting principles and related guidance. Management is also responsible for:

- providing us with access to all information of which they are aware that is relevant to the preparation and fair presentation of the financial statements, including all financial records, documentation of internal control over financial reporting and related information, and any additional information that we may request for audit purposes;
- providing us with unrestricted access to persons within the Entity from whom we determine it necessary to obtain audit evidence;
- ensuring that the Entity identifies and complies with all laws, regulations, contracts, and grant agreements applicable to its activities and for informing us of any known violations. The Entity should identify and disclose to us all laws, regulations, contracts, and grant agreements that have a direct and material effect on the determination of financial statement amounts or other significant financial data;
- taking timely and appropriate steps to remedy fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report;

- designing, implementing, and maintaining effective internal control over financial reporting, which includes adequate accounting records and procedures to safeguard the Entity's assets, and for informing us of all known significant deficiencies and material weaknesses in, and significant changes in, internal control over financial reporting;
- informing us of their views about the risk of fraud within the Entity and their awareness of any known or suspected fraud and the related corrective action proposed;
- adjusting the financial statements, including disclosures, to correct material misstatements and for affirming to us in a representation letter that the effects of any uncorrected misstatements, including missing disclosures, aggregated by us during the current engagement, including those pertaining to the latest period presented, are immaterial, both individually and in the aggregate, to the financial statements as a whole;
- establishing and maintaining a process to address and track the status of our findings, conclusions, and recommendations, including providing management's views on such matters as well as planned corrective actions to be included in the report, in a timely manner. This includes informing us of findings and recommendations from previous audits, attestation engagements, or other studies that could have a material effect on the financial statements and whether any related recommendations were implemented;
- informing us of any events occurring subsequent to the date of the statement of financial position through the date of our auditor's report that may affect the financial statements or the related disclosures;
- informing us of any subsequent discovery of facts that may have existed at the date of our auditor's report that may have affected the financial statements or the related disclosures;
- distributing the report(s), including the financial statements, any supplementary information, and the report(s) thereon, to those officials and organizations requiring them.

To assist those charged with governance in fulfilling their responsibility to oversee the financial reporting process, management should discuss with those charged with governance the:

- adequacy of internal control and the identification of any significant deficiencies or material weaknesses, including the related corrective action proposed;
- significant accounting policies, alternative treatments, and the reasons for the initial selection of, or change in, significant accounting policies;
- process used by management in formulating particularly sensitive accounting judgments and estimates and whether the possibility exists that future events affecting these estimates may differ markedly from current judgments;
- basis used by management in determining that uncorrected misstatements, including missing disclosures, are immaterial, both individually and in the aggregate, including whether any of these uncorrected misstatements could potentially cause future financial statements to be materially misstated.

We will require management's cooperation to complete our services. In addition, we will obtain, in accordance with professional standards, certain written representations from management, which we will rely upon.

#### Use of our reports

In accordance with Nevada Revised Statutes 354.624 after the report of the audit is filed by the local government, the report of the audit, without limitation, the opinions and findings of the auditor contained in the report of the audit, may be disseminated by or on behalf of the local government for which the report was prepared by inclusion, without limitation, in or on one of the following without the consent of the auditor who prepared the report of the audit:

- a. An official statement or other document prepared in connection with the offering of bonds or other securities;

- b. A filing made pursuant to the laws or regulations of this state;
- c. A filing made pursuant to a rule or regulation of the Securities and Exchange Commission of the United States; or
- d. A website maintained by a local government on the Internet or its successor.

The inclusion, publication, or reproduction by the Entity of any of our reports in documents such as bond offerings and regulatory filings containing information in addition to financial statements may require us to perform additional procedures to fulfill our professional or legal responsibilities. Accordingly, our reports should not be used for any such purposes without our prior permission. In addition, to avoid unnecessary delay or misunderstanding, it is important that the Entity give us timely notice of its intention to issue any such document.

The report on compliance with laws, regulations, contracts, and grant agreements and internal control over financial reporting will include a statement that describes the purpose of the communication, which is to describe the scope of our testing of internal control over financial reporting and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. Accordingly, this report is not suitable for any other purpose.

### **Other services**

#### **Related non-audit services**

We will also perform certain bookkeeping services for the Entity. The objective of such services will be to provide assistance with drafting the Entity's financial statements based on information in the trial balance and other information to be provided to us that is approved by you.

As mentioned previously, the financial statements, including the data and information set forth therein, are the responsibility of management. With respect to our bookkeeping services, however, management is also responsible for:

- making all management decisions and performing all management functions;
- designating an individual who possesses suitable skills, knowledge, or experience, preferably within senior management, to oversee the services;
- evaluating the adequacy and the results of the services performed;
- accepting responsibility for the results of the services.

Accordingly, our bookkeeping services will not include management functions or making management decisions. However, we may provide advice, research materials, and recommendations to assist you in performing your responsibilities.

#### **Other services**

Any other services that you request will constitute a separate engagement that will be subject to our acceptance procedures. Professional standards, laws, and regulations may prescribe limitations on non-audit services we may perform without impairing our independence.

### **Fees**

#### **Standard billings**

Our billings for the services set forth in this Engagement Letter, outlined in Exhibit B, will be rendered on a monthly basis and are payable upon receipt.

We have committed to an all-inclusive maximum fee, including all out-of-pocket expenses, for performing the audit for each of the three years of the contract with the Nevada System of Higher Education. We recognize that the all-inclusive fee includes any subsequent changes in accounting and audit standards that impact the cost of performing the audit unless such impacts exceed 20% of the estimated hours bid for performing the audit. Should conditions require a change in scope exceeding 20% of the estimated hours bid, approval must be granted by NSIHE's Board of Regents in order to proceed.

Commencing July 1, 2018, Grant Thornton shall submit a monthly bill identifying services performed as stated in exhibit B, and expenses, together with a summary of the total fees and costs incurred for the billing period. The initial billing will include time and expenses incurred prior to July 1, 2018.

From time to time, Grant Thornton may receive certain incentives in the form of bonuses and rewards from its corporate card and other vendors. Such incentives to the extent received will be retained by Grant Thornton to cover firm expenses.

#### Additional billings

Of course, circumstances may arise that will require us to do more work. Some of the more common circumstances include changing auditing, accounting, and reporting requirements from professional and regulatory bodies; incorrect accounting applications or errors in Entity records; restatements; failure to furnish accurate and complete information to us on a timely basis; and unforeseen events, including legal and regulatory changes.

At Grant Thornton, we pride ourselves on our ability to provide outstanding service and meet our clients' deadlines. To help accomplish this goal, we work hard to have the right professionals available. This involves complex scheduling models to balance the needs of our clients and the utilization of our people, particularly during peak periods of the year. Last minute client requested scheduling changes result in costly downtime due to our inability to make alternate arrangements for our professional staff.

We will coordinate a convenient time for Grant Thornton to begin work. If, after scheduling our work, you do not provide proper notice, which we consider to be one week, of your inability to meet the agreed-upon date(s) for any reason, or do not provide us with sufficient information required to complete the work in a timely manner, additional billings will be rendered for any downtime of our professional staff.

#### Adoption of new accounting standards

Professional and regulatory bodies frequently issue new accounting standards and guidance. Sometimes, standards are issued and become effective in the same period, providing a limited implementation phase and preventing us from including the impact in our estimated fees. In such circumstances, we will discuss with you the additional audit procedures and related fees, including matters such as the retrospective application of accounting changes and changes in classification.

#### Other costs

Except with respect to a dispute or litigation between Grant Thornton and the Entity, our costs and time spent in legal and regulatory matters or proceedings arising from our engagement, such as subpoenas, testimony, or consultation involving private litigation, arbitration, industry, or government regulatory inquiries, whether made at the Entity's request or by subpoena, will be billed to the Entity separately.

Professional standards impose additional responsibilities regarding the reporting of illegal acts that have or may have occurred. To fulfill our responsibilities, we may need to consult with Entity counsel or counsel of our choosing about any illegal acts that we become aware of. Additional fees, including legal fees, will be billed to the Entity. The Entity agrees to ensure full cooperation with any procedures that we may deem necessary to perform.

**Right to terminate services for nonpayment**

In the event of nonpayment, we retain the right to (a) suspend the performance of our services, (b) change the payment conditions under this Engagement Letter, or (c) terminate our services. If we elect to suspend our services, such services will not be resumed until your account is paid as agreed. Alternatively, if we elect to terminate our services for nonpayment, the Entity will be obligated to compensate us for all time expended and to reimburse us for all expenses through the date of termination.

**Other matters****Relationship to Grant Thornton International Ltd**

Grant Thornton is the U.S. member firm of Grant Thornton International Ltd (“GTIL”), an organization of independently owned and managed accounting and consulting firms. References to GTIL are to Grant Thornton International Ltd. GTIL and the member firms are not a worldwide partnership. Services are delivered independently by the member firms. These firms are not members of one international partnership or otherwise legal partners with each other internationally, nor is any one firm responsible for the services or activities of any other firm.

**Use of third-party service providers and affiliates**

Grant Thornton may use third-party service providers, such as independent contractors, specialists, or vendors, to assist in providing our professional services. We may also use GTIL member firms, other affiliates (including the GT US Shared Services Center India Private Limited and the Grant Thornton US Knowledge and Capability Center India Private Limited, affiliates of Grant Thornton located in Bangalore, India), or other accounting firms. Such entities may be located within or outside the United States.

Grant Thornton intends to use the professional services, technology, and resources of the following entity to assist us in the performance of the engagement:

- Capital Confirmation, Inc. – electronic confirmation services

Additionally, Grant Thornton may use third-party service providers to provide administrative or operational support to Grant Thornton, or to provide engagement team resource services. Such entities may be located within or outside the United States. All of these third party service providers are subject to confidentiality obligations to protect the confidentiality of client data.

You hereby consent and authorize us to disclose Entity information to the GT US Shared Services Center India Private Limited and/or the Grant Thornton US Knowledge and Capability Center India Private Limited (and the other above named entity) for purposes of providing services to you.

**Peer review report**

GAGAS requires that we provide you with a copy of our most recent triennial quality control review report. Accordingly, our May 31, 2017 Peer Review Report accompanies the Engagement Letter.

**Hiring of personnel**

The Entity acknowledges that hiring current or former Grant Thornton (or GTIL member firm) personnel participating in the engagement may be perceived as compromising our objectivity, and depending on the applicable professional standards, impairing our independence in certain circumstances. Accordingly, prior to entering into any employment discussions with such known individuals, you agree to discuss the potential employment, including any applicable independence ramifications, with the engagement partner responsible for the services.

#### Privacy

Grant Thornton is committed to protecting personal information. We will maintain such information in confidence in accordance with professional standards and governing laws. Therefore, any personal information provided to us by the Entity will be kept confidential and not disclosed to any third party unless expressly permitted by the Entity or required by law, regulation, legal process, or professional standards. The Entity is responsible for obtaining, pursuant to law or regulation, consents from parties that provided the Entity with their personal information, which will be obtained, used, and disclosed by Grant Thornton for its required purposes.

#### Documentation

The documentation for this engagement is the property of Grant Thornton and constitutes confidential information. We have a responsibility to retain the documentation for a period of time sufficient to satisfy any applicable legal or regulatory requirements for records retention.

Pursuant to law or regulation, we may be requested to make certain documentation available to regulators, governmental agencies, or their representatives ("Regulators"). If requested, access to the documentation will be provided to the Regulators under our supervision. We may also provide copies of selected documentation, which the Regulators may distribute to other governmental agencies or third parties. You hereby acknowledge we will allow and authorize us to allow the Regulators access to, and copies of, the documentation in this manner.

#### Electronic communications

During the course of our engagement, we may need to electronically transmit confidential information to each other and to third-party service providers or other entities engaged by either Grant Thornton or the Entity. Electronic methods include telephones, cell phones, e-mail, secure file transfers, use of SharePoint sites, and fax. These technologies provide a fast and convenient way to communicate. However, all forms of electronic communication have inherent security weaknesses, and the risk of compromised confidentiality cannot be eliminated. The Entity agrees to the use of electronic methods to transmit and receive information, including confidential information.

#### Standards of performance

We will perform our services in conformity with the terms expressly set forth in this Engagement Letter, including all applicable professional standards. Accordingly, our services shall be evaluated solely on our substantial conformance with such terms and standards. Any claim of nonconformance must be clearly and convincingly shown.

With respect to the services and this Engagement Letter, in no event shall the liability of Grant Thornton and its present, future, and former partners, principals, directors, employees, agents, and contractors for any claim, including but not limited to Grant Thornton's own negligence, exceed the fees it receives for the portion of the work giving rise to such liability. This limitation shall not apply to the extent that it is finally determined that any claims, losses, or damages are the result of Grant Thornton's gross negligence or willful misconduct. In addition, Grant Thornton shall not be liable for any special, consequential, incidental, or exemplary damages or loss (nor any lost profits, interest, taxes, penalties, loss of savings, or lost business opportunity) even if Grant Thornton was advised in advance of such potential damages. This paragraph and the paragraph directly below shall apply to any type of claim asserted, including contract, statute, tort, or strict liability, whether by the Entity, Grant Thornton, or others.

Further, the Entity shall, upon receipt of written notice, indemnify and hold harmless Grant Thornton and its present, future, and former partners, principals, directors, employees, agents, and contractors from and against any liability and damages (including punitive damages), fees, expenses, losses, demands, and costs



(including defense costs) associated with any claim arising from or relating to the Entity's knowing misrepresentations or false or incomplete information provided to Grant Thornton. In the event of any controversy or claim against Grant Thornton arising from or related to the services described herein, Grant Thornton shall be entitled to defend itself from such controversy or claim and to participate in any settlement, administrative, or judicial proceedings.

It is expressly agreed by the Entity and Grant Thornton that any claim by, or on behalf of either party, arising out of services or this Engagement Letter, whether it be in contract, tort, or otherwise, shall be deemed waived if a claim is asserted more than two (2) years from: (i) the date of the report(s) issued by Grant Thornton; or (ii) the date of this Engagement Letter if no report has been issued.

If because of a change in the Entity's status or due to any other reason, any provision in this Engagement Letter would be prohibited by laws, regulations, or published interpretations by governmental bodies, commissions, state boards of accountancy, or other regulatory agencies, such provision shall, to that extent, be of no further force and effect, and the Engagement Letter shall consist of the remaining portions.

#### Dispute resolution

Any controversy or claim arising out of or relating to the services, related fees, or this Engagement Letter shall first be submitted to mediation. A mediator will be selected by agreement of the parties, or if the parties cannot agree, a mediator acceptable to all parties will be appointed by the American Arbitration Association ("AAA"). The mediation will proceed in accordance with the customary practice of mediation. In the unlikely event that any dispute or claim cannot be resolved by mediation, we both recognize that the matter will probably involve complex business or accounting issues that would be decided most equitably to us both by a judge hearing the evidence without a jury. Accordingly, to the extent now or hereafter permitted by applicable law, the Entity and Grant Thornton agree to waive any right to a trial by jury in any action, proceeding, or counterclaim arising out of or relating to our services or this Engagement Letter.

If the above jury trial waiver is determined to be prohibited by applicable law, then the parties agree that the dispute or claim shall be settled by binding arbitration. The arbitration proceeding shall take place in the city in which the Grant Thornton office providing the relevant services is located, unless the parties mutually agree to a different location. The proceeding shall be governed by the provisions of the Federal Arbitration Act ("FAA") and will proceed in accordance with the then current Arbitration Rules for Professional Accounting and Related Disputes of the AAA, except that pre-hearing discovery must be specifically authorized by the arbitrator. The arbitrator will be selected from AAA, JAMS, the Center for Public Resources, or any other internationally or nationally-recognized organization mutually agreed upon by the parties. Potential arbitrator names will be exchanged within 15 days of the parties' agreement to settle the dispute or claim by binding arbitration, and arbitration will thereafter proceed expeditiously. The arbitration will be conducted before a single arbitrator, experienced in accounting and auditing matters. The arbitrator shall have no authority to award non-monetary or equitable relief and will not have the right to award punitive damages. The award of the arbitration shall be in writing and shall be accompanied by a well-reasoned opinion. The award issued by the arbitrator may be confirmed in a judgment by any federal or state court of competent jurisdiction. Each party shall be responsible for their own costs associated with the arbitration, except that the costs of the arbitrator shall be equally divided by the parties. The arbitration proceeding and all information disclosed during the arbitration shall be maintained as confidential, except as may be required for disclosure to professional or regulatory bodies or in a related confidential arbitration. In no event shall a demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim would be barred under the applicable statute of limitations.

**Authorization**

This Engagement Letter sets forth the entire understanding between the Entity and Grant Thornton regarding the services described herein and supersedes any previous proposals, correspondence, and understandings, whether written or oral. If any portion of this Engagement Letter is held invalid, it is agreed that such invalidity shall not affect any of the remaining portions.

Please confirm your acceptance of this Engagement Letter by signing below and returning one copy to us in the enclosed self-addressed envelope.

Sincerely,

GRANT THORNTON LLP



Kimberly K. McCormick  
Partner

cc: Allison Stephens, Chairman of the Audit Committee

Enc: Exhibit A  
Exhibit B  
May 31, 2017 Peer Review Report

**Agreed and accepted by:**

NEVADA SYSTEM OF HIGHER EDUCATION



\_\_\_\_\_  
Dr. Thom Reilly, Chancellor

Date: 4-16-2018

## Exhibit A

### Special Terms and Conditions

- A. **AFFIRMATIVE ACTION:** Contractor shall not maintain or provide racially segregated facilities for employees at any establishment under its control. Contractor agrees to adhere to the principles set forth in Executive Order 11246 and 11375, Section 503 of the Rehabilitation Act of 1973, and USC 2012 (Disabled Veterans and Veterans of the Vietnam Era), and to undertake specifically; to maintain employment policies and practices that affirmatively promote equality of opportunity for minority group persons and women; to take affirmative steps to hire and promote women and minority group persons at all job levels and in all aspects of employment; and to discuss with the System his policies and practices relating to his Affirmative Action Program. **BIDDER MUST BE AN EQUAL OPPORTUNITY EMPLOYER.**
- B. **LIABILITY CLAUSE:** The contractor, in performance of contract, shall release and discharge the Nevada System of Higher Education and the Board of Regents from liability for, and assume the risk of, loss or damage to property of the contractor. Further, subject to the limitation of liability clause under Standards of Performance in the Engagement Letter, the contractor shall save the Nevada System of Higher Education and the Board of Regents harmless from and defend against all losses, all liabilities, expenses and other detriments of every nature and description, to which the Nevada System of Higher Education and the Board of Regents may be subjected that is proven to have been cause by any negligent act or omission of the contractor, or any of the contractor's subcontractors, employees, agents, invitees or licensees where such loss, liability, expense or other detriment arises out of or in connection with the performance of work under the contract including, but not limited to liens, personal injury and loss of or damage to property of the Nevada System of Higher Education or others.
- I. **CONTRACTOR'S LIABILITY INSURANCE:** The contractor shall maintain Comprehensive General Liability insurance in the amount of not less than \$1,000,000 Combined Single Limit (Bodily Injury & Property Damage) that will protect him from claims for damages and personal injury, including death, which may arise from operation under this Contract, whether such operations be by himself or by any subcontractor or anyone directly or indirectly employed by either of them. The policies shall name the Board of Regents and the Nevada System of Higher Education as additional insured. Certificates of such insurance shall be filed with the Director of Purchasing and shall be subject to his approval for adequacy of protection prior to commencing work.
- J. **WORKMAN'S COMPENSATION INSURANCE:** Nevada Law requires that the contractor shall provide worker's compensation insurance as stated in NRS 616B.627 or proof that compliance with the provisions of NRS Chapter 616A-D and all other related chapters is not required. The contractor shall require the same insurance when the work is to be performed by a subcontractor. Certificates of contractor's insurance shall be filed with the Director of Purchasing and shall be subject to his approval for adequacy of protection prior to commencing work.
- K. **PROFESSIONAL LIABILITY/ERRORS & OMISSIONS INSURANCE:** The contractor shall maintain Professional Liability insurance in the amount of not less than \$10,000,000 per wrongful act and \$30,000,000 annual aggregate that will protect him from claims which may arise from operation under this Contract, whether such operations be by himself or by any subcontractor or anyone directly or indirectly employed by either of them. Certificates of such insurance shall be filed with the Director of Purchasing and shall be subject to his approval for adequacy of protection prior to commencing work.
- L. **CHOICE OF LAW:** The contract will be governed by the laws of the State of Nevada and venue of any dispute will be in the state courts of Nevada.
- M. **TERMINATION:** The NSHE may terminate the contract for its convenience upon 30 days written notice, subject to payment for fees incurred as of that date. Contractor may terminate upon 90 days written notice. Except for termination due to (i) non-payment of invoices, (ii) material breach of the Engagement Letter by NSHE or (iii) as required under professional standards as determined by Contractor in its professional judgment, Contractor shall not terminate prior to completion of any current audit, except with the NSHE's written approval.

# Exhibit B



Audit Tax Advisory  
 Grant Thornton LLP  
 100 W Liberty Street, Suite 770  
 Reno, NV 89501-1965  
 T 775.786.1520  
 F 775.786.7091  
 www.GrantThornton.com

## Fee Estimate Proposal

|   | Current Contract         |                          |                          |
|---|--------------------------|--------------------------|--------------------------|
|   | 2018                     | 2019                     | 2020                     |
| Consolidated financial statements for NSHE, including Single Audit and NCAA Agreed-Upon Procedures for the University of Nevada, Reno and the University of Nevada, Las Vegas | \$ 578,500               | \$ 578,500               | \$ 578,500               |
| Out-of-pocket expenses  | 51,000                   | 51,000                   | 51,000                   |
| Administrative charges  | 23,000                   | 23,000                   | 23,000                   |
| All-inclusive maximum fee for NSHE  | <u>\$ 652,500</u>        | <u>\$ 652,500</u>        | <u>\$ 652,500</u>        |
| Less use of NSHE internal audit (200 hours at \$105/hour)   |                          |                          |                          |
| <i>**Actual hours to be determined based on availability of internal audit staff</i>  | (21,000)                 | (21,000)                 | (21,000)                 |
| Estimated all-inclusive maximum fee for NSHE with use of internal audit staff   | <u>\$ 631,500</u>        | <u>\$ 631,500</u>        | <u>\$ 631,500</u>        |
| Financial statements for Integrated Clinical Services, Inc.   | \$ 70,000                | \$ 70,000                | \$ 70,000                |
| Out-of-pocket expenses  | 1,000                    | 1,000                    | 1,000                    |
| Administrative charges  | 2,800                    | 2,800                    | 2,800                    |
| All-inclusive maximum fee for Integrated Clincial Services, Inc.  | <u>\$ 73,800</u>         | <u>\$ 73,800</u>         | <u>\$ 73,800</u>         |
| Financial statements for UNLV Medicine  | \$ 100,000               | \$ 100,000               | \$ 100,000               |
| Out-of-pocket expenses  | 9,000                    | 9,000                    | 9,000                    |
| Administrative charges  | 4,000                    | 4,000                    | 4,000                    |
| All-inclusive maximum fee for the UNLV Medicine   | <u>\$ 113,000</u>        | <u>\$ 113,000</u>        | <u>\$ 113,000</u>        |
| <b>ALL-INCLUSIVE MAXIMUM FEE</b>  | <u><b>\$ 839,300</b></u> | <u><b>\$ 839,300</b></u> | <u><b>\$ 839,300</b></u> |
| Less use of NSHE internal audit (200 hours at \$105/hour)   |                          |                          |                          |
| <i>**Actual hours to be determined based on availability of internal audit staff</i>  | (21,000)                 | (21,000)                 | (21,000)                 |
| Estimated all-inclusive maximum fee with use of internal audit staff  | <u>\$ 818,300</u>        | <u>\$ 818,300</u>        | <u>\$ 818,300</u>        |

