

The Nevada System of Higher Education and Grant Thornton partnership

A strong past and a promising future

February 15, 2019



NSHE Strategic Plan

Service in the context of NSHE's 5 goals



Access



Success



Close the achievement gap



Workforce



Research

Introductions

Our experienced team



- Knowledgeable
- Dedicated
- Experts
- Personable
- Committed



Kim McCormick

West Region Higher Education, Not-for-Profit and Government Audit Partner

- Over 30 years fulling dedicated to serving higher education, not-for-profit and government clients in the West Region
- NSHE client service partner
- Leader both within and external to Grant Thornton in the arena of Federal Uniform Guidance audits



Mark Oster

*National Managing Partner
Not-for-Profit and Higher Education Practice*

- Has overall responsibility for services performed for our higher education and not-for-profit clients
- Advisory services principal
- More than 39 years of experience serving many higher education and not-for-profit clients



Elise Parker

Higher Education and Not-for-Profit Audit Senior Manager

- Experience with Federal Uniform Guidance, including audits of Student Financial Assistance and Research and Development
- Works with both GASB and FASB reporting higher education institutions
- Over 12 years of experience specializing in managing engagements for large, complex organizations throughout the West Region



Steve Dioguardi

Healthcare and Higher Education Audit Senior Manager

- 12 years of external auditing experience including higher education, physician practice plans, multi-hospital integrated health systems, acute care hospitals, ambulatory hospitals and long-term care facilities
- Works with institutions on various regulatory and compliance audits such as audits of Federal and State awards under Uniform Guidance, cost report certifications and program specific audits



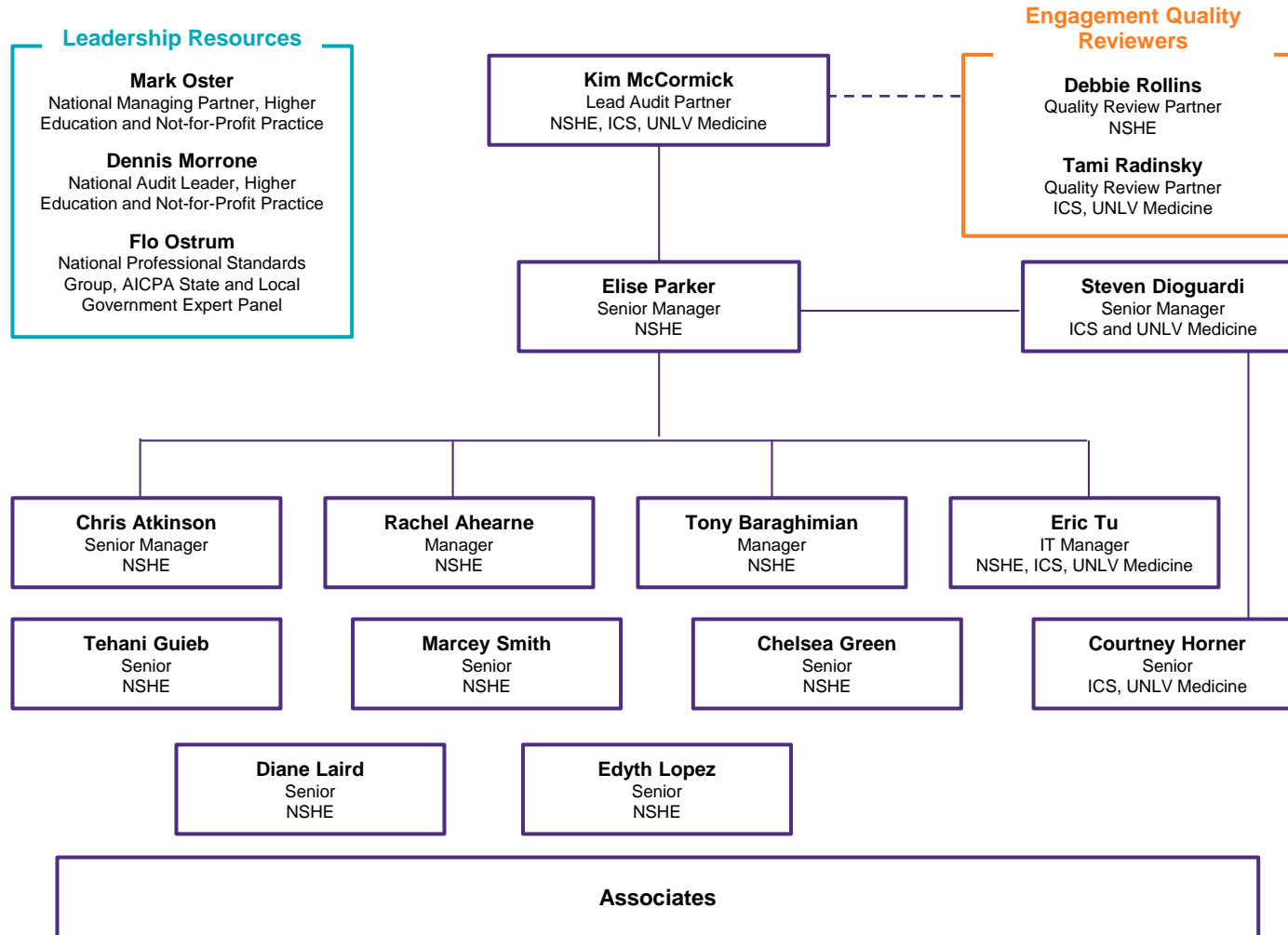
Chris Atkinson

Higher Education and Not-for-Profit Audit Senior Manager

- Over 10 years experience and fully dedicated to serving clients in the higher education and not-for-profit sectors
- Previously worked as Associate Vice President for Finance at a large, private higher education institution where he managed the strategic planning initiatives, the University's operating and capital budgets, as well as the post-award grant compliance.

The right team to serve NSHE

Familiarity and a fresh perspective



Why Grant Thornton

How we will continue to fulfill NSHE's needs



We offer the **perfect balance** of deep familiarity and fresh perspective.



NSHE will receive an unwavering **commitment to quality** combined with dexterity toward issue resolution and nimbleness.



Grant Thornton has a **strategic focus** on higher education and healthcare institutions.



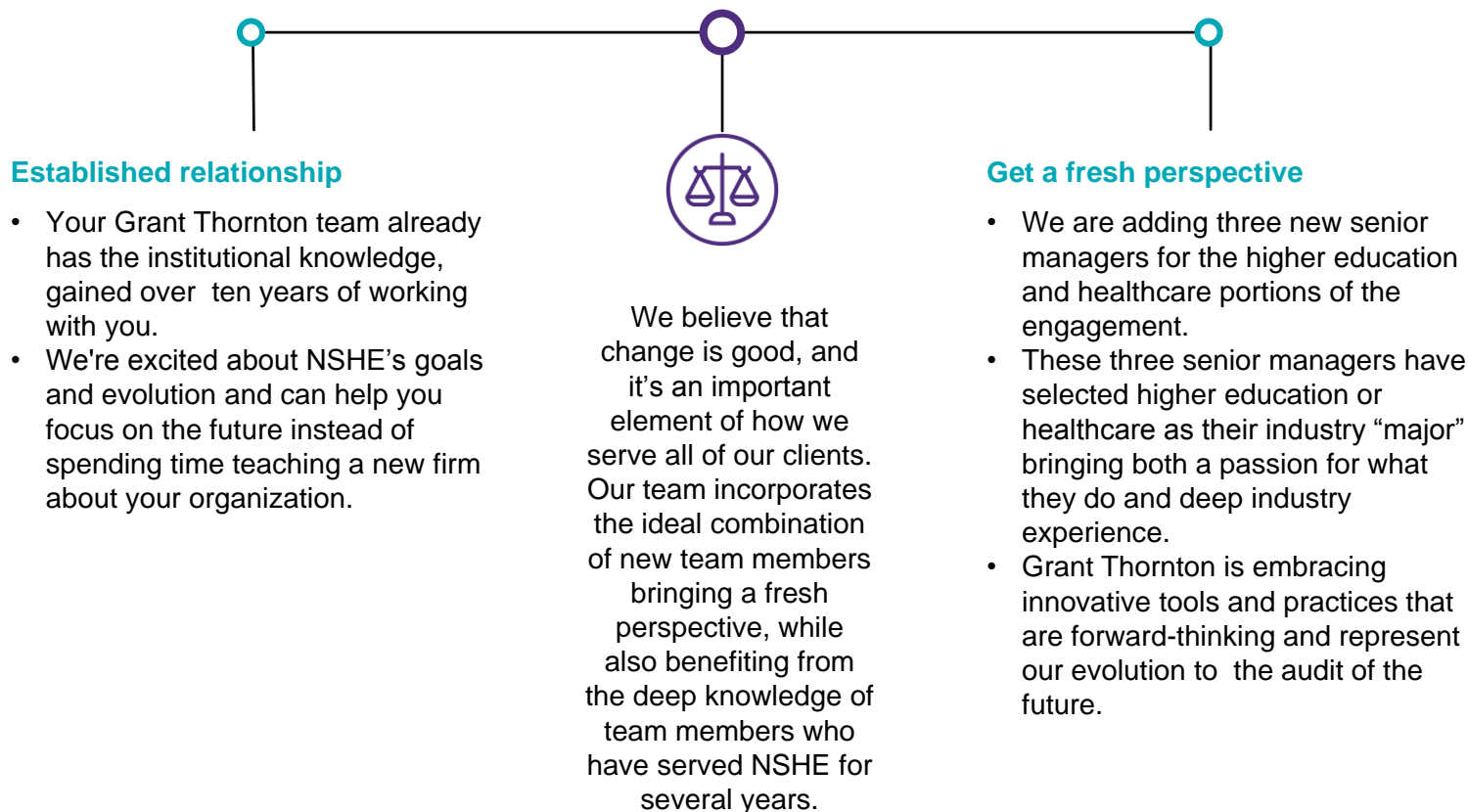
We offer a **fair and reliable estimate** of your investment.



Our commitment to **NSHE and Nevada**.

The perfect balance

An ideal combination: Deep familiarity with a fresh perspective

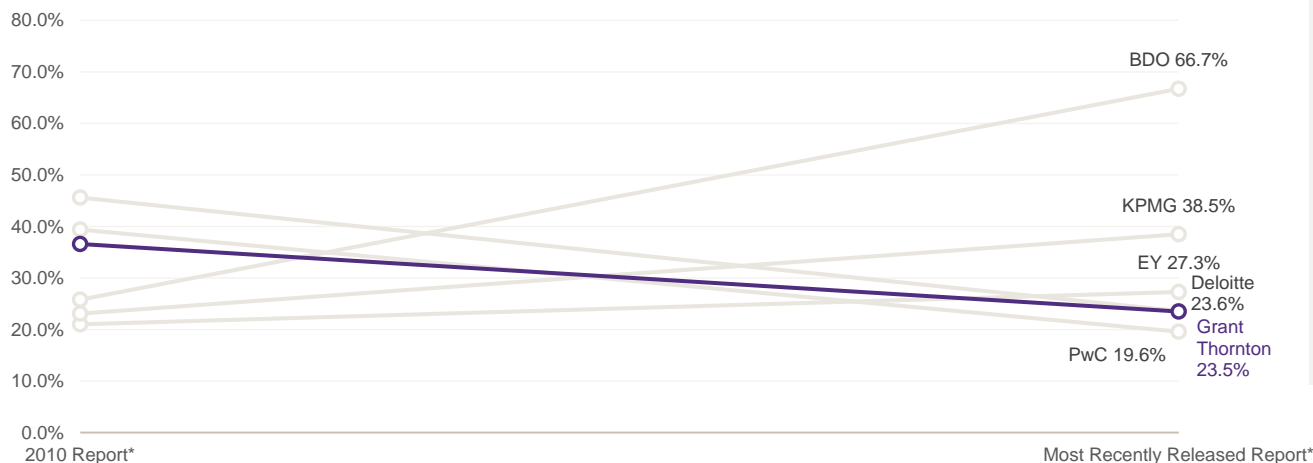


Commitment to audit quality

Our audit quality stands out amongst top firms

We are currently a **top two** firm for lowest rate of audit deficiencies based on most recently released PCAOB inspection reports.

PCAOB Inspection Report Percentage of Audit Deficiencies Comparison:
Global Accounting Organizations



*** Chart Notes:**

2010 was the first inspection year reflecting changes the PCAOB made to their process. The PCAOB has released 2016 inspection reports for Deloitte, EY, Grant Thornton and PwC. Other firm percentages are based on 2015 report results.

Our investments in audit quality

- Increasing the amount and specialization of training for all audit teammates
- Building a strong culture with benefits to attract and retain top talent
- Recognizing teammates who produce exceptional quality audits with quality awards
- Making continued investment in audit innovation, including data analytics, artificial intelligence and robotic process automation

We conduct the peer review for three of the largest annually inspected audit firms in the country.

Innovative tools

Just like NSHE, Grant Thornton is evolving and forward-thinking

We will continually take a forward-thinking approach to bring innovation to life with better quality, cost efficiency and insight.

	Available Now	Available in the Short-Term	On the Horizon
Centralization	<ul style="list-style-type: none">Offshore support for “around the clock auditing” and enhanced cost efficiency	<ul style="list-style-type: none">Global audit software upgrade to cloud-based Microsoft-built toolEnhanced client portal	<ul style="list-style-type: none">Continuous innovation within centers of excellence for specific skill sets to increase speed and quality
Automation/ Robotics	<ul style="list-style-type: none">Data ingestion for your ledger and other dataData comparisonsElectronic confirmations	<ul style="list-style-type: none">Data benchmarkingAutomation of substantive tests, including drafting workpaper documentation	<ul style="list-style-type: none">Enhanced automation of substantive tests enabled by OCR
Data Analytics	<ul style="list-style-type: none">Whole ledger analytics for risk assessment and enhanced journal entry testing: digital, text, transaction scoring, account pairing/combinationsProcure to pay analytics for vendor risk assessment	<ul style="list-style-type: none">Use of advanced analytics to support substantive testing conclusions, including:<ul style="list-style-type: none">Tuition and fee revenueGrant and contract revenueStudent financial aid	<ul style="list-style-type: none">Benchmarking of whole ledger analyticsContinuous auditingInternet of Things
Artificial Intelligence	<ul style="list-style-type: none">Data benchmarking in the below areas to identify expected trends for comparison<ul style="list-style-type: none">Document analysisWhole ledger text and letter analyticsLinguistic analysis	<ul style="list-style-type: none">Continuous improvement in sophistication of AI applicationsMachine learning<ul style="list-style-type: none">Decision-making based on accounting rulesDrawing conclusions	<ul style="list-style-type: none">Cognitive computing<ul style="list-style-type: none">Natural language processing (NLP)Natural language generation (NLG)Quantum computing

Grant Thornton delivers for NSHE

A history of being helpful, and a commitment to continue to be – dexterity, value, insights and guidance

NSHE internal
audit cross
training

Collaborate on
new accounting
rules and
Federal award
compliance
changes

Anticipating and
embracing
Workday and
impact on
process,
controls and the
audit

Nimble
scheduling to
react to
changes with a
focus on
helping NSHE
meet deadlines

Candid
observations
about internal
control

Collaborate on
training and
development for
management
and the Audit
Committee

Higher Education and Healthcare Practices

Dedicated to the sectors

- The higher education and healthcare sectors are **strategic sector segments** for our firm, and our practice is **close to the largest** of any such practices nationally.
- As a leader in these sectors, we give back by sharing our **best practice experience** through a myriad of **thought leadership** we produce via **articles, webcasts and training**.
- We have a well-earned reputation for providing clients with **in-depth knowledge and a unique understanding** of the higher education and healthcare sector and its **operations, opportunities and challenges**.
- Our professionals are committed leaders, volunteers and participants in relevant supporting organizations including **NACUBO, WACUBO, AICPA Government Conference, AICPA Government Audit Quality Center, AICPA Government Expert Panel, Healthcare Financial Management Association and others**.



We strategically focus on higher education.

500+



Higher education and not-for-profit dedicated practitioners.

200+



Higher education clients.

25%



Of the Top 100 of *U.S. News and World Report's* Best National Universities for 2018

28%



Of *TheNonProfitTimes* Top 100 are Grant Thornton clients.

30%



Of the *Forbes* Top 100 U.S. Charities are Grant Thornton clients.



Complex health system client experience

46%



Of the Fortune 100 health care companies

46%



Of the Fortune 500 health care companies

38%



Of the Fortune 1000 health care companies

39%



Of the Russell 1000 health care companies

Additional insights we can bring to NSHE

Grant Thornton advisory service offerings

Strategy and governance	Operations improvement	Information technology	Risk services
<ul style="list-style-type: none">• Strategic planning• Business planning and transformation• Board governance• Strategic business analysis/assessment• Cost/revenue modeling• Organizational effectiveness• Performance management/metrics• Financial modeling and performance improvement• Reserve policy development and reviews• Facilitated board/executive workshops• Project management office (PMO)• Business continuity planning	<ul style="list-style-type: none">• Operational review• Business process improvement and re-engineering• Organizational design• Shared services/outourcing design• Application of best practices• Procurement optimization• Cost allocation and budget model design• Business intelligence and analytics• Policies and procedures development• Operational benchmarking• Merger integration• Change management	<ul style="list-style-type: none">• Planning and strategy• Technology effectiveness assessment; IT practices review• IT rationalization/centralization• IT cost reduction• Requirements definition; vendor evaluation/selection• Cybersecurity (penetration testing, vulnerability assessment, data privacy, etc.)• Implementation oversight/project management• Launch readiness• Quality assurance• Due diligence• Disaster recovery planning• Post-implementation review• Third-party reviews and IV&V	<ul style="list-style-type: none">• Enterprise risk management (ERM)• Risk assessment (enterprise or IT)• Internal audit (outsourced or co-sourced)• Internal controls improvement• Reputational risk assessment• QAR• Fraud prevention• Forensic review• Construction auditing• Regulatory compliance• IT audit support (general & application controls review)

Additional insights we can bring to NSHE

Grant Thornton advisory service offerings

Human capital services

- Compensation and benefits review and transformation
- Workforce/talent optimization and transformation
- Benchmarking of compensation levels, pay mix, and design
- Annual and long-term incentive plan design
- Employment contracts
- Change in control / severance
- Salary structure and job evaluation
- Compliance with applicable tax and accounting regulations
- Retirement plan advisory services

Turnaround and restructuring

- Strategic plan development and implementation
- Operational assessments/ performance improvement
- Cash flow forecast development
- Covenant compliance
- Working capital management
- Refinancing assistance
- Interim management (C-suite or executive)

Forensic and valuation

- Accounting irregularities and restatements
- Anti-fraud solutions and fraud risk assessments
- Risk management solutions
- Compliance monitoring and examination
- Investigations – embezzlement, employee theft, vendor fraud, whistleblower claims
- Forensic accounting
- Data analytics
- Portfolio valuation
- Tangible/Intangible asset valuation

Transaction support

- Transaction identification and assessment
- Due diligence
- Quality of revenue
- Market analysis
- Benchmarks, metrics and analysis
- Strategic options review
- Transaction integration

Results and value

We offer a fair and reliable estimate of your investment

Capability	Grant Thornton	Largest Firms	Tier 2 Firms	Small Firms
Significant national and international resources and breadth of services	•	•	•	
National higher education strategic focus with tailored methodology and technology approach	•			
Credibility with financial markets	•	•	•	
Partners, managing directors and managers with significant industry experience	•	•	•	
Active involvement, including leadership positions in profession activities (GASB, AICPA, State Societies)	•	•	•	
Direct access to robust national professional standards and technical resources	•	•		
Significant not-for-profit tax resources	•	•		
High levels of partner-led attention	•		•	•

No firm knows you better, understands the extent of effort required to complete all services in accordance with professional standards, and can offer a proven track record of successfully delivering on time, on budget and with quality.

- Our professional fees for 2019 and 2020 mirror our original commitment to you during the last two years of our original 3-year contract.
- In 2021 and the following optional Renewal Periods, you'll notice we are projecting a decrease in fees due to a decrease in hours resulting from embracing innovations in auditing.

Our commitment to NSHE and Nevada

By the numbers

100+

Clients in Nevada

~70

Personnel working
throughout the state



- It has been our honor and pleasure to count NSHE among our clients.
- Grant Thornton has proudly served clients in Nevada for 30 years and seeks to increase our footprint in the state.
- We will continue to recruit students from University of Nevada, Reno as we have for years.
- Our team is excited to provide our service in the context of NSHE's Strategic Plan and 5-point strategy.

Why Grant Thornton

The Grant Thornton Difference



We offer the perfect balance of deep familiarity and fresh perspective.

- NSHE will continue to be an important client to us; you will receive the high level of collaboration, communication and partnership that you have experienced to date with Grant Thornton.
- Your Grant Thornton team knows NSHE and its operations and is augmented by a fresh perspective from new team members. Avoid the headache of transition while still benefitting from perspective of new managers who have selected higher education and healthcare as industries for which they have dedicated their careers.



NSHE will receive an unwavering commitment to quality combined with dexterity toward issue resolution and nimbleness.

- We pride ourselves on being a leader in audit quality. We are a top two firm based on the lowest rate of audit deficiencies in the most recently released PCAOB inspection reports (some of our main competitors' quality ratings are significantly lower).
- Our structure is flatter, allowing us to be more nimble and to provide service with agility in decision-making that is unparalleled in the industry.



Grant Thornton has a strategic focus on higher education and healthcare institutions.

- Our team's deep higher education and healthcare skills and expertise will add significant value to NSHE, as they do to our over 200 higher education and healthcare clients. We are dedicated to this sector, which is of strategic importance to our firm.
- We are committed to giving back to this community through our industry sponsorships and by sharing our best practice experience via useful and forward-looking thought leadership, including publications, articles, presentations, webcasts and training through our Board and Executive Institute (BEI).

Why Grant Thornton

The Grant Thornton Difference



We offer a fair and reliable estimate of your investment.

- Our competitors (both larger and smaller firms) develop their fee estimates based upon a somewhat limited amount of available information and they cannot gain the required informed perspective on the work that we already have, having worked “on the inside”.
- No firm knows you better, understands the extent of effort required to complete all services in accordance with professional standards, and can offer a proven track record of successfully delivering on time, on budget and with quality.



Grant Thornton remains committed to the state of Nevada.

- Grant Thornton has proudly served clients in Nevada for 30 years and will continue to do so.
- We serve more than 100 clients in Nevada and currently have approximately 70 personnel working throughout the state. We will continue to recruit students from University of Nevada, Reno as we have done for years.

Discussion/Q&A



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