

REQUEST FOR PROPOSAL
LEGISLATIVE COUNSEL BUREAU
ADMINISTRATIVE DIVISION

AUDIT OF THE
LEGISLATIVE COUNSEL BUREAU
FOR THE FISCAL YEARS ENDING JUNE 30, 2017, 2018, 2019,
AND 2020

CARSON CITY, NEVADA
April 18, 2017

DUE DATE: MAY 5, 2017

I. Executive Summary

The Legislative Counsel Bureau (LCB) Administrative Division (Administrative Division) intends to contract with a firm to conduct the LCB's audit for the fiscal years ending June 30, 2017, 2018, 2019, and 2020. This is an audit of the LCB's financial statements. The contractor will prepare LCB's financial statements, note disclosures, and required supplementary information as part of the audit engagement. The Legislative Counsel Bureau financial statements will be prepared by the contractor and will be included in the State's Comprehensive Annual Financial Report. The financial position and results of operations for all agencies, and cash flows of the proprietary fund type, within the reporting entity of the LCB are included in the financial statements.

The LCB's accounting system is managed and controlled by the Accounting Unit of the Administrative Division. The LCB's accounting system records the accounting transactions for the general government of the State Legislature. This includes the two special revenue governmental funds; the Legislative Fund and the Contingency Fund, and one proprietary fund, the Printing Office Fund.

This Request for Proposals documents the Administrative Division's request for the preparation of the financial statements and related notes and an audit of the LCB financial statements. The LCB requests firms to provide proposals to conduct the work.

II. General Information

- A.** *Purpose* – The LCB Administrative Division is seeking a four-year contract to prepare financial statements for the LCB and conduct an audit of those statements. This Request For Proposals (RFP) seeks responses from qualified firms to conduct the requested scope of work for fiscal years 2017, 2018, 2019, and 2020, and such responses will be used as the basis for selecting the firm to perform the work.

The successful applicant is expected to perform the audit in accordance with Government Auditing Standards issued by the U.S. General Accounting Office and applicable OMB circulars and audit guides.

- B.** *Authority* – NRS 218F.110 authorizes the Director of the LCB to enter into a contract with a qualified accounting firm to prepare the financial statements and perform the audit as described herein.
- C.** *Issuing Office* – This RFP is issued by the Administrative Division. The Administrative Division is the sole point of contact within the LCB for purposes of this RFP. All inquiries regarding this RFP must be directed only to the RFP Administrator:

Ken Kruse, Safety Officer
Administrative Division, Legislative Counsel Bureau
401 South Carson Street
Carson City, Nevada 89701-4747
Phone: (775) 684-6800
Fax: (775) 684-1350
email: admin@lcb.state.nv.us

D. *Definitions*

1. Contractor – The firm to which the contract to perform the work described herein is awarded.
2. Examination Period – This RFP is for the fiscal years ending June 30 of 2017, 2018, 2019, and 2020.
3. Fiscal Year 2017 – July 1, 2016, through June 30, 2017.
4. Fiscal Year 2018 – July 1, 2017, through June 30, 2018.
5. Fiscal Year 2019 – July 1, 2018, through June 30, 2019.
6. Fiscal Year 2020 – July 1, 2019, through June 30, 2020.

- E.** *Submission Of Proposals* – Proposals must be prepared in accordance with RFP instructions. Proposals must be submitted to Ken Kruse, Safety Officer, Administrative Division and may be submitted

electronically to admin@lcb.state.nv.us, or by mail or hand-delivery to 401 South Carson Street, Carson City, Nevada 89701-4747. Faxed responses will not be accepted. Proposals must be received by the LCB by 5 p.m. on May 5, 2017. Late proposals will be rejected. The firm submitting the proposal is responsible for verifying the receipt of the proposal by the LCB.

Each submission must include one copy of the proposal. Contact information must be clearly stated with name, title, address, and phone number of the person authorized to answer questions concerning the proposal. Contact information must be included on the face of the envelope or on the cover letter included with the proposal. The original of the submitted proposal must be signed in ink by a principal or partner of the proposing firm who is empowered to contractually bind the firm. The LCB is not liable for any cost incurred by a firm prior to the awarding of the contract.

F. *Withdrawals and Disposition of Proposals* – Proposals may be withdrawn prior to the contract award by submitting a request in writing which is signed by a principal or partner of the firm to the RFP Administrator, Ken Kruse. Once submitted, proposals become the property of the LCB and will not be returned to the persons or firms that submitted the proposals.

G. *RFP Amendments* – The LCB reserves the right to alter, amend, or modify any provision of the RFP, or to withdraw the RFP at any time prior to awarding the contract if the LCB determines it is in its best interest to do so. Amendments will be provided by mail. Firms submitting proposals must comply with all amendments or modifications made to the RFP.

H. *Schedule of Events* – The LCB anticipates the selection of a firm and execution of the contract will proceed in accordance with the following schedule:

April 18, 2017	Issuance of RFP
May 5, 2017	Deadline for Receipt of Proposals
On or Before May 12, 2017	Selection of Contractor

I. *Proposal Format and Content* – To be considered for selection, firms must submit a complete response to this RFP. All conditions printed in the RFP are hereby made a part of the conditions under which the proposal is submitted and will be incorporated into any contract for the audits described herein. Further, the contents of a proposal will be used to develop any contract resulting from the proposal. Failure of the firm to accept these responsibilities may result in a cancellation of the selection. The information requested in Section III of this request must be made a part of the proposal and the proposal must be prepared in the prescribed format. Failure to do so may lead to disqualification or rejection of the proposal. Proposals should be

prepared simply and economically, providing a straightforward, concise description of the firm's ability to satisfy the requirements of the RFP. Emphasis should be on completeness and clarity of content. Repetition of the terms and conditions of the RFP without additional explanation will be considered not sufficiently responsive. Any hard copy of the proposal that is provided must be bound in a single volume.

- J.** *Payment* – The firm that is awarded the contract will be allowed to submit progress billings in conjunction with a progress report that will be submitted to the person designated by the LCB to be the contract administrator to monitor the performance of the contractor throughout the audit. Upon submittal of the financial statements and the final report for each year, the contractor will submit a final billing for services rendered up to the contracted totals. The LCB will process and pay amounts approved by the LCB contract administrator. Billings for a given fiscal year must not exceed 25 percent of the total amount authorized for the contract and are not subject to increase after the contract is awarded, unless approved in writing by the LCB. Ninety percent of each billing during a fiscal year will be paid upon approval, and the remaining 10 percent will be paid upon completion and verification of all duties for that fiscal year, and acceptance of each year's final report by the LCB.

III. Proposal Format

- A.** *Introduction* – Proposals must be organized in the manner described herein. Proposals should be concise, clear and complete. Failure to include all required information may result in disqualification or lower evaluation rankings. Proposal pages must be numbered and contain an organized, paginated table of contents corresponding to the sections and pages of the proposal.

The applicant's proposal must describe in detail the scope of the audit and must include a detailed work plan setting forth the methodologies to be used in completing the work. Responses to this RFP will be the primary source of information used in the evaluation process. The LCB may, in its discretion:

1. Contact any applicant to clarify a response.
2. Contact any user of an applicant's services.
3. Solicit information from any available source concerning any aspect of the proposal.
4. Seek and review any other information deemed pertinent to the evaluation process.

- B.** *Transmittal Letter* – The proposal must include a transmittal letter that identifies the firm submitting the proposal and asserts a commitment by that firm to provide the services required by the LCB. The transmittal letter must state that the proposal is valid for 90 days from the date on which proposals are due. A person legally authorized to

bind the contractor to the representations in the proposal must sign the transmittal letter. Failure to include each of these items may result in disqualification of the proposal.

- C.** *Table of Contents* – The proposal must include a table of contents that clearly identifies where in the proposal information required by this RFP is located.
- D.** *Project Staffing and Organization* – Staff assigned to prepare the financial statements and conduct the audit must have the appropriate experience which must be listed in the proposal. The professional qualifications and prior work experience of each member of the applicant’s team will be given significant weight in the selection the contractor.
1. Staffing – The program requires that concerted effort be given to this project by the contractor. The proposal must clearly identify:
 - a. The number of personnel by skill and qualification who will be devoted to the work;
 - b. The total number of hours that each type of employee will be involved in performing work under the contract;
 - c. A statement of the firm's ability to meet the required deadlines; and
 - d. The name of the person who will be assigned as the project manager.
 2. Notices of changes to anticipated staffing – The key personnel who are identified in the proposal will be deemed essential to the services to be provided. No substitutions of key personnel following the contract award may be made without the prior written notification to and approval of the LCB.
- E.** *Contractor Services Overview/Objectives* – The objectives of the examination for each fiscal year are to:
- Prepare the financial statements for the LCB for each fiscal year.
 - Determine and report whether the financial statements of the Legislative Counsel Bureau are presented fairly in conformity with generally accepted accounting principles.
 - Determine and report whether the assessment of the internal control structure made as a part of the examination of the financial statements disclosed any material weaknesses in the LCB’s accounting system.
 - Determine and report whether the LCB has complied with laws and regulations that may have a material effect on the financial statements.
- F.** *Preparation of Financial Statements and Requirements of Audit/Deliverables* – The work will include preparing the financial statements for the 2017, 2018, 2019 and 2020 fiscal years and an

audit of those financial statements sufficient to meet the objectives stated in paragraph (E). The examination for each fiscal year must be completed and each year's final reports submitted to the LCB in accordance with the following schedule:

Fiscal Year	Opinion on the LCB's Financial Statement: No Later Than
2017	October 31, 2017
2018	October 31, 2018
2019	October 31, 2019
2020	October 30, 2020

1. All work must be performed in accordance with the standards for financial audits contained in the most current revisions of Government Auditing Standards and applicable OMB circulars and audit guides.
2. The required reports must be prepared in accordance with the AICPA Audit Guide for Audits of State and Local Governmental Units.
3. The opinions on the financial statements must be addressed to the Members of the Legislative Commission.
4. All other reports must be addressed to the Director of LCB.
5. One copy of a progress report must be delivered to the contract administrator designated by the LCB each month beginning on the month of the date of the award until each final report has been delivered to the LCB. The progress report must include a statement of work completed to date, what remains to be done, hours incurred in the reporting period to date, and whether the work is proceeding on schedule for a timely completion.
6. Four copies of the opinion on the LCB's financial statements and a letter addressing those internal controls over financial statements must be delivered to the LCB by the dates specified above. A DRAFT copy of the opinion must be delivered to the LCB by not later than October 15, 2017, for fiscal year 2017; by October 15, 2018, for fiscal year 2018; by October 15, 2019, for fiscal year 2019; and by October 15, 2020, for fiscal year 2020.

G. *Executive Summary* – The proposal submitted by the applicant must include an executive summary that asserts that the proposal meets all of the requirements of this RFP. The executive summary must not exceed five pages, must represent a full and concise summary of the contents of the proposal, and must be cross-referenced to the page numbers of the proposal's contents. Failure to include this information may result in disqualification or rejection of the proposal.

H. *Applicant Contact Information* – The proposal must clearly identify the following information:

1. Name and Address.
2. Type of Entity (Corporation/Partnership).
3. Length of time in existence.
4. Name and location of all offices and other facilities of the contractor.
5. Name, address, business and telephone number, and fax number of the applicant's principal contact.
6. Contractor's Federal Employer Identification Number.
7. Statement regarding the financial stability of the contractor, including the ability of the contractor to perform the requisite services.

I. *Conflict of Interest* – The applicant must disclose in the proposal any contractual relationship that exists or has existed between the applicant (or a predecessor organization of the applicant, or a subcontractor included in the applicant's response to this RFP) and the LCB or any other entity of the State of Nevada. Although not every prior or existing contractual relationship will constitute a conflict of interest, each such relationship must be disclosed. The applicant must represent that if awarded the contract, the audit will not place the applicant in a position of reviewing and/or evaluating its own work from a previous consulting or business engagement with the LCB or the State of Nevada. Failure to disclose any such prior or existing contractual or personal relationship as described in this section may result in disqualification or rejection of the proposal and may be cause to terminate the agreement if discovered after the contract is awarded. The LCB will make the final determination regarding the existence of a conflict of interest.

J. *Technical Information* – The objective of the technical portion of the applicant's proposal is to demonstrate the applicant's expertise, the expertise of personnel who will render the requested services, the applicant's ability to prepare the financial statements and logically plan and complete the audit, and the applicant's ability to successfully deliver the final reports.

K. *Corporate Capabilities* – This portion of the proposal must describe the applicant's experience assisting government agencies in the preparation of financial statements and performing similar governmental audits, and the applicant's understanding of the requirements for such work, by providing the information detailed below:

1. Peer Review – Include a copy of your most recent peer review opinion.
2. Independence – Include a statement as to whether your firm is independent with regard to the LCB and that your firm meets the independence requirements of Government Auditing Standards.

- L. *Cost Proposal* – It is the policy of the LCB to obtain the highest quality proposal for services at the lowest possible cost. For this reason, cost will be evaluated separately from the qualification of the applicants and the services proposed in response to this RFP.

The total cost for preparing the financial statements and performing an audit of the LCB for the four fiscal years must be included in the body of the proposal. The cost must reflect all anticipated costs including, but not limited to, report drafts, status reports, site visits, fieldwork, presentations, and expenses associated with deliverables. The cost proposal must also include all travel and accommodation expenses associated with travel, and any other out-of-pocket expenses required to perform the work. Further, the cost proposal must include all costs and expenses associated with the applicant's attendance at, and participation in, any meetings held following the submission of the final reports to present, explain, and/or discuss the reports.

IV. Statement of Work

- A. *Introduction* – The proposal must be divided into numbered sections and contain the information as described in this section of the RFP. After the applicant is selected, but prior to contract execution, the LCB may require modifications of the proposal to ensure the objectives of this request are satisfied.
- B. *Scope of Work*
 1. The contractor will prepare the financial statements and related notes of the LCB in conformity with generally accepted accounting principals based on information provided by the LCB for fiscal years 2017, 2018, 2019 and 2020. The contractor will also complete the audit of the LCB financial statements. The contractor is expected to perform the audit in accordance with Government Auditing Standards issued by the U.S. General Accounting Office and applicable OMB circulars and audit guides. The audit will include the requirements and deliverables described in paragraph (F) of Section III.
 2. Confidentiality – The applicant must agree to maintain confidentiality of all information, records and data obtained for the purpose of the audit. All information obtained during the audit may only be used for the purpose of conducting the audit and may not be used for any other purpose. Additionally, the applicant must agree to require employees and any other persons enlisted by the applicant to assist with the work to be bound by all confidentiality requirements.
- C. *Work Plan and Methodology*

1. **Work Plan** – The objective of the work plan is to describe the work the applicant agrees to perform to prepare financial statements, audit the LCB's Basic Financial Statements and prepare the final report of the opinion on the financial statements. The work plans must also include the projected dates for each deliverable as required by this RFP.
2. **Methodology** – The work plan must clearly present the applicant's methodology for performing the work for the four fiscal years. Conclusions and recommendations based on unreliable or inaccurate data are not useful to the LCB and will be considered unacceptable to include in the reports. Therefore, the contractor's methodology must describe the verifying process it will use to ensure that data is accurate and reliable.

D. Deliverables

1. **Progress Reports** – The LCB will be responsible for monitoring contractor performance. The applicant awarded the contract will provide periodic reports on its progress towards completing its responsibilities to the LCB.
2. **Opinion on the LCB's financial statements** – (See Section III(F)(6)).
3. **Presentation** – The applicant awarded the contract may be required to attend meetings called by the LCB to discuss the final reports. The contractor will be expected to make a presentation at these meetings and be available for discussion of the reports and questions. The cost associated with such meetings are solely the responsibility of the contractor and are not payable by the LCB, except as agreed upon in the Agreement.

E. Product Expectations – The report for each fiscal year will provide information about the LCB's financial status. Information presented and conclusions made must be accurate and reliable.

F. Anticipated Project Calendar – The project should proceed in accordance with the timeframe outlined in Section III(F).

G. Working Papers

1. All working papers from the audit are confidential. The contractor will be prohibited from releasing working papers except if subpoenaed by a court or when requested by the LCB. The final reports are not public documents until the final reports are presented to the LCB. Until such time as the final reports are released, the reports should not be provided to anyone who is not authorized in the Agreement.

2. The contractor will be allowed to destroy working papers 3 years after the final written reports are issued, payment for those years have been made, and all other pending matters are closed.

H. *Progress Reports* – The contractor will be required to keep the LCB apprised of its progress and activities through regular monthly progress reports. The progress reports must include a statement of the work completed, the work remaining, a brief description of any findings, any concerns or problems encountered, and whether the work is proceeding on schedule for a timely completion. The LCB reserves the right to request additional written progress reports and/or to request an in-person meeting with the contractor, if deemed necessary. The contractor may submit progress billings in conjunction with its progress reports. Ninety percent of each billing will be paid upon approval and the remaining ten percent will be paid upon completion and verification of all duties and acceptance of the final report by the LCB.

I. *Contractor's Responsibilities*

1. The contractor must designate a project manager who will maintain contact with the LCB contract administrator. The project manager must have experience in performing audits as described in Government Auditing Standards.
2. The contractor must be responsible for personnel, supplies, and equipment.
3. The contractor must assume responsibility for all services offered in the proposal submitted.
4. The contractor must be responsible for all material errors and omissions in the performance of the contract.
5. The contractor must obtain any private legal services considered necessary.
6. The contractor must report, in writing, immediately to the LCB whenever it appears, in the opinion of the project manager, that any violation of a criminal law may have occurred; any instance of misfeasance, malfeasance or nonfeasance by a state officer or an employee of the LCB; or any shortage in the accounts of any official or employee of the LCB.
7. The contractor must deliver the final opinions on the financial statements and copies of the draft and final reports in accordance with Section III(F).
8. The contractor will hold exit conferences and obtain the LCB's responses for any findings resulting from the examination of the

financial statements. The contractor will comment upon any recommendation rejected by the LCB.

9. The contractor must submit a monthly progress report as described in paragraph (H).
10. The contractor must provide an annual accounting of the hours expended per year.

J. *LCB's Responsibilities*

1. The LCB will provide access to the contractor to books, accounts, records, files, correspondence, or other documents of the LCB as needed.
 - a. The LCB will prepare the schedule of expenditures.
 - b. The LCB will follow up and take corrective action on audit findings, including preparing a summary schedule of prior audit findings, identifying each prior findings status, and the corrective action plan for audit findings included in the current year's report.
2. The contractor shall notify the LCB contract administrator of any delays in receipt of information.

K. *LCB Contract Administrator's Responsibilities* – The LCB will designate a contract administrator who will be responsible for monitoring the performance of the contractor and authorizing payments to the contractor upon verification of work performed. The LCB contract administrator or a designee will attend all entrance and exit conferences held with the auditors.

L. *Legislative Counsel Bureau's Responsibilities* – The LCB will prepare a written agreement between the LCB and the contractor. The LCB will also make payments to the contractor upon authorization by the LCB contract administrator.

V. **Proposal Evaluation and Selection Process**

A. *Introduction and Overview* – The LCB will evaluate proposals with one or more employees assigned to review the proposals and make recommendations to the Director. The Director of the LCB will make the final selection. Before the final selection, the Director may request qualified contractors to orally present their proposals.

Following the final selection of a contractor, the LCB will notify the applicant selected and will prepare a contract for review. Other applicants will be notified of the selection. If the signed contract is not returned to the LCB in a timely manner, the LCB may withdraw the offer to the applicant and make a different selection.

If all proposals are rejected, all applicants will be notified.

- B.** *Selection* – The LCB intends to make the final determination of the most qualified applicant on or before May 12, 2017. Proposals will be evaluated using the criteria set forth in Appendix B.
- C.** *Rejection of Proposals* – The LCB reserves the right to reject any or all proposals, or to award the contract in whole or in part as deemed to be in the best interest of the LCB. The Director has the authority to award the contract to any firm meeting the specifications and conditions.

VI. Contract Provisions: Sample provisions to be included in the contract prepared for this work are attached as Appendix C.

Appendix A

COST PROPOSAL

The applicant must state its proposed cost using the format described in the following table. The applicant's charges must include the entire cost of providing the services identified in this RFP.

The cost proposal submitted must itemize the following for each category of personnel with a different billing rate: Employees categorized in the following manner: partners, supervisors, seniors, staff, number of hours on the project, billing rate per hour (including fringe benefits), and total cost for each type of auditor or other employee.

The cost proposal must also itemize all out-of-pocket costs, such as printing, telephone, travel, clerical, or other specific costs. The total cost estimate for each of these categories should be itemized.

Additional Cost Information

Billable hours: For each employee's title listed, state briefly the function and responsibility of that title.

Out-of-Pocket Costs: Include separate costs for each category listed, if applicable.

Travel: These expenditures include mileage, subsistence, lodging, and transportation expenses. Show transportation costs and per diem separately.

Other (Specify): Itemize any other costs that may not fall into categories previously listed.

Total Costs: The sum of billable hours and out-of-pocket costs.

Appendix A

COST PROPOSAL

(continued)

Name of Contractor: _____

Name of Subcontractor(s): _____

Signature and Title of Contractor or Subcontractor(s): _____

	TOTAL REVIEW COST		
	Hours	Billable Rate	Total
Billable Hours			
Staff			
Supervisors			
Senior Staff			
Partners			
Total Billable Hours			
Out-of-Pocket Costs			
Printing			
Telephone			
Travel			
Clerical			
Other (specify)			
Total Other Expenses			
TOTALS			

Appendix B

PROPOSAL EVALUATION FORM

Firm's Name:

I. PRIORITY ITEMS

	<u>Yes</u>	<u>No</u>
A. Does the firm have a permit to engage in the practice of public accounting in Nevada?	_____	_____
B. Does the firm meet the independence standards of <u>Government Auditing Standards</u> ?	_____	_____
C. Has the firm been disciplined by the Nevada State Board of Accountancy for substandard work?	_____	_____

Note: A no answer to questions A and B will make the contractor ineligible.
A yes answer to Question C may make the contractor ineligible.

II. WEIGHTED ITEMS

	<u>Score (Based on Scale of 0-5)</u>	<u>Weight</u>	<u>Weighted Score</u>
A. Qualifications			
1. Firm	_____	.10	_____
2. Staff	_____	.25	_____
3. Governmental Auditing	_____	.15	_____
B. Technical Presentation	_____	.20	_____
C. Fee	_____	.30	_____
Total		<u>1.00</u>	=====

Appendix C

SAMPLE CONTRACTUAL PROVISIONS TO BE INCLUDED IN CONTRACT AWARDED

I. TERM OF THE AGREEMENT/PROJECT TIMING AND STANDARD OF PERFORMANCE

- (A) The term of this Agreement shall commence on the date on which it has been signed by all of the parties and shall continue in full force and effect until terminated pursuant to Section XIV of this Agreement.
- (B) Contractor and the LCB agree that time is of the essence in the performance of the duties set forth in this Agreement.
- (C) Contractor agrees to work faithfully, industriously and to the best of its ability, experience and talents in the performance of its duties under this Agreement.
- (D) Unless otherwise agreed to in writing, the provisions of Sections I to XXIV, inclusive, of this Agreement shall prevail over any conflicting provision in any other document.

II. INDEPENDENT CONTRACTOR

The parties to this Agreement agree that for the purposes of the work performed pursuant to this Agreement, Contractor is an independent contractor and is not an employee of the LCB, the Legislature or the State of Nevada. As an independent contractor, there will not be:

- (A) Withholding of personal income tax by the State of Nevada;
- (B) Coverage for industrial insurance funded by the State of Nevada;
- (C) Participation in group insurance plans which may be available to employees of the State of Nevada;
- (D) Participation in or contributions by either Contractor or the State of Nevada to the Public Employees' Retirement System;
- (E) Accumulation of vacation leave or sick leave; or
- (F) Unemployment compensation coverage provided by the State of Nevada.

III. PRIMARY RESPONSIBILITY

Contractor shall not subcontract, sell, transfer, assign, delegate or otherwise dispose of its rights, obligations or duties under this Agreement or any portion thereof without the prior written consent of the LCB. The LCB agrees not to unreasonably withhold such consent. If the LCB provides any such consent, Contractor agrees to remain primarily responsible for the work. Contractor shall not seek approval to subcontract work to any subcontractor who has been

suspended by the State of Nevada. No subcontractor may in any case relieve Contractor of its liability under this Agreement and any person engaged in the performance of work covered by this Agreement shall be considered an employee of Contractor.

IV. RESPONSIBILITIES OF CONTRACTOR

As specified in the RFP or response as agreed upon by the parties.

V. REVIEW AND APPROVAL OF WORK

(A) Upon receipt of each bill submitted by Contractor pursuant to Section XIII of this Agreement which describes the work completed since the last bill, the LCB agrees to inspect any work completed which has not already been approved and notify Contractor within 10 business days whether or not the work is approved. Contractor acknowledges that acceptance is within the sole discretion of the LCB. The LCB agrees that it will not exercise its discretion in an arbitrary or capricious manner. The LCB further agrees that if it rejects any work, the LCB will provide Contractor along with the notice of rejection, a list of the deficiencies in the work performed by Contractor that Contractor must correct for the LCB to accept the work.

(B) If the LCB notifies Contractor that any aspect of the work has not been approved, Contractor agrees to make the necessary correction and resubmit the work within 10 business days, unless a longer time is authorized by the LCB. Any such correction of a deficiency shall be at the expense of Contractor. After Contractor has corrected a deficiency, Contractor agrees to notify the LCB and the process set forth in paragraph (A) for the inspection of work will apply.

(C) Upon approval by the Contract Administrator for the LCB of all of the work set forth in the bill, the LCB agrees to pay Contractor within 30 days, less 10 percent. Final payment for the project shall be withheld until the LCB approves the project and Contractor has completed all of its responsibilities under this Agreement to the satisfaction of the LCB.

VI. CHANGE REQUESTS

(A) Either party to this Agreement may request a change in this Agreement. Such a request must be made in writing and include a description of the provision(s) to be modified, the rationale for requesting the change and an assurance that the services provided will be equal to or better than those set forth in this Agreement.

(B) If Contractor submits such a request, the LCB will approve or deny the request within 10 business days after receipt of the request. The LCB agrees that it will not unreasonably withhold such approval.

(C) If the LCB requests additional work or a modification to the work covered under this Agreement, Contractor must provide the LCB with a written estimate of the cost, which must be approved by the LCB before Contractor begins any such work.

(D) Contractor agrees to assume the risk of any change in the work processes or services provided by Contractor without a signed approval of the request from the LCB. The cost and expense will be the responsibility of Contractor and Contractor may not submit a claim for compensation for work, materials or equipment in connection with such changes.

VII. THE WORKSITE: LEGISLATIVE BUILDING

- (A) The LCB agrees that it will provide access to the Legislative Building to Contractor and surrounding areas as necessary. Any keys provided to Contractor for the purpose of providing such access must not be taken off of the premises of the LCB and must be returned to the Contract Administrator for the LCB each day.
- (B) Contractor agrees that any employee or subcontractor of Contractor who performs work in or around the Legislative Building must obtain from the LCB an identification badge which must be worn by the employee or subcontractor while performing such work. Contractor further agrees that a foreman or superintendent of any subcontractor employed by Contractor will be physically present on-site during the performance of any work on the premises of the Legislative Building.
- (C) Contractor acknowledges that the Legislative Building will remain open while work is performed and agrees to coordinate its work activities with the LCB to ensure that access to the Legislative Building by the public and employees of the LCB is not unduly impaired.
- (D) Contractor agrees that, except with approval of the Contract Administrator for the LCB, all work performed pursuant to this Agreement must occur during regular working hours of regular working days.
- (E) Contractor acknowledges that the Legislative Building is a professional building and agrees to perform all work within and around the Legislative Building in a professional manner and to be courteous to all persons encountered in the performance of its responsibilities under this Agreement.
- (F) Contractor acknowledges that it is responsible for protecting the safety of the public and employees of the LCB from any hazards that may arise from work performed pursuant to this Agreement.
- (G) The use of tobacco products is prohibited within the Legislative Building and on the roof. Smoking is permitted on the grounds of the Legislative Building away from the public entrances. Contractor agrees that its employees and any subcontractors will abide by the tobacco use policy of the LCB.
- (H) Contractor agrees that its employees and any subcontractors will use only travel routes through the Legislative Building and the surrounding grounds that have been approved by the LCB.
- (I) Contractor agrees to ensure that the work site is cleaned daily and that upon completion of the Project will be cleaned to the satisfaction of the LCB. Contractor is responsible for the disposal of any refuse generated from the Project.
- (J) The LCB agrees to allow Contractor to store equipment and materials in locations designated by the LCB. Contractor bears the risk of loss of, or damage to, any equipment or materials used in completing the project, including any equipment or materials stored on site.

(K) The LCB agrees that it will provide access to Contractor to utilities, including, without limitation, electricity and water, as needed in the performance of its responsibilities under this Agreement.

(L) Contractor agrees to adhere to and follow all security protocols required in the Legislative Building and its perimeter.

(M) Contractor agrees to abide by any other rules of conduct of the LCB while performing work at the Legislative Building as directed by the Contract Administrator for the LCB or his designee.

VIII. AUDIT REQUIREMENTS

(A) Contractor agrees that any books, records, documents and accounting procedures and practices relevant to the performance of this Agreement are subject to inspection, examination, audit and copying by a person designated by the LCB at reasonable times and with reasonable notice. The LCB may request at any time, and Contractor shall provide, any such documentation in a form acceptable to the LCB at a location determined by the LCB.

(B) Contractor further agrees to preserve and make available any books, records and documents relevant to the performance of this Agreement for 3 years after the date of final payment under this Agreement. If this Agreement is completely or partially terminated, the books, records and documents relating to the work terminated shall be preserved and made available for 3 years after the date of any resulting final settlement.

IX. NOTICES/CONTRACT ADMINISTRATION

(A) All notices under this Agreement shall be deemed sufficient if delivered in person or sent by registered mail, return receipt requested. The person designated by the LCB to receive notices and to be the person to be contacted during the period of performance of this agreement for contract administration is:

LCB Employee
Legislative Counsel Bureau, Administrative Division
401 South Carson Street
Carson City, Nevada 89701

(B) The person designated by Contractor to receive notices and to be the person to be contacted during the period of performance of this agreement for contract administration is:

Contractor
Address
City, State Zip Code

X. STATE OWNERSHIP

(A) All work performed by or at the direction of Contractor and all materials, products and deliverables developed or prepared for the LCB by Contractor or at the direction of Contractor are the property of the LCB and all title and interest therein shall vest in the LCB and shall be deemed to be a work made for hire and made in the course of the services rendered hereunder.

To the extent that title to any such works may not, by operation of law, vest in the LCB or such works may not be considered works made for hire, all rights, title and interest therein are hereby irrevocably assigned to the LCB. All such deliverables shall belong exclusively to the LCB, with the LCB having the right to obtain and to hold in its own name copyrights, registrations or such other protection as may be appropriate to the subject matter, and any extensions and renewals thereof. Contractor shall not use, willingly allow, or cause to have such deliverables used for any purpose other than the performance of its obligations under this Agreement without prior written consent of the LCB.

(B) Contractor agrees to give to the LCB and any person designated by the Nevada Legislature reasonable assistance, at the expense of the State of Nevada, required to perfect the rights defined in this Section. Unless otherwise requested by the LCB, upon the completion of the services to be performed, Contractor shall immediately turn over to the LCB all deliverables developed pursuant to this Agreement.

XI. CONFIDENTIALITY

Contractor agrees to maintain the confidentiality of the information, records and data obtained during the performance of its duties under this Agreement. Contractor further agrees not to use such information for any purpose other than to perform its duties under this Agreement and that it will require its employees to comply with the confidentiality requirements of this Section.

XII. PUBLICITY

Contractor shall not use any data, pictures or other representations of the State of Nevada, the Nevada Legislature or the LCB in its external advertising, marketing programs or other promotional efforts, unless it obtains the specific advance written authorization of the LCB. The LCB agrees not to unreasonably deny authorization to Contractor to use the LCB as a reference or to use samples of any work product that it developed during the performance of this Agreement.

XIII. PAYMENT SCHEDULE

(A) As agreed.

(B) Contractor may submit a bill to the LCB not more than one time every 30 days in an amount which corresponds to the percentage of the project that has been completed since the last payment. The bill must specify all work completed since the last bill and all work left to be completed. Upon approval by the contract administrator for the LCB of the work identified in the bill provided pursuant to Section III of this Agreement, the LCB agrees to pay Contractor within 30 days, less 10 percent.

(C) Upon approval of all work required under this Agreement, Contractor may submit a bill for final payment and the LCB agrees to pay Contractor the balance owed within 30 days.

(D) The payments provided pursuant to this Section shall constitute the entire compensation for the services rendered by Contractor and shall be deemed to cover all of the costs of Contractor, including, without limitation, overhead, travel, expenses, taxes, supplies and other related

expenses, if any. No additional charges of any kind will be paid unless specifically agreed to in writing, in advance, by the LCB.

XIV. TERMINATION

(A) The LCB may, at any time, for its convenience and without cause, terminate all or part of this Agreement. To terminate this Agreement pursuant to this paragraph, the LCB must send to Contractor a notice of termination without cause. Termination of this Agreement pursuant to this paragraph shall be within the sole discretion of the LCB and shall become effective upon receipt by Contractor of the notice of termination without cause. The LCB's liability to Contractor with respect to any such termination is limited to the reasonable costs incurred by Contractor before the effective date of the termination for any approved project which must not exceed the maximum amount authorized for the project pursuant to Section XIII of this Agreement. If requested, Contractor shall substantiate any cost submitted for payment with proof satisfactory to the LCB. This paragraph does not apply to termination for cause.

(B) Contractor is in default of this Agreement and the LCB may terminate this Agreement for cause if the LCB determines that:

(1) The quality of the work performed by Contractor is unacceptable;

(2) Contractor has failed to comply with the terms of this Agreement to the satisfaction of the LCB;

(3) Contractor is unable to identify and resolve problems in a timely manner;

(4) Contractor has breached this Agreement or is not fulfilling its obligations under this Agreement in any other respect; or

(5) Contractor has sought, or been forced to seek, protection under the Federal Bankruptcy Act.

(C) The LCB is in default of this Agreement if, at any time, the LCB materially breaches any term of this Agreement.

(D) To terminate this Agreement for cause, the nondefaulting party shall send to the defaulting party a notice of default. Termination shall become effective 5 days after the defaulting party receives the notice of default unless during those 5 days the defaulting party cures the default.

(E) If the LCB terminates this Agreement for cause, the LCB is not liable for any costs incurred by Contractor and the LCB may procure the services from another source and hold Contractor liable for any excess cost occasioned thereby.

XV. LIABILITY INSURANCE

During the term of this Agreement, Contractor shall maintain comprehensive public liability insurance coverage of not less than \$1,000,000 in a form and with an insurer acceptable to the LCB. The policy shall be a combined single limit, bodily injury and property damage, against liability arising out of the services of Contractor and its officers, employees, subcontractors and agents. Contractor agrees to name the State of Nevada, the Nevada

Legislature and the LCB and their officers, employees and authorized agents as additional insureds on the policy. Evidence of the policy required by this Section must be furnished to the LCB at the time of the signing of this Agreement and thereafter from time to time as the LCB deems necessary. Such evidence must demonstrate that the policy may not be modified or terminated without at least 30 days' prior written notice to the LCB.

XVI. COMPLIANCE WITH LAWS

Contractor shall comply with all applicable federal, state, county and local laws, ordinances, regulations and codes in the performance of its duties under this Agreement.

XVII. INDEMNIFICATION

(A) Contractor agrees to hold harmless, indemnify and defend the State of Nevada, the Nevada Legislature and the LCB and their officers, employees and authorized agents against any claim, action, loss, damage, injury, liability, cost and expense of any kind or nature arising from the performance of this Agreement by Contractor which is not due to or caused by the negligence of the State of Nevada, the Nevada Legislature or the LCB or one of their officers, employees or authorized agents.

(B) In any claim against the State of Nevada, the Nevada Legislature or the LCB or one of their officers, employees or authorized agents by any employee or subcontractor of Contractor, or any person directly or indirectly employed by any of them, or any person for whose acts any of them may be liable, this indemnification shall not be limited in any way by any limitation on the amount or type of damages, compensation, or benefits payable by or for Contractor or any subcontractor under workers' compensation acts, disability benefits acts or other employee benefit acts.

(C) The indemnification conferred by this Section is not intended to waive the limitation on the award of tort damages otherwise applicable to the acts or omissions to which the indemnification applies.

(D) The remedy provided by this indemnification is in addition to, and not in lieu of, any other remedy. This indemnification must not be diminished or limited in any way to the total limits of insurance required by this Agreement or otherwise available to Contractor.

XVIII. CONTINGENCY/FORCE MAJEURE

(A) Neither of the parties to this Agreement shall be held responsible for any delay or failure in the performance of this Agreement which is caused by a fire, strike, embargo, requirement imposed by governmental regulation, civil or military authorities, an act of God, the public enemy, or any other cause beyond the control of any of the parties.

(B) If such a contingency occurs, the party injured by the other's inability to perform may elect to:

(1) Terminate this Agreement or any part thereof; or

(2) Suspend this Agreement for the duration of the delaying cause, with the option of extending the period for performance for not longer than the length of time the contingency endured.

(C) Unless written notice is given within 30 days after the injured party is apprised of the contingency, suspension of this Agreement as set forth in paragraph (B)(2) shall be deemed selected.

XIX. SEVERABILITY

If any term or provision of this Agreement is determined to be illegal, unenforceable or invalid in whole or in part for any reason, such illegal, unenforceable, or invalid provisions or part thereof shall be stricken from this Agreement, and such provision shall not affect the legality, enforceability or validity of the remainder of this Agreement.

XX. INTERPRETATION

This Agreement shall be construed, interpreted and enforced in accordance with the laws of the State of Nevada.

XXI. VENUE

Any cause of action brought by or against the State of Nevada, the Nevada Legislature or the LCB or their officers, employees or authorized agents arising out of the performance of this Agreement must be instituted and maintained in a court of competent jurisdiction in the County of Carson City, State of Nevada.

XXII. REMEDIES NOT EXCLUSIVE

No remedy provided herein shall be deemed exclusive of any other remedy allowed or provided by law.

XXIII. REPRESENTATION BY INDEPENDENT COUNSEL

This Agreement was executed voluntarily without any duress or undue influence on the part of or on behalf of the parties hereto. The parties acknowledge that they have read and understood this Agreement and its legal effect. Each party acknowledges that it has had a reasonable opportunity to obtain independent legal counsel for advice and representation in connection with this Agreement. Each party further acknowledges that it is not relying on, and it is not for the purposes of the negotiation, execution and delivery of this Agreement a client of, the legal counsel employed by any of the other parties to this Agreement.

XXIV. ENTIRE AGREEMENT

This Agreement sets forth the entire Agreement between the parties hereto and no representation or promise not specifically set forth herein shall affect the duties or liabilities of either party hereunder, unless set forth in writing and agreed to by the parties.

