

**SERVICES AGREEMENT  
BETWEEN  
THE TEXAS A&M UNIVERSITY SYSTEM  
AND  
GRANT THORNTON LLP**

This Services Agreement ("Agreement") is made and entered into and effective upon final execution of this Agreement (the "Effective Date"), by and between The Texas A&M University System, an agency of the state of Texas ("A&M System") and Grant Thornton LLP, an Illinois limited liability partnership ("Grant Thornton"), individually referred to as "Party" and collectively referred to as "the Parties".

A&M System and Grant Thornton agree as follows:

**1. Scope of Work**

- 1.1 Grant Thornton will perform the scope of work set forth in Exhibit A, Scope of Work, attached hereto and incorporated for all purposes ("Work") in accordance with the schedule for the Work set forth in Exhibit A. At this time, Exhibit A describes the activities to be performed in Stage 1 ("SOW 1").
- 1.2 As more particularly described in Exhibit A, the final Deliverable in Stage 1 of this Agreement shall be a plan describing the activities to be conducted in Stage 2, along with the related pricing and costs associated therewith. In order to proceed with Stage 2 the Parties must mutually agree to perform the additional activities (and payment of the associated pricing relating to such activities) and the authorized contracting representatives of each Party must sign such final Deliverable. Upon the execution of such final Deliverable by both Parties, Exhibit A of this Agreement shall be deemed amended to include: (a) the additional activities in Stage 2, Implementation ("SOW 2") in the definition of Work; and (b) the pricing and payment schedule associated with SOW 2.
- 1.3 A&M System will comply with its obligations and responsibilities set forth in Exhibit A. At a minimum, the Work will meet the requirements of RFP01 CIO-16-001 Human Capital Management Independent Verification & Validation Services ("RFP"), as modified by Exhibit A.
- 1.4 Grant Thornton will obtain, at its own cost, any and all applicable approvals, professional licenses, filings, registrations and permits required by federal, state or local laws, regulations or ordinances, for the performance of the Work.
- 1.5 Key Personnel.
  - (a) Key Personnel shall be assigned to fulfill the role to which they are assigned for the duration of the applicable Stage or Work as described in Exhibit A and will not be removed by Grant Thornton without prior written approval of A&M System except in the event of resignation or termination of employment, disability, illness, leave of absence or other grave personal circumstances.
  - (b) In the event any Key Person is unable to perform as proposed for any reason during the performance of the Work during the applicable Stage, Grant Thornton must promptly notify A&M System in writing. Any proposed changes of Key Personnel must be submitted in

writing to A&M System for approval. Replacement personnel, if approved, must be at an equivalent or higher skill and experience level. A&M System reserves the right to disapprove any proposed replacement Key Personnel based upon qualifications, lack of performance, or quality of work. Such notice must include an explanation of the problem, and the impact on performance. All such replacements are subject to the prior written approval of A&M System.

- (c) If A&M System determines that a suitable replacement of Key Personnel is not feasible or likely to be achieved within a reasonable amount of time, or that the reduction of effort during the search for a suitable replacement will be so substantial as to impair the successful performance of the Work, A&M System may terminate this Agreement for its convenience in accordance with Section 7.3, below.

## **2. Term**

- 2.1 The term of this Agreement will begin on the Effective Date and expire on June 30, 2018 ("Expiration Date"), with the option to extend the Agreement for up to an additional one year term upon mutual written agreement of the Parties, unless terminated earlier as provided in this Agreement or unless the Parties agree in writing that a further extension of the Expiration Date is necessary to complete the Work.

## **3. Grant Thornton's Obligations**

- 3.1 Grant Thornton confirms that to the best of its knowledge as of the date of this Agreement neither Grant Thornton nor any subcontractor represented by Grant Thornton, or anyone acting for the subcontractor (1) has violated the antitrust laws of the state of Texas, Chapter 15, *Texas Business and Commerce Code*, or federal antitrust laws, or (2) has communicated directly or indirectly the content of Grant Thornton's response to A&M's procurement solicitations to any competitor or any other person engaged in a similar line of business during the procurement process for this Agreement, in connection with the Work hereunder.
- 3.2 Grant Thornton will perform the Work in accordance with applicable professional standards and in compliance with all applicable federal and state laws, in each case, in all material respects.
- 3.3 Grant Thornton represents that the partners or directors of Grant Thornton directly in charge of the Work are duly registered and/or licensed under all applicable federal, state and local laws regulations, and ordinances.
- 3.4 Grant Thornton represents at (i) it is an Illinois limited liability partnership, (ii) it has all necessary power and has secured all necessary approvals to execute and deliver this Agreement and perform all its obligations hereunder; and (iii) the individual executing this Agreement on behalf of Grant Thornton has been duly authorized to act for and bind Grant Thornton.
- 3.5 Grant Thornton represents that neither the execution and delivery of this Agreement by Grant Thornton nor the performance of its duties and obligations under this Agreement will result in the violation of any provision of any partnership agreement by which Grant Thornton is bound, or to the best of Grant Thornton's knowledge and belief, will conflict with any order or decree of any court or governmental instrumentality relating to Grant Thornton.

- 3.6 This is a services engagement. Grant Thornton warrants that it shall perform the Work hereunder in accordance with applicable professional standards and rules. Except for the warranties set forth in this Section 3.6, Grant Thornton disclaims all other warranties, either express or implied, including, without limitation, warranties of merchantability and fitness for a particular purpose.
- 3.7 Notwithstanding the forgoing, it is understood and agreed that the Work may include advice and recommendations from Grant Thornton to A&M System, as well as the mutual determinations of implementation strategies of the Parties, but A&M System retains all the authority and the discretion to determine how A&M System uses such advice, recommendations and strategies; provided, however, the provisions in this Section 3.7 shall in no manner reduce or eliminate Grant Thornton's responsibility that the Work provided to A&M System under this Agreement comply with the requirements of Exhibit A and all applicable laws, rules, and regulations.
- 3.8 A&M System shall cooperate with Grant Thornton in the performance by Grant Thornton of the Work, including, without limitation, providing Grant Thornton with reasonable facilities and timely access to data, information, and personnel of A&M System. A&M System shall be responsible for the performance of its personnel and agents and for the accuracy and completeness of all data and information provided to Grant Thornton for purposes of the performance by Grant Thornton of the Work. A&M System acknowledges and agrees that Grant Thornton's performance is partially dependent upon the timely and effective satisfaction of A&M System's responsibilities hereunder and timely decisions and approvals of A&M System in connection with the Work. Grant Thornton shall be entitled to rely on all decisions and approvals provided by the A&M System Executive Sponsors and the A&M System Project Manager. A&M System shall be solely responsible for, among other things: (a) making all A&M System management decisions and performing all A&M System management functions; (b) designating a competent management member to oversee the Work; (c) evaluating the adequacy and results of the Work; (d) accepting responsibility for the results of the Work (although Grant Thornton is responsible for performing its obligations as described in Exhibit A); and (e) establishing and maintaining internal controls, including, without limitation, monitoring ongoing activities.

#### **4. Consideration**

- 4.1 A&M System will pay Grant Thornton for the performance of Stage 1 of the Work (SOW 1) as described in Exhibit A and performance of Stage 2 of the work to be described in SOW 2 the total fixed-price amount of \$837,142. For Stage 2 – SOW 2, A&M System will pay Grant Thornton as agreed in Stage 2, SOW 2, as described in Section 1.2 above. The amounts to be paid Grant Thornton under this Agreement that are fixed-price amounts shall include all of Grant Thornton's expenses in performing the applicable Work, except for travel expenses which are to be paid on a not-to-exceed, cost-reimbursement basis in accordance with the Texas Travel Regulations; as well as all bills for labor and material performed and furnished by Grant Thornton's subcontractors, if any, in connection with the performance of Grant Thornton's obligations hereunder. Refer to Exhibit A for detailed cost breakdown of Stage 1 pricing.

#### **5. Payment Terms**

- 5.1 For all work performed as described in Exhibit A, Grant Thornton will submit invoices to A&M System in accordance with the terms of Exhibit A upon completion and acceptance of each Deliverable in accordance with the terms of Section 10.21, below. Upon receipt of such

invoices, A&M System will pay Grant Thornton in accordance with the terms of the applicable SOW for the applicable stage, e.g., Exhibit A for Stage 1 and SOW 2 for Stage 2.

- 5.2 In the event of early termination of this Agreement by A&M System pursuant to Section 7.3 or Section 10.11, or by Grant Thornton as permitted under this Agreement, including for A&M System's breach of this Agreement, in each case prior to completion or acceptance of any Deliverables, A&M System will pay Grant Thornton (i) a pro-rata portion of the amount due for each such Deliverable, and (ii) all holdback amounts retained by A&M System.
- 5.3 A&M System will pay each properly documented invoice in accordance with Texas Prompt Pay laws for each Deliverable completed as described in Exhibit A. Grant Thornton may suspend its Services or terminate this Agreement if payment is not received within thirty (30) days of receipt of a correct invoice(s).
- 5.4 If A&M System submits in advance a written request for additional services not included in the Work, and if Grant Thornton agrees to provide such services, Grant Thornton shall be paid for the performance of such services in an amount agreed upon by A&M System and Grant Thornton as evidenced by a mutually acceptable writing setting forth the additional services and compensation therefor executed by A&M System and Grant Thornton prior to the commencement of such services.

## **6. Ownership and Use of Work Material**

- 6.1 Except with respect to any Grant Thornton Technology as provided below, the tangible (which term also includes electronic) materials prepared by Grant Thornton or any of its subcontractors and described as deliverables being prepared by Grant Thornton for delivery to A&M System as a result of the Work in Exhibit A or which the Parties agree to in the performance of Exhibit A ("the Deliverables") are considered to be works for hire, and shall, upon A&M System's full and final payment to Grant Thornton for such Deliverables hereunder, become the property (including all intellectual rights relating therein) of A&M System without further compensation and, except as otherwise provided herein, without any restrictions. A&M System shall, at all times, be entitled to retain the originals of the Deliverables. To the extent the Deliverables are not considered a work for hire, except with respect to any Grant Thornton Technology as provided below, subject to A&M System's full and final payment to Grant Thornton for such Deliverables hereunder, Grant Thornton will and hereby does assign to A&M System all rights, title, and interests in and to the Deliverables, including but not limited to the copyrights pertaining thereto.
- 6.2 To the extent that any Grant Thornton Technology (as defined below) is contained in any of the Deliverables, Grant Thornton hereby grants A&M System, upon full and final payment to Grant Thornton hereunder, a royalty-free, fully paid-up, worldwide, nonexclusive, perpetual, non-cancelable and non-terminable license to use such Grant Thornton Technology in connection with the Deliverables. Grant Thornton has created, acquired, or otherwise has rights in, and may, in connection with the performance of the Work, employ, provide, modify, create, acquire, or otherwise obtain rights in, works of authorship, materials, information and other intellectual property (collectively, the "Grant Thornton Technology").
- 6.3 The Deliverables (except with respect to any Grant Thornton Technology contained therein) will not be used or published by Grant Thornton or any other party unless expressly authorized by A&M System in writing.



- 6.4 Except as otherwise provided in Section 10.20 or as otherwise required by applicable law, all Work and Deliverables shall be solely for A&M System's benefit, and are not intended to be relied upon by any person or entity other than A&M System and A&M System shall not disclose Grant Thornton Technology or the Work or Deliverables, or refer to Grant Thornton, Grant Thornton Technology or the Work or Deliverables in any communication, to any person or entity except (a) as specifically set forth in Exhibit A; (b) to A&M System's contractors solely for the purpose of their providing services to A&M System relating to the subject matter of this Agreement, provided that such contractors comply with the restrictions on disclosure set forth in this sentence; or (c) to the extent required by Texas law. A&M System, however, may create its own materials based on the content of such Work and Deliverables and use and disclose such A&M System-created materials for external purposes, provided that A&M System does not in any way, expressly or by implication, attribute such materials to Grant Thornton or its subcontractors. Nothing in this Agreement shall prevent A&M System from providing the Deliverables to other Texas state agencies (including the A&M System institutions and agencies).
- 6.5 Grant Thornton does not agree to any terms that may be construed as precluding or limiting in any way its right to:
- (a) provide consulting or other work of any kind or nature whatsoever to any person or entity as Grant Thornton in its sole discretion deems appropriate, so long as applicable law does not prohibit Grant Thornton's performance of such consulting or work; or
  - (b) develop for itself, or for others, materials that are competitive with or similar to those produced as a result of the Work, irrespective of their similarity to the Work Material, so long as such materials do not include confidential information of or contain any information identifying A&M System or any of its personnel.

## **7. Default and Termination**

- 7.1 In the event of a material failure by a Party to this Agreement to perform in accordance with the terms of this Agreement ("default"), the other Party may terminate this Agreement upon thirty (30) days' written notice of termination setting forth the nature of the material failure. The termination will not be effective if the material failure is fully cured prior to the end of the thirty-day period.
- 7.2 In addition, Grant Thornton may terminate this Agreement, or any part thereof, immediately upon written notice to A&M System if it reasonably determines that (a) a governmental, regulatory, or professional entity (including, without limitation, the American Institute of Certified Public Accountants, the Public Company Accounting Oversight Board, or the Securities and Exchange Commission), or an entity having the force of law has introduced a new, or modified an existing, law, rule, regulation, interpretation, standard, or decision, the result of which would render Grant Thornton's performance of such part(s) or all of the engagement illegal or otherwise unlawful or in conflict with independence or professional standards or rules, or (b) circumstances change such that A&M System or an affiliate thereof becomes an attest client of Grant Thornton LLP or an affiliate thereof such that Grant Thornton's performance of any part of the engagement would be illegal or otherwise unlawful or in conflict with independence or professional standards or rule.
- 7.3 A&M System may terminate this Agreement at any time upon thirty (30) days prior notice to Grant Thornton.

- 7.4 Termination under Sections 7.1, 7.2, or 7.3 will not relieve either Party from liability for any default or breach under this Agreement or any other act or omission of such Party.

**8. Relationship of the Parties**

- 8.1 For all purposes of this Agreement and notwithstanding any provision of this Agreement to the contrary, Grant Thornton is an independent contractor and is not a state employee, partner, joint venture, or agent of A&M System. Grant Thornton will not bind nor attempt to bind A&M System to any agreement or contract. As an independent contractor, Grant Thornton is solely responsible for all taxes, withholdings, and other statutory or contractual obligations of any sort, including workers' compensation insurance.

**9. Insurance**

- 9.1 A&M System insurance requirements are stated in Exhibit C, attached hereto.

**10. Miscellaneous**

- 10.1 Assignment and Subcontracting. Grant Thornton's interest in this Agreement (including Grant Thornton's duties and obligations under this Agreement, and the fees due to Grant Thornton under this Agreement) may not be subcontracted, assigned, delegated, or otherwise transferred to a third party, in whole or in part, and any attempt to do so will (a) not be binding on A&M System; and (b) be a breach of this Agreement for which Grant Thornton will be subject to all remedial actions provided by Texas law. Notwithstanding the foregoing, A&M System hereby consents to Grant Thornton utilizing the affiliates or related entities set forth in Exhibit A, or other affiliates or related entities identified by Grant Thornton and agreed to by A&M System in writing.
- 10.2 Delinquent Child Support Obligations. A child support obligor who is more than 30 days delinquent in paying child support and a business entity in which the obligor is a sole proprietor, partner, shareholder, or owner with an ownership interest of at least 25 percent is not eligible to receive payments from state funds under an agreement to provide property, materials, or services until all arrearages have been paid or the obligor is in compliance with a written repayment agreement or court order as to any existing delinquency. The *Texas Family Code* requires the following statement be included in this Contract, which is certified by the signatory of the vendor hereto: "Under Section 231.006, *Texas Family Code*, the vendor or applicant certifies that the individual or business entity named in this contract, bid, or application is not ineligible to receive the specified grant, loan, or payment and acknowledges that this contract may be terminated and payment may be withheld if this certification is inaccurate."
- 10.3 Payment of Debt or Delinquency to the State. Pursuant to Section 2252.903, *Texas Government Code*, Grant Thornton agrees that any payments owing to Grant Thornton under this Agreement may be applied directly toward certain debts or delinquencies that Grant Thornton owes the State of Texas or any agency of the State of Texas regardless of when they arise, until such debts or delinquencies are paid in full.
- 10.4 Franchise Tax Certification. If Grant Thornton is a taxable entity subject to the Texas Franchise Tax (Chapter 171, *Texas Tax Code*), then Grant Thornton certifies that it is not currently delinquent in the payment of any franchise (margin) taxes or that Grant Thornton is exempt from the payment of franchise (margin) taxes.

- 10.5 Prohibited Bids and Agreements. A state agency may not accept a bid or award a contract that includes proposed financial participation by a person who received compensation from the agency to participate in preparing the specifications or request for proposals on which the bid or contract is based. The *Texas Government Code* requires the following statement: "Under Section 2155.004, *Texas Government Code*, the vendor certifies that the individual or business entity named in this bid or contract is not ineligible to receive the specified contract and acknowledges that this contract may be terminated and payment withheld if this certification is inaccurate."
- 10.6 Former Employees. Section 2252.901 of the *Texas Government Code* provides that a state agency may not enter into an employment contract, a professional services contract under Chapter 2254, or a consulting services contract under Chapter 2254 with a former or retired employee of the agency before the second anniversary of the last date on which the individual was employed by the agency, if appropriated money will be used to make payments under the contract.
- 10.7 Tax Exempt Status. As an agency of the State of Texas, A&M System is tax exempt. Tax exemption certification will be furnished upon request.
- 10.8 Products and Materials Produced in Texas. A&M System and Grant Thornton agree that the Work does not require the purchase of products and materials. However, should the Work be amended to require the purchase of products or materials, Grant Thornton agrees that in accordance with Section 2155.4441, *Texas Government Code*, in performing its duties and obligations under this Agreement, Grant Thornton will to the extent practicable purchase products and materials produced in Texas when such products and materials are available at a price and time comparable to products and materials produced outside of Texas.
- 10.9 Public Information.
- (a) To the extent that in connection with this Agreement, A&M System comes into possession of any trade secrets or other proprietary or confidential information of Grant Thornton that is marked as "proprietary" or "confidential" (collectively, "Grant Thornton Records"), A&M System will, hold such Grant Thornton Records in confidence and will not use or disclose such Grant Thornton Records except (1) as permitted or required by this Agreement, (2) as required by law, rule, regulation or judicial or administrative process, or in connection with litigation pertaining hereto or in accordance with applicable professional standards or rules, (3) to the extent such records (i) are or become publicly available other than as the result of a disclosure by A&M System in breach hereof, (ii) are already known by A&M System without any obligation of confidentiality with respect thereto, or (iii) are developed by A&M System independently of any disclosures made to A&M System hereunder, or (4) as otherwise authorized by Grant Thornton in writing. Grant Thornton acknowledges that A&M System is obligated to strictly comply with the Public Information Act, Chapter 552, *Texas Government Code*, in responding to any request for public information pertaining to this Agreement, as well as any other disclosure of information required by Texas law.
- (b) Upon a A&M System written request, Grant Thornton will provide specified public information exchanged or created under this Agreement that is not otherwise excepted from disclosure under chapter 552, *Texas Government Code*, to A&M System in a non-proprietary format acceptable to A&M System. As used in this provision, "public information" has the meaning assigned Section 552.002, *Texas Government Code*, but only includes information to which A&M System has a right of access.

- (c) Grant Thornton acknowledges that A&M System may be required to post a copy of the fully executed Agreement on its Internet website in compliance with Section 2261.253(a)(1), Texas Government Code.
- 10.10 Governing Law and Venue. The substantive laws of the State of Texas (and not its conflicts of law principles), USA, govern all matters arising out of or relating to this Agreement and all of the transactions it contemplates. Pursuant to Section 85.18 (b), *Texas Education Code*, venue for a state court suit filed against The Texas A&M University System, any component of The Texas A&M University System, or any officer or employee of The Texas A&M University System is in the county in which the primary office of the chief executive officer of the system or component, as applicable, is located. At execution of this Agreement, such county is Brazos County, Texas. Venue for any suit brought against The Texas A&M University System in federal court must be in the Houston Division of the Southern District of Texas.
- 10.11 Loss of Funding. Performance by A&M System under this Agreement may be dependent upon the appropriation and allotment of funds by the Texas State Legislature (the "Legislature"). If the Legislature fails to appropriate or allot the necessary funds, A&M System will issue written notice to Grant Thornton and A&M System may terminate this Agreement without further duty or obligation hereunder. Grant Thornton acknowledges that appropriation of funds is beyond the control of A&M System.
- 10.12 State Auditor's Office. Grant Thornton understands that acceptance of funds under this Agreement constitutes acceptance of the authority of the Texas State Auditor's Office, or any successor agency (collectively, "Auditor"), to conduct an audit or investigation in connection with those funds pursuant to Section 51.9335(c), *Texas Education Code*. Grant Thornton agrees to cooperate with the Auditor in the conduct of the audit or investigation, including without limitation, providing all records requested. Grant Thornton will include this provision in all contracts with permitted subcontractors other than affiliates or related entities of Grant Thornton.
- 10.13 Force Majeure. Neither party is required to perform any term, condition, or covenant of this Agreement or will be liable or responsible to the other for any loss or damage or for any delays or failure to perform, if performance is prevented or delayed by a natural occurrence, a fire, an act of God, an act of terrorism, or other similar occurrence, or other causes beyond the reasonable control of such party.
- 10.14 Non-Waiver. Grant Thornton expressly acknowledges that A&M System is an agency of the State of Texas and nothing in this Agreement will be construed as a waiver or relinquishment by A&M System of its right to claim such exemptions, privileges, and immunities as may be provided by law. Further, no delay or omission in exercising any right accruing upon a default in performance of this Agreement will impair any right or be construed to be a waiver of any right. A waiver of any default under this Agreement will not be construed to be a waiver of any subsequent default under this Agreement.
- 10.15 Notices. Any notice required or permitted under this Agreement must be in writing, and shall be deemed to be delivered when deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, and addressed to the intended recipient at the address set out below. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission, or email and will be effective when actually received. A&M System and



Grant Thornton can change their respective notice address by sending to the other party a notice of the new address. Notices should be addressed as follows:

A&M System:           The Texas A&M University System  
301 Tarrow St.  
College Station, Texas 77840  
Attention: Jeff Zimmermann  
Phone: (979) 458-6410  
Fax: (979) 458-6250  
E-mail: [jzimmermann@tamus.edu](mailto:jzimmermann@tamus.edu)

Grant Thornton:       Grant Thornton LLP  
1016 La Posada Dr., Suite 280  
One La Costa Bldg.  
Austin, TX 78752  
Attention: Doug Doerr  
Phone: (512) 692-1220  
E-mail: [Doug.Doerr@us.gt.com](mailto:Doug.Doerr@us.gt.com)

10.16. Dispute Resolution. The dispute resolution process provided for in Chapter 2260, *Texas Government Code*, shall be used, as further described herein, by A&M System and Grant Thornton to attempt to resolve any claim for breach of contract made by Grant Thornton:

- (a) Grant Thornton's claims for breach of this Agreement that the parties cannot resolve in the ordinary course of business shall be submitted to the negotiation process provided in Chapter 2260, subchapter B, *Texas Government Code*. To initiate the process, Grant Thornton shall submit written notice, as required by subchapter B, to Billy Hamilton, Executive Vice Chancellor and Chief Financial Officer. Said notice shall specifically state that the provisions of Chapter 2260, subchapter B, are being invoked. A copy of the notice shall also be given to all other representatives of Grant Thornton and A&M System otherwise entitled to notice under this Agreement. Compliance by Grant Thornton with subchapter B is a condition precedent to the filing of a contested case proceeding under Chapter 2260, subchapter C, *Texas Government Code*.
- (b) The contested case process provided in Chapter 2260, subchapter C, *Texas Government Code*, is Grant Thornton's sole and exclusive process for seeking a remedy for any and all alleged breaches of contract by A&M System if the parties are unable to resolve their disputes under subparagraph (A) of this paragraph.
- (c) Compliance with the contested case process provided in subchapter C is a condition precedent to seeking consent to sue from the Legislature under Chapter 107 of the *Texas Civil Practices and Remedies Code*. Neither the execution of this Agreement by A&M System nor any other conduct of any representative of A&M System relating to this Agreement shall be considered a waiver of sovereign immunity to suit.
- (d) The submission, processing and resolution of Grant Thornton's claim is governed by the published rules adopted by the Office of the Attorney General pursuant to Chapter 2260, as currently effective, hereafter enacted or subsequently amended. These rules are found at 1 T.A.C. Part 3, Chapter 68.

- (e) Neither the non-occurrence nor occurrence of an event nor the pendency of a claim constitutes grounds for the suspension of performance by Grant Thornton, in whole or in part; provided, however, that the foregoing shall not limit Grant Thornton's rights to terminate this Agreement as set forth herein.
- 10.17 Limitations. The Parties are aware that there are constitutional and statutory limitations on the authority of A&M System (a state agency) to enter into certain terms and conditions of this Agreement, including, but not limited to, those terms and conditions relating to liens on A&M System's property; disclaimers and limitations of warranties; disclaimers and limitations of liability for damages; waivers, disclaimers and limitations of legal rights, remedies, requirements and processes; limitations of periods to bring legal action; granting control of litigation or settlement to another party; liability for acts or omissions of third parties; payment of attorneys' fees; dispute resolution; indemnities; and confidentiality (collectively, the "Limitations"), and terms and conditions related to the Limitations will not be binding on A&M System except to the extent authorized by the Constitution and the laws of the State of Texas. Neither the execution of this Agreement by A&M System nor any other conduct, action, or inaction of any representative of A&M System relating to this Agreement constitutes or is intended to constitute a waiver of A&M System's or the state's sovereign immunity to suit. The parties recognize that this Agreement is subject to, and agree to comply with, all applicable local, state, and federal laws, statutes, rules and regulations. Any provision of any law, statute, rule or regulation that invalidates any provision of this Agreement, that is inconsistent with any provision of this Agreement, or that would cause one or both of the parties hereto to be in violation of law will be deemed to have superseded the terms of this Agreement. The parties, however, will use their best efforts to accommodate the terms and intent of this Agreement to the greatest extent possible consistent with the requirements of the law and negotiate in good faith toward amendment of this Agreement in such respect.
- 10.18 Entire Agreement; Modifications. This Agreement, including its attachments, together with RFP01 CIO-16-001 Human Capital Management Independent Verification & Validation Services and Grant Thornton's Proposal in response to RFP01 CIO-16-001 Human Capital Management Independent Verification & Validation Services, in such order of precedence and together with all supplements and addenda, supersedes all prior agreements, written or oral, between Grant Thornton and A&M System and will constitute the entire agreement and understanding between the Parties with respect to the subject matter of this Agreement. In the event of conflicts or inconsistencies between this Agreement and the proposal documents, such conflicts or inconsistencies shall be resolved by reference to the documents in the following order of precedence:
- (a) This Services Agreement
  - (b) Attachments to this Services Agreement in descending alphabetical order
  - (c) RFP01 CIO-16-001 Human Capital Management Independent Verification & Validation Services, including all addenda, clarifications, revised offers and responses to questions
  - (d) Grant Thornton's Response to RFP01 CIO-16-001 Human Capital Management Independent Verification & Validation Services, including all addenda, clarifications, revised offers and responses to questions

This Agreement and each of its provisions will be binding upon the Parties and may not be waived, modified, amended or altered except by a writing signed by both A&M System and Grant Thornton.

10.19 Captions. The captions of sections and subsections in this Agreement are for convenience only and will not be considered or referred to in resolving questions of interpretation or construction.

10.20 Confidentiality and Safeguarding of A&M System Records; Press Releases; Public Information. Under this Agreement Grant Thornton may (a) create, (b) receive from or on behalf of A&M System, or (c) have access to records belonging to A&M System (collectively "A&M System Records"). Among other things, A&M System Records may contain social security numbers, credit card numbers, data protected or made confidential or sensitive by applicable federal and state laws, including the Gramm-Leach-Bliley Act (Public Law No: 106-102) and the Family Education Rights and Privacy Act, 20 U.S.C §1232g ("FERPA"), or information relating to computer network security or to the design, operation, or defense of a computer network which is exempt from public disclosure pursuant to Section 552.139 of the *Texas Government Code*. If Grant Thornton requires access to any A&M System Records that are subject to FERPA in connection with any Work hereunder, A&M System shall designate an A&M System official with a legitimate educational interest in such A&M System Records with the responsibility for providing such access to Grant Thornton. Grant Thornton agrees that it will: (1) hold A&M System Records in confidence and will not use or disclose A&M System Records except (A) as permitted or required by this Agreement, (B) as required by law, rule, regulation or judicial or administrative process, or in connection with litigation pertaining hereto, or in accordance with applicable professional standards or rules, (C) to the extent such records (i) are or become publically available other than as the result of a disclosure by Grant Thornton in breach hereof, (ii) are already known by Grant Thornton without any obligation of confidentiality with respect thereto, or (iii) are developed by Grant Thornton independently of any disclosures made to Grant Thornton hereunder, or (iv) as otherwise authorized by A&M System in writing; (2) safeguard A&M System Records by implementing reasonable administrative, physical and technical standards designed to protect against the unauthorized disclosure of any A&M System Records that are no less rigorous than the standards by which Grant Thornton protects its own confidential information; (3) regularly monitor its operations and take reasonable measures to safeguard the confidentiality of A&M System Records in accordance with all federal and state laws that are applicable to Grant Thornton in connection with the performance of the Work, including, if and to the extent so applicable, FERPA and the Gramm-Leach-Bliley Act, and the terms of this Section 10.20; (4) ensure that A&M System Records are not outsourced or housed outside the United States other than to subcontractors permitted hereunder without prior A&M System authorization; and (5) comply with A&M System's policies, regulations, rules and procedures regarding access to and use of A&M System's computer systems set forth in A&M System Policy 29.01 - *Information Resources* accessible at <http://www.tamus.edu/offices/policy/policies/>, to the extent applicable to Grant Thornton in its performance of the Work. Attached hereto as Exhibit D is Grant Thornton's Data Security Statement and Unauthorized Disclosure Management which includes a written description of the measures Grant Thornton has implemented to safeguard and maintain the confidentiality of personally identifiable information. A&M System hereby consents to Grant Thornton disclosing A&M System Records to its subcontractors, affiliates or related entities that are performing Work in connection with the Agreement, if any, and who are bound by confidentiality obligations similar to (and no less restrictive than) the restrictions and obligations in this Section 10.20.

10.20.1 Notice of Unauthorized Use. If an unauthorized use or disclosure of any A&M System Records under Grant Thornton's control occurs, Grant Thornton will provide written notice to A&M System immediately, but no more than three (3) business days after Grant Thornton's discovery of such unauthorized use or disclosure. Grant Thornton

will promptly provide A&M System with all reasonable information requested by A&M System regarding such unauthorized use or disclosure.

- 10.20.2 Return of A&M System Records. Grant Thornton agrees that within thirty (30) days after the expiration or termination of this Agreement, Grant Thornton shall destroy all A&M System Records then in Grant Thornton's possession, including all A&M System Records provided to Grant Thornton's employees, subcontractors, agents, or other affiliated persons or entities, unless directed in writing to return such records to A&M System with no copies retained by Grant Thornton or if return is not feasible, destroyed. Twenty (20) days before destruction of any A&M System Records, Grant Thornton will provide A&M System with written notice Grant Thornton's intent to destroy A&M System Records. Within five (5) days after destruction, Grant Thornton will confirm to A&M System in writing the destruction of A&M System records. Notwithstanding the foregoing, Grant Thornton shall have the right to retain copies of any A&M System Records for archival purposes to evidence Grant Thornton's Work, provided further that such A&M System Records shall continue to be subject to the terms of this Agreement.
- 10.20.3 Disclosure. If Grant Thornton discloses any A&M System Records to any of its subcontractors or agents permitted hereunder, Grant Thornton will require that such subcontractors or agents comply with this Section 10.20.
- 10.20.4 Press Releases. Except when defined as part of the Work, Grant Thornton will not make any press releases, public statements, or advertisement referring to the Project or the engagement of Grant Thornton as an independent contractor of A&M System in connection with the Project, or release any information relative to the Project for publication, advertisement or any other purpose without the prior written approval of A&M System. The foregoing shall not prohibit Grant Thornton from (a) referring to A&M System generally in the media as a client or including A&M System in its general client lists; or (b) releasing information pertaining to the Work or the engagement of Grant Thornton hereunder as may be required by law, rule, regulation or judicial or administrative process, or in accordance with applicable professional standards or rules.
- 10.20.5 Termination. In addition to any other termination rights set forth in this Agreement and any other rights at law or equity, if Grant Thornton has breached any of its obligations set forth in this Section 10.20 resulting in an unauthorized disclosure of A&M System Records, A&M System may, upon written notice to Grant Thornton, immediately terminate this Agreement without opportunity to cure. Grant Thornton will be entitled to payment of any amount that will compensate Grant Thornton for the Work performed from the time of the last payment date to the termination date in accordance with this Agreement.
- 10.20.6 Duration. Grant Thornton's obligations under this Section 10.20 will survive expiration or termination of this Agreement for any reason.
- 10.21 Acceptance of Deliverables. Each Deliverable prepared by Grant Thornton shall be subject to the approval of A&M System project management pursuant to the following process.



- (a) A&M System project management, or their designees, shall complete A&M System's review of each Deliverable in not more than five (5) business days or a mutually agreeable longer time period if agreed between the Parties in writing ("Acceptance Period") after delivery to A&M System.
- (b) A written Deliverable Definition Summary shall be prepared as described in Exhibit A for each written Deliverable during project planning for each phase of the Work or at agreed upon dates that are included in the project plan. The Deliverable Definition Summary must contain an overview of Deliverable purpose or objective, the recommended document structure (outline) and required content, and the estimated Deliverable completion date.
- (c) Acceptance criteria for a Deliverable may include, but are not limited to, conformity to the mutually agreed-upon Deliverable Definition Summary. Nonconformance to any of the acceptance criteria for a Deliverable that are agreed to in writing by the parties shall result in Deliverable rejection pursuant to the process set forth in this Section 10.21, and a delay of payment associated with Deliverable. As set forth in Section 5.1, payment shall not be made until acceptance of the applicable Deliverable in accordance with the terms of this Section 10.21. A&M System approval shall not be unreasonably withheld.
- (d) Upon receipt of A&M System's statement of material deficiencies, if any, Grant Thornton shall have five (5) business days, or a mutually agreeable longer time period if agreed between the Parties in writing, to make modifications to the Deliverable so it will conform in all material respects to its applicable requirements or indicate a disagreement. A&M System project management, or their designee, shall have five (5) business days or a mutually agreeable longer time period if agreed between the Parties in writing (which such time will also constitute an Acceptance Period), after delivery of the modified Deliverable to complete a review of the modifications made in response to the statement of deficiencies and to notify Grant Thornton in writing of acceptance or rejection of the Deliverable. A&M System's review and approval of such corrected or changed Deliverable shall be solely for the purpose of determining that corrections have been made to bring the Deliverable into compliance in all material respects to the acceptance criteria established for each Deliverable.
- (e) If A&M System fails to deliver a notice of acceptance or rejection for any Deliverable within the Acceptance Period for review or re-review as set forth in this Section 10.21 above, A&M System shall be deemed to have accepted such Deliverable as of the final day of the applicable Acceptance Period for said Deliverable.
- (f) Grant Thornton shall not cease work on any other Deliverable pending approval of any Deliverable except to the extent that any other Deliverable is dependent upon a Deliverable needing approval.
- (g) Upon acceptance of a Deliverable, all services associated with such Deliverable shall be deemed accepted and Grant Thornton shall have no further obligation with respect to an accepted Deliverable. Subject to the other terms and conditions of this Agreement, the fees for an accepted Deliverable shall be due and payable upon the date the Deliverable is accepted or deemed to be accepted.

- 10.22 Binding Effect. This Agreement will be binding upon and inure to the benefit of the Parties hereto and their respective permitted assigns and successors.
- 10.23 Records. Records relating to payments made to Grant Thornton, including reimbursable expenses pertaining to the Work will be available to A&M System or its authorized representative during reasonable business hours and will be retained for seven (7) years after final payment or abandonment of the Work. The foregoing right to inspect Grant Thornton's billing records shall not include any confidential or proprietary information of Grant Thornton or its subcontractors or their respective personnel, except to the extent that Grant Thornton is required to make such billing records available for inspection under applicable law.
- 10.24 Severability. In case any provision of this Agreement will, for any reason, be held invalid or unenforceable in any respect, the invalidity or unenforceability will not affect any other provision of this Agreement, and this Agreement will be construed as if the invalid or unenforceable provision had not been included.
- 10.25 Indemnification and Hold Harmless. Grant Thornton shall defend, indemnify and hold harmless A&M System, its officers, employees, agents, and Board of Regents against any and all claims of third parties for, and damages, liabilities and costs finally awarded by a court or amounts paid in a settlement agreed to by Grant Thornton in connection with such claims for, (a) bodily injury, death or damage to real or tangible personal property to the extent caused by the negligence of Grant Thornton while engaged in the performance of the Work under this Agreement; or (b) infringement by a Deliverable of any U.S. patent existing at the time of delivery, or copyright or any unauthorized use of any trade secret, except to the extent that such infringement or unauthorized use arises from, or could have been avoided except for (i) modification of the Deliverable other than by Grant Thornton or its subcontractors, or use thereof in a manner not contemplated by this Agreement; (ii) the failure of the indemnified party to use any corrections or modifications made available by Grant Thornton; (iii) information, materials, instructions, specifications, requirements or designs provided by or on behalf of the indemnified party; or (iv) the use of the Deliverable in combination with any platform, product, network or data not provided by Grant Thornton. If A&M System's use of any such Deliverable, or any portion thereof, is or is likely to be enjoined by order of a court of competent jurisdiction as such an infringement or unauthorized use, Grant Thornton, at its option and expense, shall have the right to (x) procure for A&M System the continued use of such Deliverable; (y) replace such Deliverable with a non-infringing Deliverable; or (z) modify such Deliverable so it becomes non-infringing; provided that, if (y) or (z) is the option chosen by Grant Thornton, the replacement or modified Deliverable is capable of performing substantially the same function. In the event Grant Thornton cannot reasonably procure, replace or modify such Deliverable in accordance with the immediately preceding sentence, Grant Thornton may require A&M System to cease use of such Deliverable and Grant Thornton shall refund the professional fees paid to Grant Thornton with respect to the Services giving rise to such Deliverable. The foregoing provisions of this Section 10.25 constitute the sole and exclusive remedy of the indemnified parties, and the sole and exclusive obligation of Grant Thornton, relating to a claim that any of Grant Thornton's Deliverables infringes any patent, copyright or other intellectual property right of a third party. As a condition to the indemnity obligations contained herein, A&M System shall provide Grant Thornton with prompt notice of any claim for which indemnification shall be sought hereunder and shall cooperate in all reasonable respects with the indemnifying party in connection with any such claim. Subject to the statutory duties of the Texas Attorney General, Grant Thornton shall be entitled to control the handling of any such claim and to defend or settle any such claim. Grant

Thornton will only agree to any settlement that places any obligation on A&M System after approval from the Texas Office of the Attorney General.

- 10.26 Grant Thornton's Liability. Grant Thornton will be responsible for costs of repairs for damage to buildings or other A&M System tangible personal property to the extent caused by the negligence of Grant Thornton's employees while engaged in the performance of the Work under this Agreement.
- 10.27 Survival of Provisions. No expiration or termination of this Agreement will relieve either Party of any obligations under this Agreement by their nature survive expiration or termination, including but not limited to Sections 10.10, 10.12, 10.14, 10.16, 10.17, 10.20, 10.22, 10.25, 10.26 and 10.28.
- 10.28 Limitation of Liability. Except for amounts owing pursuant to Section 2(f) of Exhibit D, A&M System agrees that Grant Thornton, its subsidiaries and subcontractors, and their respective personnel will not be liable to A&M System for any claims, liabilities, or expenses relating to this Agreement ("Claims") for an aggregate amount in excess of the fees paid by A&M System to Grant Thornton pursuant to this Agreement, except to the extent resulting from the bad faith or intentional misconduct of Grant Thornton. In no event will Grant Thornton, its subsidiaries or subcontractors, or their respective personnel be liable to A&M System for any loss of use, data, goodwill, revenues, or profits (whether or not deemed to constitute a direct Claim), or any consequential, special, indirect, incidental, punitive or exemplary loss, damage, or expense relating to this Agreement. The provisions of this Section shall not apply to any Claim for which Grant Thornton has an express obligation to indemnify A&M System under this Agreement. This paragraph will be effective to the extent authorized by the Constitution and laws of the State of Texas. The term "authorized" in the previous sentence means authorized expressly or authorized implicitly within the scope of authority granted to A&M System pursuant to an authorized power under, or not otherwise prohibited by, the Constitution or laws of the State of Texas.
- 10.29 HIPAA Compliance. If Grant Thornton will need access to PHI in connection with the Work hereunder, Grant Thornton agrees that it will execute a mutually agreed upon HIPAA Business Associate Agreement ("BAA") with each institution (including A&M System) if required so that HIPAA compliance is achieved.
- 10.30 Historically Underutilized Business Subcontracting Plan. If a subcontractor will be used to provide any commodity or service as part of the scope on a specific assignment, the Grant Thornton will be required to make a good faith effort and complete the state of Texas HSP found at <http://www.tamus.edu/business/facilities-planning-construction/forms-guidelines-wage-rates/>. If there are pre-existing agreements in place with companies who will be hired as subcontractors, Grant Thornton will show those companies as subcontractors on the HSP and provide an explanation as to why solicitations were not done, e.g. contractual requirements. If no pre-existing agreements with companies who will be hired as subcontractors exist, then Grant Thornton will be expected to make a good faith effort according to the HSP instructions. In the event that Grant Thornton determines it will be using a subcontractor, it shall contact Mr. Jeff Zimmermann from the A&M System's HUB Program at (979) 458-6410 or [jzimmermann@tamus.edu](mailto:jzimmermann@tamus.edu) for assistance in determining available HUB subcontractors and proper completion of the HSP.

10.31 Multiple Counterparts. This Agreement may be executed by each of the parties in separate counterparts; each counterpart when so executed shall be deemed an original. When executed by all parties, such counterparts shall, together, constitute and be one and the same Agreement.

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement to be effective as of the Effective Date.

**The Texas A&M University System**

**Grant Thornton LLP**

By:   
Executive Vice Chancellor and  
Chief Financial Officer

By:   
Engagement Partner

Name: Billy Hamilton

Name: Doug Doerr

Date: 8-8-16

Date: 2/9/2016

EXHIBIT A - Scope of Work

EXHIBIT B - Change Control

EXHIBIT C - Insurance

EXHIBIT D - Security Statement and Unauthorized Disclosure Management



**EXHIBIT A – SCOPE OF WORK (SOW 1)**

## **EXHIBIT B - CHANGE CONTROL**

### **Change Orders**

1. A&M System or Grant Thornton may request change to project scope and services that are defined in the applicable SOW. Project "scope" includes all elements of the project that affect its functional subjects, deliverables, budget, staffing levels, and/or timeline/due dates. The rate structure defined in the SOW, as appropriate, will govern the scope change pricing policy. The change control process should address each of the following circumstances:
  - a. Additions, changes or deletions to the scope of other services and associated deliverables covered under the SOW;
  - b. A change requested to plans or Deliverables that have already been signed off on or accepted and will require rework; or
  - c. An assumption made by Grant Thornton or A&M System is discovered to be invalid and requires a different approach based on the changed assumption.
2. Described below is a description of each step in the change control process:
  - a. Assign Ownership – Each change request is assigned an owner who will be responsible for performing an evaluation of the impact of the change on the project's budget. Grant Thornton will perform the initial impact analysis.
  - b. Perform Impact Analysis – Each change request is analyzed to determine the potential impact of the proposed change on the project's budget, schedule, scope, quality of results, and project risk. The results of the analysis are documented in a format for presentation to the A&M System project management.
  - c. Obtain A&M System Decision on Change Request – The results of the analysis that is performed during the "Perform Impact Analysis" step in this process is presented to the A&M System project management who will approve or reject requested change, or escalate the issue to the project sponsor(s).
3. Once A&M System and Grant Thornton have agreed to the terms of a Change Order, a written Change Order must be prepared and signed by the authorized representatives of A&M System and Grant Thornton.

## EXHIBIT C - INSURANCE REQUIREMENTS

Grant Thornton shall obtain and maintain, for the duration of this Agreement, the minimum insurance coverage set forth below. With the exception of Professional Liability (E&O), all coverage shall be written on an occurrence basis. All coverage shall be underwritten by companies authorized to do business in the State of Texas or eligible surplus lines insurers operating in accordance with the Texas Insurance Code and have a financial strength rating of A- or better and a financial strength rating of VII or better as measured by A.M. Best Company or otherwise acceptable to A&M System. By requiring such minimum insurance, A&M System shall not be deemed or construed to have assessed the risk that may be applicable to Grant Thornton under this Agreement. Grant Thornton shall assess its own risks and if it deems appropriate and/or prudent, maintain higher limits and/or broader coverage. Grant Thornton is not relieved of any liability or other obligations assumed pursuant to this Agreement by reason of its failure to obtain or maintain insurance in sufficient amounts, duration, or types. No policy will be canceled without unconditional written notice to A&M System by Grant Thornton at least ten days before the effective date of the cancellation.

### Insurance:

<u>Coverage</u>	<u>Limit</u>
A. <u>Worker's Compensation</u>	
Statutory Benefits (Coverage A)	Statutory
Employers Liability (Coverage B)	\$1,000,000 Each Accident \$1,000,000 Disease/Employee \$1,000,000 Disease/Policy Limit

Workers' Compensation policy must include under Item 3.A. on the information page of the workers' compensation policy the state in which work is to be performed for A&M System. Workers' compensation insurance is required, and no "alternative" forms of insurance will be permitted.

### B. Automobile Liability

Business Auto Liability Insurance covering all owned, non-owned or hired automobiles, with limits of not less than \$1,000,000 Combined Single Limit of liability per accident for Bodily Injury and Property Damage;

If a separate Business Auto Liability policy is not available, coverage for hired and non-owned auto liability may be endorsed on the Commercial General Liability policy.

### Additional Endorsements

The Auto and Commercial General Liability Policies shall include The Texas A&M University System Board of Regents for and on behalf of The Texas A&M University System as additional insured's.

### C. Commercial General Liability

Each Occurrence Limit	\$1,000,000
General Aggregate Limit	\$2,000,000
Products / Completed Operations	\$1,000,000
Personal / Advertising Injury	\$1,000,000
Damage to rented Premises	\$300,000
Medical Payments	\$5,000

The required commercial general liability policy will be issued on a form that insures Grant Thornton's liability for bodily injury (including death), property damage, personal and advertising injury assumed under the terms of this Agreement.

**D. Cyber-liability**

Each Occurrence Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000

**E. Grant Thornton will deliver to A&M System:**

Evidence of insurance on a current version ACORD® certificate form verifying the existence and required limits of all insurance after the execution and delivery of this Agreement and prior to the performance of any services by Grant Thornton under this Agreement. Evidence of insurance will be provided on a current version ACORD® certificate form verifying the continued existence of all required insurance no later than thirty (30) days after each annual insurance policy renewal.

All insurance policies, with the exception of worker's compensation, employer's liability and professional liability will be endorsed to include The Board of Regents for and on behalf of The Texas A&M University System and The Texas A&M University System as Additional Insureds up to the actual liability limits of the policies maintained by Grant Thornton. Commercial General Liability and Business Auto Liability will be endorsed to provide primary and non-contributory coverage. The Commercial General Liability Additional Insured endorsement will be submitted with the Certificates of Insurance.

All insurance policies, with the exception of professional liability and cyber liability, will be endorsed to provide a waiver of subrogation in favor of The Board of Regents of The Texas A&M University System and The Texas A&M University System. No policy will be canceled without unconditional written notice to A&M System by Grant Thornton at least ten days before the effective date of the cancellation.

Grant Thornton is responsible to pay any deductible or self-insured retention for any loss.

Certificates of Insurance and Additional Insured Endorsements as required by this Agreement will be mailed, faxed, or emailed to the following A&M System contact in Section 10.15.

The insurance coverage required by this Agreement will be kept in force until all services have been fully performed and accepted by A&M System in writing, except as may be noted.



## **EXHIBIT D – SECURITY STATEMENT AND UNAUTHORIZED DISCLOSURE MANAGEMENT**

### **1. Security**

Grant Thornton currently maintains physical, electronic and procedural safeguards that are designed to (1) protect the security and confidentiality of A&M System customer information, (2) protect against anticipated threats or hazards to the security or integrity of such information, and (3) protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any customer of A&M System. Such safeguards include:

- (a) Maintaining an information security program that defines, implements, and reviews information security policies and procedures.
- (b) Implementing policies that prohibit the unauthorized disclosure of, among other things, customer information, and requesting, on an annual basis, confirmation from Grant Thornton personnel that they have read such policies.
- (c) Protecting the confidentiality of A&M System data by:
  - (i) Implementing processes to encrypt data files stored on laptop and desktop computers.
  - (ii) Implementing processes and security settings to protect information stored on mobile devices such as time out values, PINs, automatic device wipe after a specified number of invalid log-on attempts, and remote wipe capability.
  - (iii) Issuing encrypted USB drives to Grant Thornton personnel for use in transferring confidential data.
- (d) Implementing training and awareness programs for Grant Thornton personnel related to information security policies, information protection standards, and privacy. Additionally, from time to time, publishing privacy and security-related alerts or reminders by standard internal communication channels.
- (e) Limiting access to Grant Thornton offices through the use of one or more of the following:
  - (i) Conventional locks
  - (ii) Electronic locks
  - (iii) Security guards
  - (iv) Identification badges
  - (v) Visitor control programs
  - (vi) Video surveillance programs
- (f) Maintaining an anti-virus protection program. Such program includes:
  - (i) Centrally managed, commercially available anti-virus software on Grant Thornton computers to which updates are released as they become available from vendors
  - (ii) A virus containment process that defines responsibilities and outlines procedures

- (g) Maintaining Grant Thornton network servers in data centers that employ a variety of industry-accepted procedures and tools that are designed to safeguard portions of the network and servers within the data centers. These include combinations of the following:
  - (i) Restricting both physical and network access to those with a business need for access
  - (ii) Restricting physical access to the data centers by card-key control systems
  - (iii) Implementing a network based intrusion detection system
  - (iv) Implementing firewalls to segment networks
  - (v) Implementing security vulnerability assessment processes and tools
  - (vi) Implementing change management procedures
  - (vii) Implementing patch management processes and tools
- (h) Periodically backing-up data that is maintained on Grant Thornton network servers, including processes to encrypt back-up media and to store back-up media off-site.
- (i) Limiting access to Grant Thornton computers and networks through the use of one or more of the following:
  - (i) User credentials
  - (ii) Access control lists
  - (iii) VPN rules
  - (iv) Firewall rules
- (j) Implementing a disaster recovery/business continuity program. Such program includes:
  - (i) Developing disaster recovery/business continuity plans and procedures
  - (ii) Developing back-up recovery processes that are designed to facilitate the continuity of business functions
  - (iii) Reviewing, testing and updating aspects of disaster recovery/business continuity plans
- (k) From time to time, performing internal assessments of aspects of Grant Thornton information security policies and procedures.
- (l) From time to time, Grant Thornton may change the physical, electronic and procedural safeguards that it maintains. Grant Thornton shall not be under any obligation to notify University of any such change.

## 2. Unauthorized Disclosure Management

- (a) Unauthorized Disclosure. If either Party discovers or reasonably suspects that there has been an unauthorized access to, or unauthorized disclosure of, Personal Data (as defined herein) under a Party's custody, possession, or control that adversely affects the confidentiality, integrity, or availability of such Personal Data (a "Security Breach"), such Party must promptly notify the other Party upon confirmation of the Security Breach. Additionally, each Party will reasonably cooperate with the other Party in remediating or mitigating any potential damage due to a Security Breach. As soon as reasonably practicable after any such Security Breach, upon A&M System's request, Grant Thornton and A&M System will consult in good faith regarding the root cause analysis and any remediation efforts. For purpose of this Exhibit D, Personal Data means nonpublic information received from, or on behalf of, A&M System by Grant Thornton pursuant to its performance of the Work, and which is capable of identifying a natural person.

- (b) Promptly upon becoming aware of any such Security Breach attributable to Grant Thornton, Grant Thornton shall investigate the circumstances, extent and causes of the Security Breach, and shall provide a summary report of the results of such investigation to A&M System and continue to keep A&M System informed on a reasonable periodic basis of the progress of its investigation until the investigation has concluded.
- (c) Grant Thornton's report discussed in paragraph (b) above shall identify, to the extent known by Grant Thornton: (a) the nature of the unauthorized use or disclosure; (b) the Personal Data used or disclosed; (c) who made the unauthorized use or received the unauthorized disclosure (if known); (d) what Grant Thornton has done or shall do to mitigate or halt of the Security Breach (if it is ongoing); and (e) what corrective action Grant Thornton has taken or shall take to correct the cause of such Security Breach.
- (d) Within five (5) calendar days, or such longer period as agreed to by the Parties in writing, of the date Grant Thornton confirms any such Security Breach attributable to Grant Thornton, Grant Thornton shall have completed implementation of corrective actions designed to remedy the Security Breach and prevent further similar Security Breaches.
- (e) Grant Thornton, at its expense, shall reasonably cooperate with A&M System regarding the investigation of and response to any such Security Breach attributable to Grant Thornton.
- (f) Grant Thornton Remediation of Certain Unauthorized Disclosures. In the event that any Security Breach is directly caused by Grant Thornton's breach of its security and/or privacy obligations under this Agreement, Grant Thornton shall reimburse A&M System for the reasonable and documented out-of-pocket costs incurred by A&M System for the following items; (i) costs of any required forensic investigation to determine the cause of the breach; (ii) providing legally required notification of the Security Breach to applicable government and relevant industry self-regulatory agencies, to the media (if required by applicable law) and to individuals whose Personal Data was the subject of the Security Breach; and (ii) if credit monitoring is an appropriate remedy given the circumstances of the Security Breach and nature of the Personal Data compromised, providing credit monitoring service, from a nationally recognized supplier of such services, to individuals whose Personal Data was the subject of the Security Breach for a period of one year after the date on which such individuals were notified of the Security Breach for such individuals who elected such credit monitoring service, provided, however, that Grant Thornton's liability for the provision of such credit monitoring services shall not exceed an aggregate amount of two million dollars (\$2,000,000). NOTWITHSTANDING THE FOREGOING, OR ANYTHING IN THE AGREEMENT TO THE CONTRARY, GRANT THORNTON SHALL HAVE NO RESPONSIBILITY TO PAY COSTS OF REMEDIATION THAT ARE ATTRIBUTABLE TO A&M SYSTEM OR DUE TO THE FAILURE TO IMPLEMENT AND ADHERE TO REASONABLE SECURITY SAFEGUARDS, RECKLESS MISCONDUCT, GROSS NEGLIGENCE, WILLFUL MISCONDUCT AND/OR FRAUD BY A&M SYSTEM OR ITS EMPLOYEES, AGENTS OR CONTRACTORS.

# **Grant Thornton IV&V Planning Stage Scope of Work Statement of Work No 1**

Texas A&M University System

Texas A&M University System Contact: Bradley Blair

Grant Thornton LLP Contact: Doug Doerr

Authorized Start Date: February 8, 2016

Estimated Completion Date: March 11, 2016

This Statement of Work ("SOW1"), effective as of February 8, 2016 ("SOW Effective Date"), confirms our agreement that Grant Thornton LLP ("Grant Thornton") will provide the Independent Verification and Validation services set forth herein (the "Services") to assist Texas A&M University System ("A&M System", "Client" or "TAMUS") with Stage 1 (Planning) review of the Workday Human Capital Management and Payroll Implementation ("Project Helios"). This SOW1 is subject to the Services Agreement entered into by Client and Grant Thornton to which this SOW1 is attached (the "Agreement"). For purposes of this SOW1, the term "Parties" means Client and Grant Thornton. TAMUS has defined two stages for Project Helios, each managed with a separate corresponding statement of work: Stage 1 (Planning) and Stage 2 (Implementation).

This SOW1 is exclusively for Stage 1 (Planning), and it is acknowledged and agreed that a statement of work for Stage 2 (Implementation) will be developed as a deliverable resulting from Stage 1 (Planning), and Grant Thornton has been selected to perform the corresponding services for each of the two respective Project Helios stages as set forth in the corresponding statement of work.

## **1. Statement of Understanding**

TAMUS has begun the process of implementing Workday HCM to support HR and Payroll operations system-wide. This is a sizeable effort with significant risk. To manage their risk and help achieve the highest degree of project success possible, TAMUS is engaging Grant Thornton LLP (Grant Thornton) to provide Independent Verification and Validation (IV&V) services.

## **2. IV&V Activities**

As an initial IV&V Planning Phase, Grant Thornton will perform the following IV&V planning activities, which will result in a comprehensive IV&V plan and a subsequent statement of work to perform IV&V services over the course of the TAMUS Workday HCM implementation.

2.1 Perform Initial Risk Assessment — To baseline TAMUS project risk identity and tracking efforts, Grant Thornton will perform an initial project risk assessment, including a review of the existing project Risk and Issues Log, and raise and log any newly identified risks. Grant Thornton will provide updates to

the Issues and Risk Log throughout the course of the project.

2.2 Develop Quality Assurance Deliverables Verification Process — Grant Thornton will work with TAMUS leadership to unify on an IV&V deliverable review and acceptance process that defines procedures for performing deliverables quality assessment reviews, raising related issues, and tracking acceptance. The population of deliverables to be reviewed will be based on Deloitte's deliverables list.

2.3 Develop Periodic IV&V and Executive Status Reports — Grant Thornton will develop an initial monthly IV&V status report to track current status of IV&V efforts, progress of deliverable quality assessment reviews, and to provide a summary of new and open risks. The IV&V status report will be published on a monthly basis. Grant Thornton will also develop additional executive status reporting as requested by TAMUS.

2.4 Evaluate Change Management & Organizational Readiness Planning — Grant Thornton will review available organizational change management plans, communication strategies, and training plans, and raise and log identified issues and risks in the project Issues and Risk Log. Grant Thornton will develop a summary report of TAMUS Change Management and Organizational Readiness Planning assessment, summarizing the content examined and any issues and risks that were identified and logged.

2.5 Develop Comprehensive IV&V Plan — Grant Thornton will finalize a comprehensive IV&V plan, expanding upon the high-level IV&V plan presented in the Grant Thornton IV&V proposal. The comprehensive IV&V plan will articulate IV&V activities by project phase, and provide a high-level plan and sequence of Deloitte Deliverable Quality Assessment Reviews to be performed, based on Deloitte's work plan and project schedule.

2.6 Develop Phase 2 Statement of Work — Grant Thornton will draft a Stage 2 statement of work to capture the IV&V activities and deliverables to inform the Stage 2 agreement to provide IV&V services for the balance of the Workday HCM project.

### **3. Deliverables**

3.1 Initial Risk Assessment Report — Grant Thornton will provide a high-level report of the results of the initial risk assessment, and summarize identified risks to be added to the project Issues and Risk Log.

3.2 Quality Assurance Deliverable Review Process Document — Grant Thornton will provide a comprehensive document of the mutually agreed upon Deliverables Quality Assessment Review Process per section 2.2 above, with process flows, review time periods, and rejection / acceptance procedures.

3.3 Executive Status Reports and Initial Monthly IV&V Status Report — Grant Thornton will provide executive status reports as requested by TAMUS, and also provide an initial Monthly IV&V Status Report



containing the current status of IV&V efforts, progress of deliverable quality assessment reviews, and to provide a summary of new and open risks.

3.4 Change Management & Organizational Readiness Planning Assessment Report — Grant Thornton will provide a high-level report of the TAMUS Change Management and Organizational Readiness Planning assessment, summarizing the content examined and any issues and risks that were identified and logged.

3.5 Comprehensive IV&V Plan — Grant Thornton will provide a Comprehensive IV&V Plan that details the IV&V activities to be performed by project phase as summarized in the Grant Thornton proposal, recurring executive-level project meetings Grant Thornton will attend, as well as the deliverable quality assessment reviews to be performed in accordance with the Deloitte deliverables list and project plan.

3.6 Stage 2 Statement of Work — Grant Thornton will provide a draft Stage 2 IV&V scope of work to provide a basis for negotiating the Stage 2 agreement to provide IV&V services for the remainder of the Workday HCM project.

3.7 Fees — This section outlines the fees and payment schedule associated with Stage 1 of Project Helios. Based on the deliverables and activities outlined in this Statement of Work (SOW1) the fees and associated payment deliverables and payment schedule is as follows:

	Deliverable	Hours	Cost
3.1	Initial Risk Assessment & Report	131	\$33,575
3.2	Quality Assurance Deliverable Review Process	45	\$9,225
3.3	Initial Monthly IV&V Status Report	30	\$6,150
3.4	Change Mgmt & Org. Readiness Planning Assessment Report	30	\$6,150
3.5	Comprehensive IV&V Plan	94	\$19,750
3.6	Phase 2 Statement of Work	30	\$6,150
	Labor Sub-Totals	360	\$81,000
	Estimated Phase 1 Expenses		\$4,200
	<b>STAGE 1 Total Firm Fixed Price Amount</b>		<b>* \$85,200</b>

\* The Stage 1 Total is inclusive of the Staffing Costs Total in the table listed below in Section 4. Payment for Stage 1 Costs will be invoiced at the end of Stage 1 on March 11, 2016.

It is agreed that the total additional firm fixed-price fees for Stage 2 will be \$714,600, plus estimated travel expenses not to exceed \$37,342.

#### 4. Staffing Plan

Team Member	Rate	Est. Hours	Total
Project Manager & IT Lead (Matthew Brinkley)	\$205	160	\$32,800
Change Management Lead (Greg Long)	\$205	140	\$28,700
Workday HCM Architect (Sean Antle)	\$325	60	\$19,500
Staffing Costs Total		360	\$81,000

#### 5. Change Orders

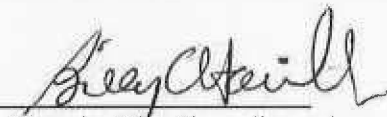
- Refer to Exhibit B of the Agreement for process related to change control.

6. Signatures

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement to be effective as of the Effective Date.

The Texas A&M University System

Grant Thornton LLP

By:   
Executive Vice Chancellor and  
Chief Financial Officer

By:   
Engagement Partner

Name: Billy Hamilton

Name: Doug Doerr

Date: 2-8-16

Date: \_\_\_\_\_