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July 6, 2018

Charlie Ng, Vice President of Business and Administrative Services
Mira Costa College
1 Barnard Drive
Oceanside, CA 92056

Re: Internal Audit Services

Dear Charlie:

We are pleased to confirm and outline our understanding of the terms and objectives of our engagement and the nature and limitations of the internal audit consulting services CliftonLarsonAllen LLP ("CLA," "we," "us," and "our") will provide for Mira Costa College ("the College" "you," "your," or "the entity"). If it meets with your approval, this letter will serve as an agreement made by and between CLA and the College.

Objectives

Meeting the needs of the College as you define them is our highest priority. We understand that you need the performance of specified internal audit procedures. Simply stated, you have identified the following objectives for this engagement:

- Conduct a comprehensive review of Payroll and Commercial Payments Warrants against the standards set by the California Community Colleges Office of the Chancellor and any relevant codes, policies, and standards.
- Provide an outsourced internal audit function to the College:
 - Identify priority areas based on internal and external (e.g. regulatory) factors for other internal audit projects
 - Establish and communicate to Management a methodology for assigning risk factors and weighting of risks
 - Develop an annual plan that includes a prioritized audit work schedule and an estimated number of hours to complete each audit
- Provide best practices for areas under audit

We will perform the engagement in accordance with the Statement on Standards for Consulting Services issued by the American Institute of Certified Public Accountants. We will not perform management functions, make management decisions, or act or appear to act in a capacity equivalent to that of an employee. However, we will provide advice and recommendations to assist the College's management in performing its functions and making its decisions.

Approach

Our approach emphasizes active involvement by the College's management throughout the process. The consulting engagement will include performance of the internal audit procedures identified in our proposal and attached here. If necessary, our approach and procedures may be modified. Any changes to our plan will be discussed with management.

If modifications or changes are required during the course of the engagement that are beyond the initial scope of services, or if you request that we perform any additional services, we will provide you with a separate agreement or addendum for your signature. Such separate agreement or addendum will advise you of the additional fee and time required for such services to facilitate a clear understanding of the services.

Upon request of the entity, CLA shall make its resources available to provide additional financial, regulatory, and operational consulting services to the entity. The terms and fees of such an engagement would be documented in a separate engagement letter.

Scope of services

Because our engagement will not constitute an examination made in accordance with attestation standards established by the American Institute of Certified Public Accountants or an audit made in accordance with auditing standards generally accepted in the United States of America, we will not express an opinion or any other form of assurance on any of the items specified in the attached supplement(s) or on the financial statements of the entity taken as a whole. Also, we will not express an opinion or provide any assurance on the effectiveness of the entity's internal control over financial reporting or any part thereof.

Our engagement will not include a detailed examination of all transactions and cannot be relied on to disclose errors, fraud, misappropriations of assets, or violations of laws or regulations that may exist. However, we will inform you of any such matters that come to our attention. If as a result of the engagement or through other means, matters come to our attention that cause us to believe that the selected records and transactions are not presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) or are not in compliance with applicable laws and regulations, we will disclose those matters in our report. Such disclosure, if any, may not necessarily include all matters which might have come to our attention had we performed additional procedures, an examination, or an audit.

Client information requirements

The entity agrees it is solely responsible for the accuracy, completeness, and reliability of all of the entity's data and information that it provides CLA for our engagement. The entity agrees it will provide us with all necessary information on or before the date we request to allow us to adhere to the project schedule. A list of information we expect to need and the dates required will be provided in a separate communication.

Management responsibilities

Management is responsible for the proper recording of transactions in the accounting records and for the preparation of financial statements in conformity with U.S. GAAP.

Management is responsible for identifying applicable laws and regulations and ensuring the entity complies with them. Management is responsible for taking timely and appropriate steps to address any compliance concerns, noncompliance, or recommendations that we may identify.

Management is responsible for the design, implementation, and maintenance of effective internal control over financial reporting and over compliance, including evaluating and monitoring ongoing activities, (1) relevant to the preparation and fair presentation of financial statements that are free from material misstatement, (2) to prevent and detect fraud, and (3) to ensure that the entity complies with applicable laws and regulations.

For all nonattest services we may provide to you, including these internal audit consulting services, the College's management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services.

The procedures will be performed with the understanding that management of the entity is responsible for: (1) designating an individual who possesses suitable skill, knowledge, or experience, preferably within senior management, to be responsible for the internal audit function, (2) determining the scope, risk, and frequency of internal audit activities, including those performed by CLA, (3) evaluating the findings and results arising from the internal audit activities, including those performed by CLA, and (4) evaluating the adequacy of the internal audit procedures performed and the findings resulting from the performance of those procedures.

Deliverables

We will maintain ongoing communication with the liaison assigned to work closely with us and will meet with management leaders, as requested, regarding the status of our progress throughout this engagement. We will document the results of the engagement in a formal report to management and those charged with governance summarizing the procedures performed, the results of those procedures, and any recommendations that we may have.

If for any reason we are unable to complete the engagement, we will not issue a report as a result of the engagement.

Timing

This agreement shall become effective as of the date signed by the College and will continue through June 30, 2021. We will start performing our services based on a mutually agreeable schedule to be determined upon contract acceptance.

Personnel

Our firm has adopted a team approach to client service, which means that CLA will provide the entity with a team of people who have the relevant knowledge and experience to perform the work plan outlined in our proposal. Matt Ceppi will lead the overall engagement. We will also utilize your staff to assist us with the internal audit procedures whenever practicable.

Payment for employment of our personnel

This agreement shall become effective as of the date signed by the College and continue through completion of services as described in the supplements. In the event that you employ one of our professional employees during the performance of the project or within one year after it has been completed, in order to compensate us for lost benefits and the cost of locating and training a replacement, you agree to pay us a sum equal to fifty percent of the annual salary you pay to the employee during their first year of employment.

Scope of agreement

This agreement applies to all aspects of our relationship and to any other or additional services CLA may render to the entity at any time, unless they are covered by a separate written agreement that the entity and CLA both sign.

Professional fees

Our fees for these services will be based on the time involved and the degree of responsibility and skills required, plus expenses including internal and administrative charges. ***These fees will not exceed \$50,000 per year for this engagement and could include multiple internal audits or projects depending on risk level and scope.*** A separate agreement or addendum advising of additional fees and time will be provided for any additional services outside of the scope of this agreement.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and will not be resumed until your account is paid in full. If we are forced to terminate or services for nonpayment after your account becomes 180 days or more overdue and you are provided notice of such overdue status, our engagement will be deemed to have been completed even if we have not issued our report. You will be obligated to compensate us for all time expended and to reimburse us for all reasonable out-of-pocket expenditures through the date when work was suspended.

Our hourly professional fees for the services described in the supplement are as follows:

Payroll and Commercial Warrants Internal Audit	Hours
Planning and Data Gathering	15
Internal Control Design Analysis	35-45
Effectiveness Testing	45-50
Reporting	30-40
Total Hours	130-150
Total Estimate Fees	\$19,500 - \$22,500

Internal Audit	Blended Hourly Rate
Standard Internal Audit	\$150
Information Technology	\$175-200*
Forensic Services	\$225-300*

For consulting services beyond services outlined above, our discounted hourly rates at various levels are as follows:

Level of Staff	Discounted Hourly Rate
Principal	\$280
Manager / Director	\$230
Senior	\$160
Associate	\$130

Invoicing, finance charges, and collection expenses

Fees and reimbursements, plus applicable state and local taxes, will be due and payable throughout the project, following the entity’s receipt of an invoice from CLA. Compensation for services is due within thirty (30) days of the billing date. Finance charges of one and one-quarter percent (1.25%) per month will be added to any past due amounts. CLA has the right to immediately terminate our services if payment for our fees or costs is not made to us in a timely manner. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable.

In the event CLA's services are terminated for whatever reason during the project, the entity will promptly compensate CLA for all professional services rendered and out-of-pocket expenditures through the date of termination.

Other fees

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

Finance charges and collection expenses

You agree that if any statement is not paid within 30 days from its billing date, the unpaid balance shall accrue interest at the monthly rate of one and one-quarter percent (1.25%), which is an annual percentage rate of 15%. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable.

Mediation

Any disagreement, controversy, or claim ("Dispute") that may arise out of any aspect of our services or relationship with you, including this engagement, shall be submitted to non-binding mediation by written notice ("Mediation Notice") to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator. The mediation will be conducted as specified by the mediator and agreed upon by the parties (i.e., you and CLA). The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute. Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties. Any Dispute will be governed by the laws of the state of Minnesota, without giving effect to choice of law principles.

Limitation of remedies

Our role is strictly limited to the tasks and projects described in this letter, and we offer no assurance as to the results or ultimate outcomes of this engagement or of any decisions that you may make based on our communications with you or our reports. You will be solely responsible for making all decisions concerning the contents of our communications and reports, for the adoption of any plans, and for implementing any plans you may develop, including any that we may discuss with you. CLA has no duty to ensure that the entity's accounting, billing, coding, compliance, or reimbursement practices, systems, or reports comply with applicable laws or regulations, all of which remain the entity's sole responsibility.

You agree that it is appropriate to limit the liability of CLA, its partners, principals, directors, officers, employees, and agents (each a CLA party) and that this limitation of remedies provision is governed by the laws of the state of Minnesota, without giving effect to choice of law principles.

You further agree that you will not hold CLA or any other CLA party liable for any claim, cost, or damage, whether based on warranty, tort, contract, or other law, arising from or related to this agreement, the services provided under this agreement, the work product, or for any deliverables, plans, actions, or results of this engagement, except to the extent authorized by this agreement. In no event shall any CLA party be liable to you for any indirect, special, incidental, consequential, punitive, or exemplary damages, or for loss of profits or loss of goodwill, costs, or attorney fees.

The exclusive remedy available to you shall be the right to pursue claims for actual damages that are directly caused by acts or omissions that are breaches by a CLA party of duties owed under this agreement, but any recovery on any such claims shall not exceed the fees actually paid under this agreement by you to CLA.

Indemnity

You agree to indemnify and hold harmless CLA, its successors and affiliates, officers, employees, and agents from any claims brought or asserted by any other person, third party, or governmental body for any loss, damages, liabilities, remedies, or cause of action, and from any reasonable expenses incurred in defending against any such claims or actions (including attorney fees) arising from or relating to the services performed by any CLA party.

Time limitation

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any dispute that may arise between you and any CLA party. The parties (you and CLA) agree that, notwithstanding any statute or law of limitations that might otherwise apply to a dispute, including one arising out of this agreement or the services performed under this agreement, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against any CLA party must be commenced as provided below, or you shall be forever barred from commencing a lawsuit and from obtaining legal or equitable relief or recovery. An action to recover on a dispute shall be commenced within the shorter of the following limitation periods:

- Within twelve (12) months from the date of our last billing for services performed under this engagement letter, or
- Within twelve (12) months after the termination by either party of either this agreement or the entity's ongoing relationship with CLA.

These limitation periods apply and begin to run even if the entity has not suffered any damage or loss, or has not become aware of the existence or possible existence of a dispute.

Confidentiality and restricted use of information

CLA will hold the information supplied by the entity to us in confidence and CLA will not disclose it to any other person or party, unless the entity authorizes us to do so, it is published or released by the entity, it becomes publicly known or available other than through disclosure by us, or disclosure is required by law. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

The entity agrees any reports or deliverables CLA provides to the entity are only for the internal use of the entity's management. They may not be distributed to any other person or party, for any purpose, without our prior written consent. The entity further agrees to hold any information, reports, or deliverables that CLA provides to the entity in confidence and agrees that the entity will not disclose such to any other person or party, unless CLA authorizes the entity to do so, it is published or released by us, or it becomes then publicly known or available other than through disclosure by the entity.

CLA may, at times, use subcontractors to perform services under this agreement and they may have access to your information and records. Any such subcontractors will be subject to the same restrictions on the use of such information and records as apply to CLA under this agreement.

The workpapers for this engagement are the sole and exclusive property of CLA and constitute confidential and proprietary information. We do not provide access to our workpapers to you or anyone else in the normal course of business. However, we may be requested to make certain workpapers and policies and procedures related to services performed available to regulatory agencies pursuant to authority given to them by law or regulation. If requested, access to such workpapers, policies, and procedures will be provided under the supervision of CLA personnel. Furthermore, upon request, we may provide copies of selected workpapers, policies, and procedures to the regulatory agencies. Those agencies, may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

Workpapers documenting accounts, entity activities, and findings will be given to the entity at the request of management. Management will be provided with any copies of the related workpapers it considers necessary.

Legal compliance

The entity agrees to assume sole responsibility for full compliance with all applicable federal and state laws, rules or regulations, and reporting obligations that apply to the entity or the entity's business, including the accuracy and lawfulness of any reports the entity submits to any government regulator, authority, agency, or entity. The entity also agrees to be solely responsible for providing legally sufficient substantiation, evidence, or support for any reports or information supplied by the entity to any governmental or regulatory body, or for any insurance reimbursement in the event that the entity is requested to do so by any lawful authority. CLA, its successors, affiliates, officers, and employees do not assume or undertake any duty to perform or to be responsible in any way for any such duties, requirements, or obligations.

Record retention

Our working papers, including any copies of your records that we chose to make, are our property and will be retained by us in accordance with our established records retention policy. This policy states, in general, that we will retain our working papers for a period of seven years. After this period expires, our working papers and files will be destroyed. Furthermore, physical deterioration or catastrophic events may shorten the time our records are available. The working papers and files of our firm are not a substitute for the entity's records.

Other

This agreement will remain in effect until it is terminated by either party on thirty (30) days written notice, with or without cause. In the event of termination, the terms of this agreement shall survive and remain in effect. Any notices under this agreement shall be sent to the entity at the address noted above and to us at:

CliftonLarsonAllen LLP
Attn: Matt Ceppi
301 N. Lake Avenue
Suite 900
Pasadena, CA 91101

Agreement

CLA appreciates the opportunity to assist the College and believes that this letter accurately summarizes the terms of our engagement. This letter constitutes the entire agreement regarding these services and supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between you and CLA. If you have any questions, please contact us.

If the entity agrees with the terms of this engagement as described in this letter, please sign, date, and return a copy of the complete agreement, including the supplement, to us. By returning this letter of engagement, the College is authorizing us to commence our services.

Sincerely,

CliftonLarsonAllen LLP

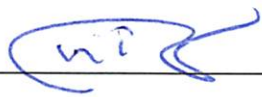


Matthew Ceppi , Ed.D.
Principal
626-204-7323
Matt.Ceppi@CLAconnect.com

Enclosure

Acceptance and acknowledgement

On behalf of Mira Costa College, I acknowledge that the terms of this agreement accurately state our understanding with CLA, and Mira Costa College agrees to be bound by them.

Authorized signature:  _____
Title: NP ISAS _____
Date: 7/9/18 _____