



This Professional Services Agreement (“Agreement”) between **MiraCosta Community College District**, a public educational agency (“District”) and **CliftonLarsonAllen, LLP** (“Contractor”) is effective upon the execution date of Contractor and District, whichever shall later occur. District and Contractor are referred to in this Agreement individually as “Party” and collectively as “Parties.”

WHEREAS, District is authorized by Section 53060 of the California Government Code to contract with and employ any persons for the furnishing of special services and advice in financial, economic, accounting, engineering, legal or administrative matters, if such persons are specially trained and experienced and competent to perform the special services required; and

WHEREAS, District is in need of such special services and advice; and

WHEREAS, Contractor warrants and represents to District that Contractor has the experience, expertise, and resources to successfully and effectively perform the agreed-upon services and will provide these services to the District in compliance with all applicable laws and regulations.

NOW, THEREFORE, in consideration of the mutual promises set forth below, the Parties agree as follows:

- 1. Scope of Service.** Contractor shall perform the agreed-upon services as defined by the scope of work, deliverables, and standard of performance identified in Attachment 1, and in accordance with the terms and conditions in this Agreement. The services listed in this Agreement and in Attachment 1 are referred to as “Services.” Contractor’s Services will be timely and performed or provided consistent with the profession skill and care of Contractor’s profession and in compliance with all applicable laws and regulations.
- 2. Term.** This Agreement will begin and will be completed by the dates specified in Attachment 1. Completion of the Services, including all deliverables as described in Attachment 1, must be made to the satisfaction of the District.
- 3. Fees and Reimbursements.** Contractor will receive compensation in an amount not to exceed the hourly or project rates shown in Attachment 1 for Services performed. District will pay Contractor all amounts owed within 30 days of receipt of Contractor’s undisputed billing invoice. The District retains the right to increase or decrease the Services, deliverables, or amount of work as it deems appropriate and at its sole discretion.
- 4. Licenses and Permits.** Contractor and all of the Contractor’s employees or agents will secure and maintain in force all licenses and permits as are required by law, in connection with the performance of the Services or the furnishing of materials, articles or deliverables listed in this Agreement. All operations and materials shall be in accordance with the law.
- 5. Taxes.** Contractor will fully complete the Internal Revenue Service W-9 form or other required reporting form. Contractor acknowledges and agrees that it is the Contractor’s sole responsibility to make the requisite tax filings and payment to the appropriate federal, state or local tax authorities. The District will not withhold any part of the Contractor’s compensation for the payment of social security, unemployment, or disability insurance or any other similar state or federal tax obligation. Contractor agrees to indemnify, defend, and hold the District harmless from any tax consequences.
- 6. Expenses and Equipment.** Contractor is solely and fully responsible for all costs and expenses incident to the performance of the Services by Contractor, including any and all instrumentalities, supplies, tools, equipment, or materials necessary to perform the Services. If the District furnishes any goods, materials, or equipment to Contractor, Contractor assumes complete liability for those goods, materials, or equipment. Contractor agrees to pay for such tools or materials spoiled by it or not otherwise accounted for to the District’s satisfaction.



- 7. Compliance with Applicable Laws.** The Services completed herein must meet the approval of the District and are subject to the District's general right of inspection to ensure they are satisfactorily completed. Contractor agrees to comply with all federal, state and local laws, rules, regulations and ordinances that are now or may in the future become applicable to Contractor, the Services, Contractor's business, equipment, and personnel engaged in operations covered by this Agreement, or accruing out of the performance of such operations.
- 8. Independent Contractor.** In the performance of this Agreement, Contractor shall act as an independent contractor. Contractor shall perform the Services and obligations under this Agreement according to the Contractor's own means and methods of work which shall be in the exclusive charge and under the control of Contractor, and which shall not be subject to control or supervision by the District except as to the results of the work. Contractor understands and agrees that he/she/it and all of his/her/its employees shall not be considered officers, employees or agents of the District, and are not entitled to benefits of any kind or nature normally provided employees of the District or to which District's employees are normally entitled, including, but not limited to, State Unemployment Compensation or Worker's Compensation. Contractor assumes the full responsibility for the acts or omissions of his/her/its employees or agents as they relate to the Services to be provided under this Agreement. Contractor is not authorized to make any representation, contract or commitment on behalf of the District.
- 9. Certification Regarding the California Penal Code Section 290.** By executing this Agreement, Contractor agrees to comply with the rules and regulations of the Sex Offender Registration Act, California Penal Code Section 290.95. Contractor certifies and understands that every person required to register under Section 290 shall disclose their status as a registrant, upon application or acceptance of a position, to that person, group, or organization. Furthermore, no person who is required to register under Section 290 because of a conviction for a crime where the victim was a minor under sixteen (16) years of age shall be an employer, employee, or independent Contractor, or act as a volunteer with any person, group, or organization in a capacity in which the registrant would be working directly and in an unaccompanied setting with minor children on more than an incidental and occasional basis or have supervision or disciplinary power over minor children. A violation of this section is a misdemeanor punishable by a fine not exceeding One Thousand Dollars (\$1,000), by imprisonment in a county jail not to exceed a period of six (6) months, or by both that fine and imprisonment.
- 10. Termination.** District may terminate this Agreement for its convenience at any time by written notification to Contractor thirty (30) days prior to the effective date of termination. District will pay Contractor all earned and undisputed amounts for Services provided through the date of termination.
- 11. Ownership of Intellectual Property.** The Services performed hereunder are work made for hire and District shall exclusively own, in perpetuity and worldwide, all rights to and flowing from the work, including any work product, performed under this Agreement. Contractor assigns to District any and all rights Contractor could have, may have, or does have, in the work or the work product performed under this Agreement, and District shall have all right, title, and interest in said matters, including the right to secure and maintain the copyright, trademark, or patent of said matters in the name of the District. Independent Contractor consents to the use of Contractor's name in conjunction with the sale, use, performance, and distribution of said matters, for any purpose and in any medium. Provided, however, that Contractor's work papers and audit documentation are its sole and exclusive property to the extent provided by applicable laws, regulations, or professional standards
- 12. Limitation of Liability.** The District's financial obligations under this Agreement are limited to the payment of the compensation provided in this Agreement and Attachment 1. Notwithstanding any other provision of this Agreement, in no event, shall the District be liable, regardless of whether any claim is based on contract or tort, for any special, consequential, indirect or incidental damages, including, but not limited to, lost profits or revenue, arising out of or in connection with this Agreement for the Services performed in connection with this Agreement.



- 13. Indemnity.** Contractor shall indemnify, defend, and hold the District, its Board of Trustees, officers, agents, employees, and volunteers harmless against any and all liability, claims, suits, demands, causes of action, damages, losses, injuries, and expenses, including reasonable attorneys' fees, whether actual or alleged, arising from all wrongful acts or omissions to act of Contractor or its officers, agents, employees, volunteers, and subcontractors, including any claim that Contractor infringed a third party patent or copyright or other intellectual property right, unless the liability or claims arise from the District's sole and active negligence or willful misconduct. The provisions of this section shall survive the termination or expiration of this Agreement.
- 14. Insurance Requirements.** Licensee and its officers, employees, agents, and subcontractors shall, at their expense, maintain and comply with Insurance Requirements listed below to protect Licensee and District from any and all claims for personal injury, bodily injury and property damage arising from, pertaining to or relating to the scope of work under this Agreement:
- a. Commercial General Liability. Minimum limits of \$1,000,000 per occurrence and \$2,000,000 general aggregate for personal injury, bodily injury, death, other injury, and property damage.
  - b. Automobile Liability. \$1,000,000 per accident for bodily injury and property damage applicable to all owned, non-owned, and hired vehicles.
  - c. Workers' Compensation. Statutory limits required by the State of California.
  - d. Primary Insurance. Any insurance or self-insurance maintained by the District shall be excess of the Licensee's insurance and shall not contribute with it.
  - e. Waiver of Subrogation. Licensee agrees that in the event of loss due to any perils for which it has agreed to provide Commercial General and Automobile Liability insurance, Licensee shall look solely to its insurance carrier(s) for recovery and grants a waiver of any right to subrogation which any such insurer of Licensee may acquire against the District by virtue of payments of any loss under this insurance.
  - f. Additional Insured. Insurance shall name MiraCosta Community College District and its Board of Trustees, officers, employees, agents, and volunteers as Additional Insured under its Commercial General Liability and Automobile Liability policies. See Notice Section below for address and point of contact information.
  - g. Certificate of Insurance. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII unless otherwise acceptable to the District. Licensee shall furnish the District with original certificates of insurance and amendatory endorsements effecting coverage required by this Agreement and indicating a thirty (30) day cancellation notice or notice of reduction in coverage before performing any Services under this Agreement. Licensee will be in material default of the Agreement if it fails to timely furnish these documents to the District.
- 15. Protection of Confidential Information.** Contractor understands and acknowledges that during its performance of the Services, it or its employees may have access to private and confidential information in the District's possession, custody or control, including but not limited to private information regarding students, parents, guardians, faculty, donors, employees, staff, alumni, or other personnel data or information and other District related trade secrets, business plans, and other proprietary information ("Confidential Information"). This information may be protected by state and federal law. Contractor will not disclose, copy, or modify any Confidential Information without the prior written consent of the District or unless otherwise required by law. Contractor will promptly notify the District if it becomes aware of any possible unauthorized disclosure or use of the Confidential Information. The provisions of this section shall survive the termination or expiration of this Agreement.
- 16. Non-Discrimination Endorsement.** Contractor and District mutually agree that they will comply with all applicable Federal and California state anti-discrimination laws and regulations and agree not to unlawfully discriminate against any prospective or active employee engaged in the work, or against any other person, on the basis of race, color, age, ancestry, national origin, sex, religious creed, marital status, or physical or mental



disability, medical condition, genetic information, sex, gender, gender identity or expression, or sexual orientation or any other category protected by law, including but not limited to, the California Fair Employment and Housing Act, beginning with Labor Code Section 1410, and Labor Code Section 1735. In addition, Contractor agrees to require like compliance by all hired subcontractors.

17. **Provisions Required By Law Deemed Inserted.** Each provision of law and clause applicable to this Agreement, or required by law to be inserted in this Agreement, is deemed inserted herein and the Agreement shall be read and enforced as though the provisions are included herein.
18. **Audit.** Contractor agrees that the District has the right to review, audit, and to copy any of Contractor's or Contractor's sub-consultants' records and supporting documentation pertaining to the performance of this Agreement. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is required. Contractor agrees to allow the District access to these records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Contractor agrees to include a similar right of the District to audit records and interview staff in any subcontract related to performance of this Agreement.
19. **Advertising.** Contractor shall not use the name of the District, its officers, directors, employees, or agents, in advertising, social marketing campaigns, publicity releases or otherwise without securing the prior written consent of the District in each instance.
20. **Non-waiver.** The failure of the District or Contractor to seek redress for violation of, or to insist upon, the strict performance of any term or condition of this Agreement, shall not be deemed a waiver by the party of such term or condition, or prevent a subsequent similar act from again constituting a violation of such term or condition.
21. **Notice.** All notices required or permitted to be given under this Agreement by either party to the other, shall be in writing and given, served, and received, if given in writing and either personally delivered or deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, or sent by overnight delivery services, or facsimile transmission, addressed as follows:

For District:

Mina Hernandez  
Director, Purchasing & Material Management  
MiraCosta Community College District  
1 Barnard Drive  
Oceanside, CA 92056

For Contractor:

Contact information as referenced in Attachment 1

Any notice personally given or sent by facsimile transmission is effective upon receipt. Any notice sent by overnight delivery service is effective the business day next following delivery by overnight services. Any notice given by mail is effective three days after deposit in the United States mail.

22. **Severability.** If any term, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force and effect and shall not be affected, impaired or invalidated in any way.
23. **Approval by District's Board of Trustees.** Pursuant to Education Code Section 81655, this Agreement is not valid and does not constitute an enforceable obligation against the District unless and until District's Board of



Trustees has approved or ratified this Agreement as evidenced by a motion duly passed and adopted by the Board of Trustees.

- 24. Conflict of Interest and Prohibited Interests.** No officer, employee, or any other agent of the District authorized in any capacity on behalf of the District to exercise any fiduciary, executive, or other similar functions, shall be allowed to possess or accept, directly or indirectly, or in any part thereof, any financial interest in any contract, bid or other procurement activity of the District. Additionally, no officer, employee, or any other agent of the District similarly authorized, shall be allowed to possess or accept any form of gift, payment, undue advantage or influence, directly or indirectly, or in any part thereof. The District reserves the right, before any Agreement or procurement award is made, to require an affidavit from the respective bidder or Contractor to disclaim in writing any conflict of interest. Furthermore, the District reserves the right to reject any bidder or Contractor if any such conflict is discovered, and subsequently award to the next preferred vendor.
- 25. Governing Law.** This Agreement shall be governed and interpreted in accordance with the laws of the State of California in accordance with its fair meaning and not strictly for or against the District or Contractor. Any legal proceedings brought to interpret or enforce the terms of this Agreement, shall be brought in San Diego County, California.
- 26. Force Majeure.** Neither party shall be responsible for delays or failure in performance resulting from acts beyond the control of such parties. Such acts shall include, but not limited to, Acts of God, labor disputes, civil disruptions, acts of war, pandemics, epidemics, fire, electrical power outages, earthquakes or other natural disasters.
- 27. Disputes.** Except in the event of the District's failure to make earned and undisputed payments to Contractor, if the District and Contractor have a dispute, each will continue to perform its respective obligations, including Contractor's duty to provide and perform the Services, during all attempts to resolve the dispute.
- 28. Mediation; Arbitration.** Parties agree that if any dispute or controversy arises between them in any way arising out of, related to, or connected with this Agreement or its subject matter, they will participate in good faith in mediation and agree to equally share all mediator fees. If the Parties are unable to resolve the dispute or controversy through mediation, the Parties agree to submit the pending dispute or controversy to final and binding arbitration to be held in San Diego County, California, and to be governed by the Federal Arbitration Act ("FAA"). By agreeing to this binding arbitration provision, the Parties understand that they are waiving certain rights and protections which may otherwise be available if a claim were determined by litigation in court, including, without limitation, the right to seek or obtain certain types of damages precluded by this arbitration provision, the right to a jury trial, certain rights of appeal, the right bring a claim as a class member in any purported class or representative proceeding; and a right to invoke formal rules of procedure and evidence. The prevailing party shall be awarded all reasonable attorneys' fees, expert witness fees, and other litigation expenses, expended or incurred in such arbitration or litigation, unless the laws related to the claim that the party prevailed on preclude a court from awarding attorneys' fees and costs to the prevailing party. The provisions of this section will apply during the term of this Agreement and survives after the termination or expiration of this Agreement.
- 29. Certification Regarding Debarment, Suspension or Other Ineligibility (Applicable to all agreements funded in part or whole with federal funds).**
- a. By executing this contractual instrument, Contractor agrees to comply with applicable federal suspension and debarment regulations, including, but not limited to, regulations implementing Executive Order 12549 (29 C.F.R. Part 98) (see Appendix 15).





- b. By executing this contractual instrument, Contractor certifies to the best of its knowledge and belief that it and its principals:
  - i. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;
  - ii. Have not, within a three-year period preceding the execution of this contractual instrument, been convicted of, or had a civil judgment rendered against them, for: (a) Commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or Local) or private transaction or contract; (b) Violation of Federal or State antitrust statutes; (c) Commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, receiving stolen property, making false claims, or obstruction of justice; or (d) Commission of any other offense indicating a lack of business integrity or business honesty that seriously and directly affects Contractor's present responsibility;
  - iii. Are not presently indicted for, or otherwise criminally or civilly charged by any government entity (Federal, State or Local), with commission of any of the offenses enumerated in b.2) above, of this certification;
  - iv. Have not, within a three-year period preceding the execution of this contractual instrument, had one or more public transaction (Federal, State or Local) terminated for cause or default;
  - v. Shall not, except as otherwise provided under applicable federal regulations, knowingly enter into any lower tier covered transaction with a person who is proposed for debarment, debarred, suspended, declared ineligible, or voluntarily excluded by any federal department or agency from participation in such transaction; and
  - vi. Include in all lower tier covered transactions, and all solicitations for covered transactions, provisions substantially similar to those set forth herein.

**30. Accessibility of Information and Communication Technology.** Contractor hereby warrants that the Services to be provided under this Agreement complies with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended (29 U.S.C §794d), and its implementing regulations set forth at Title 36, Code of Federal Regulations, Part 1194. Products covered under this provision include, without limitation, the following: Software applications; operating systems; web-based intranet and internet information and applications; telecommunications products; video or multimedia products; self-contained closed products such as copiers; source codes and desktop and portable computers. Contractor agrees to respond promptly and resolve any complaints regarding accessibility of its products or Services that are brought to its attention. All websites developed and maintained must be accessible, built to the most current and highest Web Content Accessibility Guidelines (WCAG), and be delivered with documentation allowing the District to certify it as accessible and in compliance with California Government Code Sections 7405 and 11135. Contractor is responsible for all claims and expenses borne by the District, which arise out of the Services under this Agreement, found to be non-compliant with Federal and California laws. These costs include but are not limited to legal costs, court costs, and costs for remediation of Services produced. Contractor further agrees to indemnify and hold harmless the District from and against any claim arising out of Contractor's failure to comply with these requirements. Contractor acknowledges that failure to comply with these requirements shall constitute a breach and be grounds for termination of this Agreement or cancellation of the Services.

**31. Successors; No Assignment.** This Agreement and all terms hereof are binding upon and inure to the benefit of the respective successors of Contractor and the District. Neither Contractor nor District may assign rights or obligations of this Agreement without the prior written consent of the other, which may be withheld or granted in sole discretion of the Party requested to grant consent.

**32. Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.



- 33. Entire Agreement.** This Agreement, Attachment 1 and its attachments, constitute the sole entire Agreement and understanding between the District and Contractor concerning their subject matter. It replaces and supersedes all prior agreements or negotiations, whether written or verbal. It may not be modified except in a writing signed by the District and Contractor.
- 34. Time of Performance.** Time is of the essence and Contractor shall perform the Services required by this Agreement in an expeditious and timely manner so as not to unreasonably delay the purpose of this Agreement.

**IN WITNESS WHEREOF,** the District and Contractor have executed this Agreement as of the dates set forth below.

**“DISTRICT”**

**MIRACOSTA COMMUNITY COLLEGE DISTRICT**

**“CONTRACTOR”**

**CLIFTONLARSONALLEN LLP**

By: \_\_\_\_\_

Tim Flood

Vice President, Administrative Services

By: \_\_\_\_\_

Title \_\_\_\_\_

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

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



**ATTACHMENT 1 - SCOPE OF WORK**

**Contractor/Consultant:**

CliftonLarsonAllen, LLP  
Attn: David Robydek, CPA  
2210 East Route 66  
Glendora, California 91740  
david.robbydek@CLAconnect.com

**District Point of Contact:**

Katie White  
Director, Fiscal Services  
MiraCosta Community College District  
1 Barnard Drive  
Oceanside, California 92056  
kwhite@miracosta.edu

**Contract Period:**

Start Date: 07/01/2021  
End Date: 06/30/2023

**Responsibilities of the Contractor/Consultant, Scope of Work and Contract Objective:**

See Attachment 2 for detailed Contractor's Engagement Letter

**Rate of Payment:**

See Attachment 2 – Professional Fees for hourly rate  
Total Contract for Services Not to Exceed: \$100,000

**Payment:**

Services shall be billed to “MiraCosta Community College District” and become payable after satisfactory completion of services and upon presentation of detailed invoice(s) specifying services being provided. All invoices must be reviewed and approved by the assigned District Point of Contact(s) prior to payment being made to Contractor/Consultant.





**ATTACHMENT 2 – CONTRACTOR’S ENGAGEMENT LETTER**



CliftonLarsonAllen LLP  
2210 East Route 66  
Glendora, CA 91740  
626.857.7300 | fax 626.857.7302  
CLAconnect.com

April 12, 2021

Mr. Timothy Flood  
Vice President of Administrative Services  
MiraCosta Community College District  
1 Barnard Drive  
Oceanside, CA 92056

Re: Attachment 2-Contractor's Engagement Letter-Internal Audit Services

Dear Mr. Flood:

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 MiraCosta Community College District ("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 The district gained Fiscal Independence from the San Diego County of Education; thus, the chief financial officer and the accounting staff must provide the internal audit function and scrutiny of the four standards specified on the Fiscal Independence check-list (Standard 4L, attached). You have identified the following objectives for this engagement:

- An internal audit project, as requested by management, within each of the following functional areas: Accounting, Purchasing, Payroll, and Human Resources.
- Perform an annual risk assessment and develop the internal audit plan to address high risk areas. The risk universe will include, at minimum, compliance with policies, laws, regulations and accounting procedures,
- Recommend best practices for areas under audit
- Additional focused internal audit or control items as requested by the Board and/or Superintendent/President

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 the attached supplement(s). Our engagement plan and estimated hours are summarized in the attached supplement(s). 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 the auditor role access to the entity's ERP (Enterprise Resource Planning) system, to access the entity's data. The entity agrees it will provide us with all other 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.

- Internal audits of agreed upon audit check-lists for Accounting, Purchasing, Payroll, and Human Resources
- Semi-annual or Annual executive summary audit reports
- Risk assessment reports
- Other specific audit reports, as needed upon request

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 continue through completion of services as described in the supplements. 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 the supplement. David Robydek 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. The engagement will not exceed \$50,000 per year including other added scope. A separate agreement or addendum advising of additional fees and time will be provided for any additional services that exceeds the annual limit. 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:

Level	Rate
Principals	\$280
Manager/Director	\$230
Seniors	\$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.

**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.



### **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.

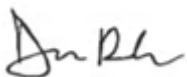
### **Agreement**

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**



David Robydek, CPA  
Principal

[David.robbydek@CLAconnect.com](mailto:David.robbydek@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 governance signature: \_\_\_\_\_

Title: \_\_\_\_\_

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

Authorized management signature: \_\_\_\_\_

Title: \_\_\_\_\_

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