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Jaramillo Accounting Group LLC

Certified Public Accountants

Audit, Fraud, Consulting

www.JAG.CPA



January 15, 2022

Mrs. Jan Hammond, Board of Trustees Chair
School District Five of Lexington & Richland Counties
1020 Dutch Fork Rd
Irmo, South Carolina 29063

Re: Procurement Consulting Services for School District Five of Lexington & Richland Counties

Dear Mrs. Hammond:

This letter is to confirm the terms and objectives of our engagement, and the nature of and limitations on the services we will provide. This Engagement Letter and the attached Professional Services Agreement, which is incorporated by reference, represent the entire agreement (the "Agreement") regarding the services to be rendered by Jaramillo Accounting Group LLC ("JAG," "we," "us," and "our") to the School District Five of Lexington & Richland Counties ("you," "your," and "the District"). JAG shall provide procurement consulting services to the Board/District in accordance with the American Institute of Certified Public Accountants (AICPA) consulting standards relative to the period from July 1, 2016 through June 30, 2020.

Scope of Services

1. While the RFP stated the procurement audit must be performed in accordance with auditing standards generally accepted in the United State of America, Audits of States, Local Governments, and Non-Profit Organizations and the audit procedures issued by the South Carolina State Fiscal Accountability Authority, Division of Procurement Services, the 2022-011 RFP on page 20 also allows the Chief Procurement Officer to make changes to the general scope of the contract by written order (i.e., this agreement). Eliminating this requirement is necessary since the procurement audits have already been performed (except for fiscal year 2021, which has a separate attestation examination engagement letter). The scope is hereby changed to consulting services, instead of attestation services, for fiscal years 2017-20 and includes providing recommendations for improvement over various risk areas reported to JAG during our planning and testing samples of risk areas such as:
 - a. A review of all vendors who received more than \$50,000 in each of the fiscal years to include procurement code and procurement manual compliance with contracting terms and payments.
 - b. Purchasing Card transaction approval processes and recommendations on any needed process modifications.
 - c. Review of the transaction for the purchase of Sewer Tap Certificates in 2017 – Chapin Middle School Construction Project.

We plan to complete our work and issue your report by March 31, 2022.



Your Responsibilities

The District is responsible for the items listed in the Professional Services Agreement enclosed, as well as providing District staff for preparation, research, recording supervision, decisions, review, and monitoring.

Fees

Our fee for the proposed services will be charged per fiscal year, not to exceed \$36,000 for the five fiscal years. Our professional fees will be billed monthly. It is agreed our fee is not contingent on the results of any litigation or outcomes of the consulting services. Our time is based upon our current understanding of the engagement, as described in the scope of services above and is based on anticipated timely cooperation and support from the District. The scope of this engagement does not include litigation support, testimony, preparation, deposition, and/or court time.

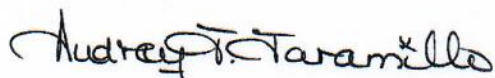
The hourly rate charged for additional work that may be identified over and above what would be normally required for these services is \$150 per our price proposal.

Our fee does not include any time to update our reports for events and circumstances that occur after the date of its issuance unless we have been engaged to do so.

If the need for additional services arises, our agreement with you will need to be revised. It is customary for us to describe these revisions in an addendum to this letter.

We appreciate the opportunity to be of service to you. If you agree with the terms of our engagement as set forth in this Agreement, please sign this letter and return it to us along with the Professional Services Agreement. This Agreement will become effective as of the date of this letter.

Sincerely yours,



Audrey J. Jaramillo, CPA, CFE, J.M.
Managing Partner for
Jaramillo Accounting Group LLC (JAG)

Enclosure

ACCEPTED AND AGREED:

This Engagement Letter and the attached Professional Services Agreement set forth the entire understanding of the Board/District with respect to the consulting services for fiscal years 2017-20 to be provided by JAG:

This letter correctly sets forth our understanding.

Mrs. Jan Hammond, Board of Trustees Chair
School District Five for Lexington & Richland Counties
January 15, 2022
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Acknowledged and agreed on behalf of School District Five of Lexington & Richland Counties by:



Mrs. Jan Hammond
Board of Trustees Chair



Ms. Catherine Huddle
Procurement Committee Chair



Mrs. Marty Rawls
Chief Financial Officer, Chief Procurement Officer

PROFESSIONAL SERVICES AGREEMENT

Consulting Services

This Professional Services Agreement (the "PSA") together with the Engagement Letter, which is hereby incorporated by reference (collectively the "Agreement"), represents the terms and conditions relating to services to be provided to you by Jaramillo Accounting Group LLC (JAG). Terms not defined herein shall have the same meaning as set forth in the Engagement Letter.

Execution of This Agreement

This Agreement may have been forwarded to you by email, a third-party signing service such as "SignNow", facsimile transmission, or as an attachment to an Engagement Letter. Your acceptance of this Agreement returned by the same or similar means is legally binding upon JAG and you. The party executing this Agreement represents that he/she has the authority to make this Agreement with JAG.

Client Identification

There is no contractual privity between JAG and any third-party unless they are specifically identified, and a separate engagement letter is executed by JAG and that party. Third-parties may not rely upon the advice services provided as a result of this engagement.

Use of Report

Any written reports or other documents which we prepare in connection with this engagement are to be used only for the purpose of this matter and may not be published or used for any other purpose without our written consent.

Fees and Expenses

Billings are due upon presentation and become delinquent if not paid within 30 days of the invoice date. Any past due fee under this Agreement shall bear interest at five percent (5%) per annum. If we elect to suspend our engagement for nonpayment, we may not resume our work until your account is paid in full. If we elect to terminate our services for nonpayment, or as otherwise provided in this Agreement, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our work. You will be obligated to compensate us for fees earned for services rendered and to reimburse us for all out-of-pocket expenditures made through the date of termination (our expenses will not include overhead, overtime rates, copying, printing, or communications costs). You acknowledge and agree that in the event we stop work or terminate this Agreement as a result of your failure to pay on a timely basis for services rendered by JAG as provided in this Agreement, or if we terminate this Agreement for any other reason, we shall not be liable to you for any damages that occur as a result of our ceasing to render services.

You may request that we perform additional services not contemplated by this Agreement. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We will also issue a separate Agreement covering the additional services.

Timely and Professional Performance

JAG will use all reasonable efforts to provide the Services within the timeframe stipulated. JAG will exercise due professional care and competence in the performance of the Services. JAG will not be liable for failures or delays in the performance of Services that arise from causes beyond its control, including the untimely performance by client, its representatives, advisors, or agents, of its obligations under the Agreement.

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Limitation on Liability

IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR OTHERWISE ARISING OUT OF THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT.

The Board's Responsibilities

You must accept the responsibilities set forth below regarding the engagement:

- Make all management decisions and perform all management functions in connection with the services and information provided resulting from this engagement;
- Designate an individual with suitable skill, knowledge, and/or experience to oversee our services;
- Evaluate the adequacy and results of the services performed; and
- Accept responsibility for the results of the services performed.

We will not make management decisions or perform management functions, such as authorizing or consummating transactions. We may, however, advise your staff in these areas. If any issues or concerns in this area arise during the course of our engagement, we will discuss them with you prior to continuing with the engagement.

Intellectual Property Rights

We may use intellectual property in performing our services, including without limitation, data, software, designs, utilities, tools, spreadsheets, models, systems, ideas, methods and techniques ("Materials"). In the event you receive access to Materials during the performance of our services, such items are provided solely for your internal use and in an "as is" condition without warranty of any kind. We assume no responsibility for results obtained by anyone other than JAG from use of such items. We retain all intellectual property rights in the Materials (including any developments, improvements, and knowledge generated during the performance of our services), and in any working papers compiled in connection with the services.

You will own all final deliverables prepared for and delivered to you, excluding any Materials contained or embodied therein ("Deliverables"). You will have a non-exclusive, non-transferable license to use Materials solely for the purposes for which they are delivered to the extent they form part the Deliverables. Notwithstanding anything to the contrary, we may retain a copy of all Deliverables in our files.

Internal Use and Third Parties

All services shall be solely for your, the District's, and the County Auditor's informational purposes and internal use, and no engagement creates privity between JAG and any person or party other than you ("third party"). None of our services are intended for the express or implied benefit of any third party, and no third party is entitled to rely on the services we provide you, including without limitation, any advice, opinions, or reports. In the event of any such reliance, you agree to indemnify and hold harmless JAG and its personnel from all third-party claims, liabilities, costs, and expenses.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed

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to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Responsibility for Internally or Externally Prepared or Audited Financial Statements

Client agrees that full responsibility for the internally or externally prepared or audited financial statements is the Client's own. This responsibility includes the establishment and maintenance of adequate records and effective internal controls over financial reporting, the selection and application of accounting principles, and the safeguarding of assets. Client is responsible for adjusting the financial statements to correct material misstatements. Client is also responsible for identifying and ensuring compliance with applicable laws and regulations. As a result of this engagement, JAG assumes no responsibility to provide you with assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity that may have a direct financial statement impact.

Use of Electronic Communication

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential. We employ measures in the use of facsimile machines and computer technology designed to provide reasonable assurance that data security is maintained. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept we have no control over the unauthorized interception of these communications once they have been sent. Unless you issue specific instructions to do otherwise, we will assume you consent to our use of facsimile transmissions to your representatives and other use of these electronic devices during this engagement as we deem appropriate.

Document Retention Policy

At the conclusion of this engagement, we will return original records you supplied to us. Our records and files, including our working papers, whether kept on paper or electronic media, are the property of JAG and are not a substitute for your own records. Our policy is to destroy our annual engagement files and all pertinent working papers after a retention period of five years (or longer, if required by law or regulation), after which time these items will no longer be available. Catastrophic events or physical deterioration may result in our records being unavailable before the expiration of the above retention period. JAG retains the right to modify its record retention policies at any time without notice.

Except as set forth above, you agree that JAG may destroy paper originals and copies of any documents, including, without limitation, correspondence, agreements, and representation letters, and retain only digital images thereof.

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Consulting Services

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Subpoena of Documents

As a result of our services to you, we may be required or requested to provide information or documents to you or a third-party in connection with governmental regulations or activities, or a legal, arbitration or administrative proceeding (including a grand jury investigation), in which we are not a party. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate to protect information from discovery. If you take no action within the time permitted for us to respond or if your action does not result in a judicial order protecting us from supplying requested information, we will construe your inaction or failure as consent to comply with the request. Our efforts in complying with such requests or demands will be deemed a part of this engagement and we shall be entitled to additional compensation for our time and reimbursement for our out-of-pocket expenditures (including legal fees) in complying with such request or demand.

Enforceability

In the event any portion of this Agreement is deemed waived, invalid or unenforceable, said finding shall not operate to invalidate the remainder of this Professional Services Agreement or related engagement letter.

Use of JAG's Name

You may not use JAG's name, its trademarks, service marks or logos in connection with the services contemplated by this Agreement or otherwise without the prior written consent of JAG, which consent may be withheld for any reason and may be subject to certain conditions.

Use of Non-Licensed Personnel

Certain engagement personnel, who are not licensed as Certified Public Accountants, may provide services during this engagement.

Dispute Resolution Procedure, Venue, and Limitation Period

This Agreement shall be governed by the laws of the State of South Carolina, without giving effect to any conflicts of laws principles. If a dispute arises out of or relates to the engagement described herein, and if the dispute cannot be settled through negotiations, the parties agree first to try in good faith to settle the dispute by mediation using an agreed upon mediator. If the parties are unable to agree on a mediator, the parties shall petition the state court that would have jurisdiction over this matter if litigation were to ensue and request the appointment of a mediator, and such appointment shall be binding on the parties. Each party shall be responsible for its own mediation expenses and shall share equally in the mediator's fees and expenses.

If the claim or dispute cannot be settled through mediation, each party hereby irrevocably (a) consents to the exclusive jurisdiction and venue of the appropriate state court located in Beaufort County, State of South Carolina, or, if applicable, the federal district court in Charleston, South Carolina, in connection with any dispute hereunder or the enforcement of any right or obligation hereunder, and (b) WAIVES ITS RIGHT TO A JURY TRIAL. EACH PARTY FURTHER AGREES THAT ANY SUIT ARISING OUT OF OR RELATED TO THIS AGREEMENT MUST BE FILED IN A COURT OF PROPER JURISDICTION WITHIN ONE (1) YEAR AFTER THE CAUSE OF ACTION ARISES.

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Termination

This Agreement may be terminated by either party, with or without cause, upon ten (10) days' written notice. In such event, we will stop providing Services hereunder except on work, mutually agreed upon in writing, necessary to carry out such termination. In the event of termination, (a) you shall pay us for Services provided and expenses incurred through the effective date of termination, (b) we will provide you with all finished reports that we have prepared pursuant to this Agreement, and (c) neither party shall be liable to the other for any damages that occur as a result of our ceasing to render Services.

Entire Agreement

This Professional Services Agreement and the Engagement Letter constitute the entire Agreement and understanding between you and JAG. You agree that in entering into this Agreement you have not relied upon any oral or other representations, promises or statements made by anyone which is not set forth herein. Any modification of this Agreement must be in writing and signed by both parties.