



### **Mission Statement**

*The Klein Independent School District, proud of its heritage and embracing the future, develops students to become skillful, active, reflective, self-disciplined, and honorable members of their communities through engaging learning experiences in a safe and nurturing environment.*

### **Board of Trustees**

Mr. William F. "Bill" Pilkington, President  
Mr. Rick Mann, Vice President  
Mr. Steven E. Smith, Secretary  
Ms. Cathy M. Arellano  
Mr. Ronnie K. Anderson  
Ms. Georgan Reitmeier  
Mr. Stephen J. Szymczak

### **Audit Committee Members**

Mr. William F. "Bill" Pilkington, Chairperson  
Mr. Steven E. Smith, Secretary  
Mr. Stephen J. Szymczak

## **Klein Independent School District**

### **Audit Meeting**

**Monday, March 6, 2017 5:00 PM**

#### **Klein ISD Board of Trustees' Goals**

- 1 – Improved Student Achievement
- 2 – Positive & Safe School Environment
- 3 – Financial Accountability
- 4 – Quality Personnel
- 5 – Sound Policy Development & Oversight

# Agenda of Audit Meeting

## The Board of Trustees Klein Independent School District

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An Audit Meeting of the Board of Trustees of Klein Independent School District will be held March 6, 2017, beginning at 5:00 PM in the Board Room, Central Office, 7200 Spring-Cypress Road, Klein, Texas 77379.

A closed meeting may be held at any time during the open meeting as authorized by various sections of the *Texas Government Code*. When this occurs, a formal statement will be made by the chairperson of the Audit Committee of the Board of Trustees.

1. Chairperson  
Selection of chairperson for audit committee
  
2. External Auditor 3  
Review engagement letter, audit fee, and administration's recommendation of external audit firm
  
3. Internal Audit 15  
Update on internal audit plan and risk assessment
  
4. Minutes 17  
Approval of Minutes of December 12, 2016, committee meeting
  
5. Comments from board members and administrators
  
6. Adjournment

<b>Klein ISD Board of Trustees' Goals</b>
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- |   |
|---|
| 1 – Improved Student Achievement<br>2 – Positive & Safe School Environment<br>3 – Financial Accountability<br>4 – Quality Personnel<br>5 – Sound Policy Development & Oversight |
|---|

February 1, 2017

To the Board of Trustees and Management  
Klein Independent School District  
7200 Spring-Cypress Road  
Klein, Texas 77379

**COPY**

Dear Board of Trustees and Management:

You have requested that we audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Klein Independent School District (District), as of August 31, 2017, and for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. In addition, we will audit the District's compliance over major federal award programs, if applicable, for the period ended August 31, 2017. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information, among other items, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

1. Management's Discussion and Analysis
2. Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
3. Schedule of the District's Proportionate Share of the Net Pension Liability – Teacher Retirement System of Texas
4. Schedule of District's Contributions – Teacher Retirement System of Texas

To the Board of Directors of  
Klein Independent School District

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Supplementary information other than RSI will accompany the District's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

1. Schedule of Expenditures of Federal Awards
2. Combining and Individual Fund Financial Statements
3. Required Texas Education Agency Schedules as listed in the table of contents to the District's Annual Financial Report.

Also, the document we submit to you will include the following other additional information that will not be subjected to the auditing procedures applied in our audit of the financial statements:

1. Introductory Section
2. Statistical Section

### **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material aspects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to above when considered in relation to the financial statements as a whole. The objective also includes reporting on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*; and internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as applicable. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add emphasis-of-matter, or other-matter paragraphs. If our opinions on the financial statements or compliance are other than modified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

To the Board of Directors of  
Klein Independent School District

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**Auditor Responsibilities**

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and the provisions of the Uniform Guidance, as applicable. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of assets, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we may request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance (whether caused by errors, fraudulent reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards* issued by the Comptroller General of the United States of America.

In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

To the Board of Directors of  
Klein Independent School District

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In making our risk assessments, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants that could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions is not an objective of our audit, and accordingly, we will not express such an opinion.

As applicable, our audit of the District's major federal award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; and the provisions of the Uniform Guidance; and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such an opinion on major federal award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the District has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major federal award programs. Our procedures will consist of determining major federal programs and performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the District's major programs. The purpose of those procedures will be to express an opinion on the District's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Also, as required by the Uniform Guidance, we will perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the District's major federal award programs. However, our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report.

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 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 provider.

### **Management's Responsibilities**

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements;
- c. For safeguarding assets;
- d. For identifying all federal awards expended during the period including federal awards and funding increments received prior to December 26, 2014, and those received in accordance with the Uniform Guidance generally received after December 26, 2014;
- e. For preparing the schedule of expenses of federal awards (including notes and noncash assistance received) in accordance with the Uniform Guidance;
- f. For the design, implementation, and maintenance of internal control over compliance;
- g. For identifying and ensuring that the District complies with laws, regulations, grants, and contracts applicable to its activities and its federal award programs;
- h. For following up and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
- i. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
- j. For submitting the reporting package and data collection form to the appropriate parties;
- k. For making the auditor aware of any significant vendor relationships where the vendor is responsible for program compliance;

- I. To provide us with:
  - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, and relevant to federal award programs, such as records, documentation, and other matters;
  - ii. Additional information that we may request from management for the purpose of the audit; and
  - iii. Unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence.
- m. For including the auditor's report in any document containing financial statements that indicates that such financial statements have been audited by the District's auditor;
- n. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
- o. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter;
- p. With respect to any nonaudit/nonattest services we perform, including preparation of financial statements and related notes, preparation of schedule of expenditures of federal awards, and assistance with entries to convert accounting records from modified accrual to full accrual, for (a) making all management decisions and performing all management functions; (b) assigning an individual with suitable skills, knowledge, and experience to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities. These nonaudit/nonattest services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.
- q. With regard to the supplementary information referred to above: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited financial statements, or if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

*Government Auditing Standards* require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a nonaudit/nonattest service.

To the Board of Directors of  
Klein Independent School District

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During the course of our engagement, we will request information and explanations from management regarding the District's operations, internal controls, future plans, specific transactions and accounting systems and procedures. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide certain representations in a written representation letter. The District agrees that as a condition of our engagement to perform an audit that management will, to the best of its knowledge and belief, be truthful, accurate and complete in all representations made to us during the course of the audit and in the written representation letter. The procedures we perform in our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the written and oral representations that we receive from management. False or misleading representations could cause us to expend unnecessary efforts in the audit; or, worse, could cause a material error or a fraud to go undetected by our procedures.

### **Reporting**

We will issue a written report upon completion of our audit of the District's basic financial statements. Our report will be addressed to the governing body of the District.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

As applicable, we will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the District's major federal award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

### **Other**

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

In the unlikely event that circumstances occur which we in our sole discretion believe could create a conflict with either the ethical standards of our firm or the ethical standards of our profession in continuing our engagement, we may suspend our services until a satisfactory resolution can be achieved or we may resign from the engagement. We will notify you of such conflict as soon as practicable, and will discuss with you any possible means of resolving them prior to suspending our services.

The hiring of or potential employment discussions with any of our personnel could impair our independence. Accordingly, you agree to inform the engagement partner prior to any such potential employment discussions taking place.

To the Board of Directors of  
Klein Independent School District

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Both of us agree that any dispute between you and Weaver and Tidwell, L.L.P., arising from the engagement, this agreement, or the breach of it, may, if negotiations and other discussion fail to be first submitted to mediation in accordance with the provisions of the Commercial Mediation Rules of the American Arbitration Association (AAA) then in effect. Both of us agree to conduct any mediation in good faith and make reasonable efforts to resolve any dispute by mediation. We agree to conduct the mediation in Houston, Texas or another mutually agreed upon location. The prevailing party in any litigation shall be entitled to recover from the other party court costs and reasonable attorneys' and expert witness fees incurred in the litigation in addition to any other relief that may be awarded.

If any term of this engagement letter is declared illegal, unenforceable, or unconscionable, that term shall be severed and the remaining terms of the engagement letter shall remain in force. Both of us agree that the Court should modify any term declared to be illegal, unenforceable, or unconscionable in a manner that will retain the intended term as closely as possible. If a dispute arising from the engagement or from this agreement or any term of it or any alleged breach of it is submitted to a Court for interpretation or adjudication, both of us irrevocably waive right to trial by jury and agree that the provisions of this engagement letter regarding damages, attorneys' fees, and expenses shall be applied and enforced by the Court.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Debbie Kirkham Young is the engagement partner for the audit services specified in this letter. Her responsibilities include supervising our services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report. We expect to begin our audit procedures in March 2017, and issue our report on or prior to January 2018.

We estimate that the fee for our audit will be \$78,900. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Our fee is based upon the complexity of the work to be performed and the tasks required. Payments are due in compliance with the Texas Local Government Code.

To the Board of Directors of  
Klein Independent School District

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The audit documentation for this engagement is the property of Weaver and Tidwell, L.L.P. and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulators and federal agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Weaver and Tidwell, L.L.P.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

It is expected that prior to the conclusion of the engagement, sections of the Data Collection Form will be completed by our firm. The sections that we will complete summarize our audit findings by federal grant or contract. Management is responsible to submit the reporting package (defined as including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. The instructions to the Data Collection Form require that the reporting package be an unlocked, unencrypted, text searchable portable document file (PDF) or else it will be rejected by the Federal Audit Clearinghouse. We will be available to assist management in creating the PDF if needed.

We will coordinate with you the electronic submission and certification upon the reporting package completion. If applicable, we will provide copies of our report for you to include with the reporting package if there is a need to submit the package to pass-through entities.

The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of our reports or nine months after the end of the audit period.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm for your consideration and files.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements and compliance over major federal award programs, as applicable, including our respective responsibilities.

To the Board of Directors of  
Klein Independent School District

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We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Yours truly,

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas

RESPONSE:

This letter correctly sets forth the understanding.

Acknowledged and agreed on behalf of Klein Independent School District by:

Signature: \_\_\_\_\_

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

Date: March 6, 2017 \_\_\_\_\_

**COPY**



## System Review Report

To the Partners of Weaver and Tidwell, L.L.P.  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Weaver and Tidwell, L.L.P. (the “firm”) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm’s compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [Service Organizations Control (SOC) 1 and 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Weaver and Tidwell, L.L.P. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Weaver and Tidwell, L.L.P. has received a peer review rating of *pass*.

*Eide Bailly LLP*

Eide Bailly LLP  
October 7, 2016

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EDUCATION CODE

TITLE 2. PUBLIC EDUCATION

SUBTITLE I. SCHOOL FINANCE AND FISCAL MANAGEMENT

CHAPTER 44. FISCAL MANAGEMENT

SUBCHAPTER A. SCHOOL DISTRICT FISCAL MANAGEMENT

Sec. 44.008. ANNUAL AUDIT; REPORT.

(a) The board of school trustees of each school district shall have its school district fiscal accounts audited annually at district expense by a certified or public accountant holding a permit from the Texas State Board of Public Accountancy. The audit must be completed following the close of each fiscal year.

(b) The independent audit must meet at least the minimum requirements and be in the format prescribed by the State Board of Education, subject to review and comment by the state auditor. The audit shall include an audit of the accuracy of the fiscal information provided by the district through the Public Education Information Management System (PEIMS).

(c) Each treasurer receiving or having control of any school fund of any school district shall keep a full and separate itemized account with each of the different classes of its school funds coming into the treasurer's hands. The treasurer's records of the district's itemized accounts and records shall be made available to audit.

(d) A copy of the annual audit report, approved by the board of trustees, shall be filed by the district with the agency not later than the 150th day after the end of the fiscal year for which the audit was made. If the board of trustees declines or refuses to approve its auditor's report, it shall nevertheless file with the agency a copy of the audit report with its statement detailing reasons for failure to approve the report.

(e) The audit reports shall be reviewed by the agency, and the commissioner shall notify the board of trustees of objections, violations of sound accounting practices or law and regulation requirements, or of recommendations concerning the audit reports that the commissioner wants to make. If the audit report reflects that penal laws have been violated, the commissioner shall notify the appropriate county or district attorney and the attorney general. The commissioner shall have access to all vouchers, receipts, district fiscal and financial records, and other school records as the commissioner considers necessary and appropriate for the review, analysis, and passing on audit reports.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.

Amended by Acts 2001, 77th Leg., ch. 914, Sec. 2, eff. Sept. 1, 2001.

**KLEIN INDEPENDENT SCHOOL DISTRICT - INTERNAL AUDIT DEPARTMENT  
2017 ANNUAL AUDIT PLAN**

Audit/ Project Description	Projected Start Date	Estimated Number of Total Hours	Wks	Estimated Number of Total Days	Percent of Total Work Hours
Purchasing Card Program Review	Jan-Feb	360	9	45.00	6.64%
Social Media	Feb-Mar	320	8	40.00	5.90%
Standardized Testing Environment	Nov-May	360	9	45.00	6.64%
Construction-Intermediate #10	Dec-June	360	9	45.00	6.64%
Independent Contractors	Apr-June	360	9	45.00	5.88%
Information Technology Processes	July-Sept	360	9	45.00	5.88%
Large Project Evaluation	Oct-Dec	360	9	45.00	5.88%
Activity Funds/New school allocations	Sept-May	1280	32	160.00	23.60%
Special Projects (Klein Historical Foundation)	Feb	200	5	25.00	3.69%
Inventories (Warehouse/Maint/Transp/Food Service)	Summer	160	4	20.00	2.95%
Audit Follow-ups	On-going	200	5	25.00	3.69%
Risk Assessment/Annual Audit Plan	Spring	200	5	25.00	3.69%
<b>Total Audits and Projects 2017</b>		<b>4520</b>	<b>113</b>	<b>565.00</b>	<b>81.07%</b>
Administrative Tasks (Mtgs. Wkpaper review...)		800	20	100.00	14.75%
Training		400	10	50.00	7.37%
Audit Research		400	10	50.00	7.37%
<b>Total Non Audits and Projects 2017</b>		<b>1600</b>	<b>40</b>	<b>200</b>	<b>29.50%</b>
<b>Total for 226 day calendar (3 Staff)</b>		<b>5424</b>	<b>136</b>	<b>678</b>	<b>100.00%</b>
<b>Total Work Hours 2017</b>		<b>6120</b>	<b>153</b>	<b>765</b>	<b>110.57%</b>

**Management Requested Audits (1)**

Klein Historical Foundation Completed

**Departmental Audits/Other (4)**

Standardized Testing Environment In Progress

Purchasing Card Program In Progress

Construction-Intermediate #10 In Progress

Social Media In Progress

**Activity Funds (7)**

French Elementary Completed

Klein Collins High School Completed

Kaiser Elementary Completed

Ulrich Intermediate Completed

Klein Oak High School In Progress

Klein Forest High School In Progress

Klein High School In Progress

# Minutes of Audit Committee Meeting

## The Board of Trustees Klein Independent School District

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An audit committee meeting of the Board of Trustees of Klein Independent School District was held December 12, 2016, beginning at 5:00 PM in the Board Room, Central Office, 7200 Spring-Cypress Road, Klein, Texas 77379.

In accordance with the attached agenda, the meeting was called to order by Mr. Bill Pilkington at 5:20 pm. Other trustees present were: Mr. Steven E. Smith, secretary, Ms. Georgan Reitmeier, and Ms. Cathy M. Arellano.

TRUSTEES  
PRESENT

School officials present included: Dr. Bret A. Champion, superintendent; Thomas Petrek, CPA, associate superintendent; Ms. Audrey Ambridge, director of Accounting, Ms. Stephanie Duran, internal auditor; and Hereford, Lynch, Sellars & Kirkham representatives.

OFFICIALS  
PRESENT

Mr. William F. Pilkington was reaffirmed as the audit committee chairperson, and future meetings will be held on March 6, 2017, August 14, 2017, and December 11, 2017.

CHAIRPERSON  
AND MEETING  
DATES

The minutes of the August 8, 2016, committee meeting were approved by the committee members.

MINUTES

A draft of the Comprehensive Annual Financial Report for the year ended August 31, 2016, was reviewed by the committee. The audit was conducted by Hereford, Lynch, Sellars & Kirkham using governmental auditing standards. The district has received an unmodified opinion on the financial statements; there are sufficient reserves in the general fund and the debt service fund; and the district is receiving good credit ratings. The Comprehensive Annual Financial Report for the year ended August 31, 2016, will be presented to the Board of Trustees for acceptance and approval at the January 9, 2017, meeting.

REVIEW  
FINANCIAL  
REPORTS

Ms. Stephanie Duran, internal auditor, provided an update on the district's internal audit plan and a summary of activity fund audit findings. The internal audit schedule for departments and campuses was reviewed, and there were no concerns voiced.

INTERNAL  
AUDIT UPDATE

Comments included holiday greetings, special thanks given to the firm Hereford, Lynch, Sellars & Kirkham and to district staff members, Ms. Tonya Little and Ms. Audrey Ambridge, for their efforts in working with the external auditors and for preparing the financial statements. There was also appreciation expressed to Ms. Stephanie Duran for her internal auditing work.

COMMENTS

The meeting was adjourned by Mr. William F. Pilkington, chairperson, at 5:42 pm.

ADJOURNMENT

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Chairperson

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Committee Member

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Committee Member