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AN EDUCATION CONSULTING & RESEARCH GROUP

September 02, 2025

Mr. Oliver Mintz
Board Audit Committee Chair
Killeen Independent School District
200 N. WS Young Drive
Killeen, Texas 76543

Re: Fiscal Year 2026 Cost Proposal for Internal Audit Services

Dear Mr. Mintz:

Gibson Consulting Group (Gibson) appreciates the opportunity to present this cost proposal to provide Internal Audit Services to the Killeen Independent School District (KISD/Killeen ISD/the district) Board of Trustees (Board) in Fiscal Year (FY) 2026. The Board Audit Committee (BAC) requested pricing for the following four audit proposals:

- Student Information System (SIS) and Public Education Information Management System (PEIMS) Audit;

- Technology Audit;

- Booster Club Audit; and

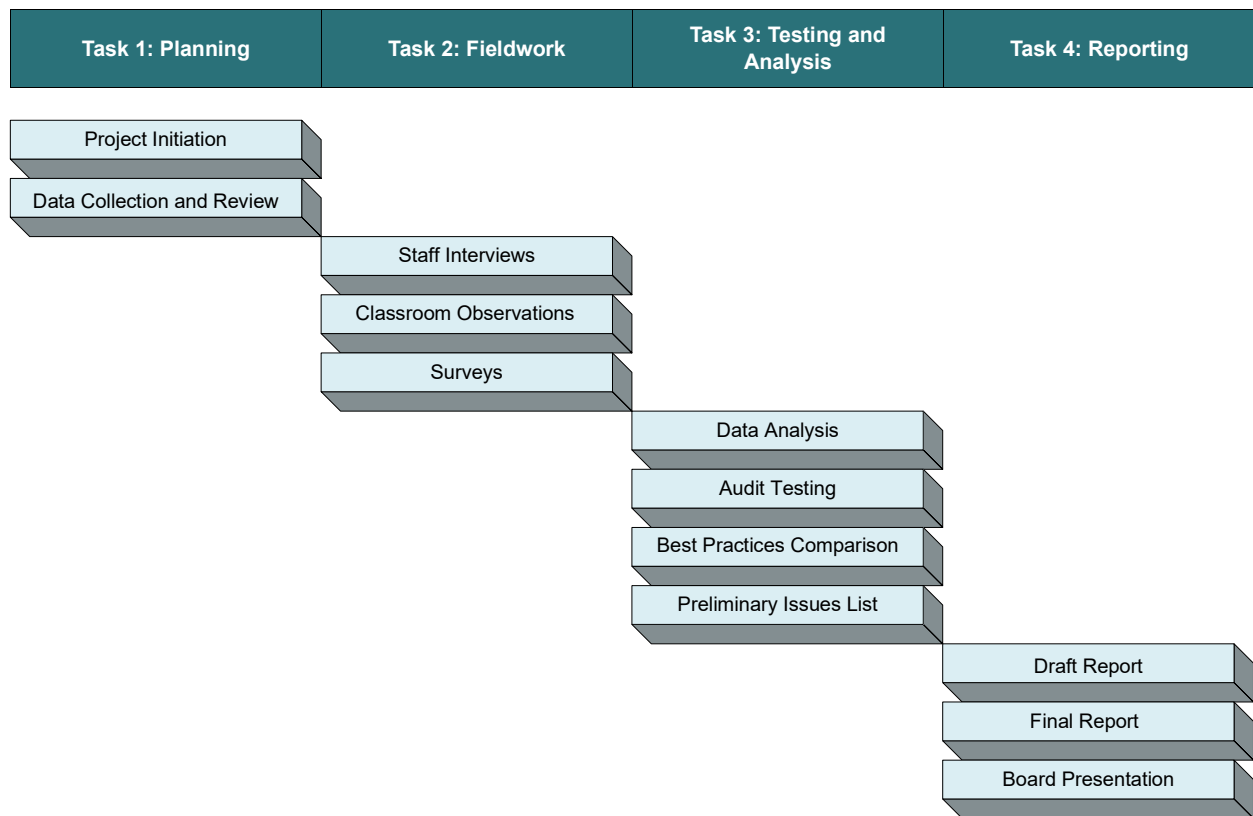- Asset/Risk Management Follow-Up Audit.

The BAC has also requested pricing from Gibson for Internal Audit Program Management Services during FY 2026.

The remainder of this letter presents the scope and approach of each audit, our proposed (recurring) audit program management activities for FY 2026, and the timing and cost of our services.

Audit Approach

The general approach for our audits is similar in that it includes four basic elements or tasks. This approach is presented in Figure 1 and discussed in greater depth below.

Figure 1. Audit Project Overview

Task 1: Planning	Task 2: Fieldwork	Task 3: Testing and Analysis	Task 4: Reporting

Project Initiation

Data Collection and Review

Staff Interviews

Classroom Observations

Surveys

Data Analysis

Audit Testing

Best Practices Comparison

Preliminary Issues List

Draft Report

Final Report

Board Presentation

Source. Gibson Consulting Group

Task 1: Planning

We will conduct a project orientation meeting with the Killeen ISD project liaison and the BAC to discuss the scope and objectives of the audit and to finalize the schedule.

We will provide a data request to the district for these audits and will use the project orientation meeting to answer any questions regarding the request. Some of this information may be available through the district's website, the Texas Education Agency (TEA) website, or another third-party source. We expect that it will take up to two weeks for Killeen ISD to provide all of the requested data for the audit, and we will begin analyzing the data as soon as it becomes available, in order to prepare for the fieldwork.

Task 2: Fieldwork

The exact audit procedures for fieldwork will vary based on the scope of the individual audit, which is discussed in detail within each project overview later in this proposal. Generally, fieldwork will include interviews with district leadership, departmental leadership, and staff, and other district- and campus-level staff based on the needs of the audit.

Task 3: Analysis

This task includes the analysis and corroboration of information obtained through the initial and supplemental data requests, interviews, and observations of board meetings. Below are examples of the types of analyses we will apply on the audits. The specific analysis and testing approaches will vary based on the needs of each audit, which are discussed later in this proposal under each project overview.

- Data Analysis – trend analysis, peer analysis, and comparison of performance metrics to applicable benchmarks to identify favorable or unfavorable performance variances.

- Process Analysis – a visual "map" of current processes to support the identification of process improvements, such as elimination of unnecessary or duplicative tasks, automation or streamlining of tasks, or re-sequencing of tasks.

- Organizational Analysis – the process of evaluating department organizational charts against principles of organizational theory, including logical alignment of functions and reasonable spans of control (number of direct reports to supervisor positions).

- Transaction Testing – whereby individual transactions or files are examined to ensure compliance with applicable laws, regulations, and procedures.

Task 4: Reporting

We will corroborate the results of our analysis, interviews, surveys, and other sources of information to form the basis for possible audit findings and recommendations, recognizing any best practices in place as well as identifying opportunities for improvement. We will develop a draft audit report that contains an executive summary, a description of the project objectives and scope, descriptions of district practices, as well as findings and recommendations to improve the efficiency, effectiveness, and compliance of the areas under audit.

We will submit the draft report to the administration for their management responses to our recommendations (expressing agreement, partial agreement, or disagreement), and to ensure that there are no factual misrepresentations. Upon receiving a single, consolidated set of comments from the district, we will make appropriate modifications and present the results to the BAC. We will also be available, as requested, to make a presentation of the report to the Killeen ISD Board.

The following sections of this cost proposal describe the scope and activities related to each audit.

SIS and PEIMS Audit

The data submitted through the PEIMS drives funding at the district- and program-level. Student attendance drives state funding, and other student population counts drive categorical funding for many special programs.

The scope of this internal audit project is to assess the existence and adequacy of controls, processes, and procedures in place within the SIS and selected PEIMS functions to ensure that data generated are accurate and compliant with state standards set by TEA. We will use documents published by TEA – such

as the Student Attendance Accounting Handbook (SAAH), the Texas State Data System (TSDS) PEIMS Data Standards, and relevant PEIMS coding tables – as guidelines and references for minimum requirements the district must meet.

SIS Audit

An SIS is used to capture student-related data that is eventually submitted to PEIMS. The SIS is a complex system that should be configured and controlled to allow for efficient and accurate processing of student data.

The SIS portion of the audit will address the following questions:

- Are the district's policies regarding the collection and reporting of student information aligned with applicable federal and state laws and regulations?

- Have adequate internal controls, processes, and procedures been established for collecting, maintaining, monitoring, validating, and reporting student information?

- Are periodic reports, including submissions to TEA through PEIMS, reliable and adequately supported by documentation?

- Are key district employees involved in the collection and reporting of student information knowledgeable regarding state rules and regulations, and does the district provide adequate and timely training to these employees?

- Have prior reviews of student information management systems been conducted, and, if so, have any noted deficiencies been corrected?

- Are adequate internal controls in place, including access controls over student information system used to manage student data?

- Are other third-party applications that integrate with SIS adequately monitored and controlled?

- Are there sufficient written procedures to onboard a new user for SIS?

- Are there adequate controls to ensure that users are removed from SIS upon leaving the district?

SIS Audit Activities

For the SIS portion of the audit, we will review the computer system controls and system access levels to ensure that the right people have access to the right information. We will also review SIS data integration processes with key third-party districtwide systems – such as the learning management system, transportation system, and school nutrition system – to ensure that data exchanges among systems are working appropriately and that data are protected at all times.

We will also analyze the SIS to ensure that student data is secure and routinely backed up; that student information system access is properly controlled through authorized security levels and passwords; that student data entry has proper screen and field controls to improve data reliability; that student data are validated through system and reasonableness testing; and that a disaster recovery plan has been established, documented, and tested.

Audit Testing

The audit team will conduct a series of audit tests to corroborate key SIS processes, obtain evidence of supporting documentation, and validate compliance with Killeen ISD Board policies. Table 1 provides examples of the types of tests that can be executed. The actual tests performed will be based on information collected early in the audit that points to potential control weaknesses.

Table 1. SIS Audit Testing

Test	Test Objective
Contracts with Data Sharing Vendors	The objective of this test is to ensure that Killeen ISD's third-party software vendors are appropriately using and protecting the district's data.
Staff access levels in SIS	The objective of this audit test is to ensure that Killeen ISD staff with "update" access privileges are in line with their position and location of work.

Source. Gibson Consulting Group

PEIMS Audit

The PEIMS audit will evaluate data entry and processing practices and test the accuracy of reported data through sampling. We will analyze the following major PEIMS areas and processes: organization and management, training and support, attendance, leavers, special program reporting, student discipline, and the TSDS upgrade project. Each of these are discussed in more detail below

PEIMS Audit Areas

Organization and Management

The organizational structure, roles, and responsibilities within a district play an important role in ensuring effective collaboration, coordination, and accountability for accurate and timely PEIMS data submission. An analysis of the organizational aspects related to the PEIMS function will identify potential gaps or areas for improvement.

Below are examples of questions that we will address in this section.

- Is the organizational structure conducive for effective collaboration and coordination among the PEIMS function, SIS function, and campus leadership to ensure accurate and timely submission of PEIMS data to the state?

- Are the roles and responsibilities for PEIMS data entry, validation, and submission clearly defined and documented for district staff?

- Are there adequate resources (staffing, documentation, and tools) allocated to the PEIMS functions to support the campuses in maintaining accurate and complete PEIMS data?

- Are there clear lines of accountability and ownership established for the overall PEIMS data management process, from data entry to final submission to the state?

Training and Support

Effective training and support programs are essential to ensure that campus and district staff have the necessary knowledge, skills, and resources to accurately capture, maintain, and report student data.

Below are examples of questions that we will address in this section.

Training

- Is a training program in place for PEIMS to ensure campus and district staff can accurately capture, maintain, and report student data?

- Are training materials and resources up-to-date and aligned with the latest changes in PEIMS requirements?

- Is training provided on a regular basis, including initial training for new employees and refresher training for existing staff?

Support

- Is there a clearly defined and documented process for campus and district staff to request support related to PEIMS issues?

- Are there dedicated support resources (e.g., staff, helpdesk, knowledge base) available to address PEIMS support needs?

- Are support requests tracked and monitored to ensure timely resolution and proper escalation procedures when needed?

Attendance

Accurate and timely recording of student attendance is important for school districts in Texas, as it directly impacts state funding allocations. The TEA's SAAH provides detailed guidelines that districts must follow for attendance taking and reporting.

Below are examples of questions that we will address in this section.

- How does the district monitor and analyze daily attendance data at the school level to identify issues or trends related to on-time attendance taking and instances of unrecorded attendance?

- What internal controls and monitoring mechanisms are in place to ensure that attendance is taken within the prescribed time frame and that all attendance data is accurately recorded and reported?

- What are the specific processes and procedures followed by teachers and attendance clerks for recording attendance during regular school days, as well as for special circumstances such as the first day of school, substitute teachers, and field trips/extracurricular activities?

- How does the district's SIS facilitate attendance taking, and are there any system configurations or limitations that may impact the accuracy and timeliness of attendance data?

- How does the district control the six-weeks reporting process? Do required campus leaders review and challenge the attendance data before it is submitted to TEA?

Leavers

TEA, through the SAAH, requires a district to transfer student records through the Texas Records Exchange (TREx) within ten working days of a student leaving the district. PEIMS Data Standards Appendix D outlines documentation that must be maintained for leavers. Proper coding of leavers is crucial, as the number of students identified as dropouts (leaver code 98) directly impacts the district's accountability ratings.

Below are examples of questions that we will address in this section.

- What processes and procedures are in place to ensure that leavers are properly identified, coded, and documented across all campuses within the district?

- How does the district monitor and review the accuracy of leaver coding and the sufficiency of supporting documentation maintained by campus staff?

Special Programs

Students who are receiving special programs and services must be coded properly to ensure that the district is receiving the appropriate state categorical funding. The SAAH details the exact eligibility and coding requirements for students receiving these special programs and services.

We expect to review the following special programs and services during the PEIMS audit:

- Special Education;

- Emergent Bilingual (EB);

- Immigrant;

- Economically Disadvantaged; and

- Pre-Kindergarten (Pre-K).

Below are examples of questions that we will address in this section.

- What controls are in place to ensure that the identification and coding of students for special programs and services are done in accordance with the TEA guidelines and the SAAH?

- How does the district ensure consistency in the coding processes across campuses? Are there any centralized procedures, training, or monitoring mechanisms in place to maintain uniformity?

- What documentation or evidence is maintained to support the coding of students for each special program? How is this documentation reviewed and verified to ensure compliance with TEA requirements?

- If the district uses third-party software systems to manage various special programs, what is the process to ensure that the data in these third-party systems is synchronized and consistent with the data in the district's SIS?

- What controls or procedures are in place to reconcile any discrepancies or inconsistencies between the systems?

Discipline

Proper tracking, monitoring, and reporting of student disciplinary actions is essential for compliance with TEA guidelines and state funding requirements. The SAAH outlines specific procedures for attendance accounting related to Alternative Education Programs (AEPs) and disciplinary removals, which directly impact state funding.

We expect to review the following discipline-related areas during the PEIMS audit:

- Disciplinary Alternative Education Programs (DAEPs);

- Juvenile Justice Alternative Education Programs (JJAEPs);

- In-School Suspension Programs;

- Out-of-School Suspensions (OSSs)

- Expulsions; and

- Residential facility placements.

Below are examples of questions that we will address in this section.

- What processes are in place to ensure accurate attendance accounting for students placed in alternative education settings (e.g., DAEP, JJAEP), in accordance with the SAAH requirements?

- How does the district ensure that students are not "double-counted" for American Disabilities Act (ADA) purposes when they attend both regular school programs and AEPs?

- What procedures are followed to maintain special program eligibility (e.g., special education, career and technical education [CTE], bilingual/English as a Second Language [ESL]) for students while they are placed in disciplinary settings?

- What documentation is maintained to support disciplinary placements and removals, and how is this information reconciled with attendance records?

- For JJAEPs, how does the district ensure compliance with the operating requirements of at least seven hours per day and 180 days per year (unless a waiver has been granted)?

- What controls are in place to properly code ADA eligibility for students in JJAEPs based on the type of expulsion and county population requirements?

- How does the district track and document notification requirements when students are placed in residential facilities?

- What processes ensure that disciplinary removals of students with disabilities comply with their IEP requirements and the two-through-four-hour rule for educational services?

- How does the district ensure that out-of-school suspensions do not exceed the three-day maximum and that students below grade three or who are homeless are only given OSS under specific circumstances as allowed by law?

New PEIMS Submission Process Implementation

TEA's TSDS Upgrade Project was a multi-year initiative to replace the PEIMS data submission process with a new process whereby data is automatically submitted to TEA through an Application Program Interface (API). All districts in Texas have implemented the new PEIMS submission process in the 2024-25 school year.

The PEIMS audit will include an assessment of Killeen ISD's implementation and ongoing support to the new way of submitting the PEIMS data to TEA.

Below are examples of questions that we will address in this section.

- Did Killeen ISD SIS and related source systems provide data via API transactions in the 2024-25 school year?

- Were there any technical problems? How did the district overcome those? What are the plans for the upcoming school year in terms of district preparedness?

- How did Killeen ISD PEIMS processes change due to the new API data flow?

- What plans does Killeen ISD have to support and train district staff for the new way of submitting the PEIMS data to TEA?

PEIMS Audit Activities

We will perform the following audit activities in connection with the PEIMS audit.

Interviews and Focus Groups

We will conduct interviews with key PEIMS staff to understand their roles, responsibilities, and processes related to PEIMS data management, coding, and submission. Additionally, we will facilitate focus group discussions with selected campus leadership and personnel, including principals, attendance clerks, registrars, special program coordinators, and counselors, to document the current coding and approval processes and identify any potential inconsistencies across campuses.

Data Analysis

We will perform extensive data analyses to identify trends, anomalies, or potential issues related to critical PEIMS data elements, such as attendance, leavers special program coding, and student discipline. These analyses will help us assess data accuracy, completeness, and compliance with state guidelines.

Figure 2 presents an example of an attendance analysis performed in a PEIMS audit. The analysis shows, by school, the percentages and counts of classroom attendance taken and not taken. This analysis can be used to evaluate compliance of state and district attendance-taking requirements.

Figure 2. On-Time Attendance Taking Analysis Example

Schools	Percent Taken	Percent Not Taken	Total Taken	Total Not Taken
High Schools				
Kempner H S	98.8%	1.2%	9574	117
William B Travis H S	98.7%	1.3%	12002	157
Lawrence E Elkins H S	97.7%	2.3%	9334	217
Dulles H S	96.8%	3.2%	9593	317
Stephen F Austin H S	96.7%	3.3%	10927	376
Ridge Point H S	96.7%	3.3%	8982	311
Clements H S	96.6%	3.4%	11229	394
George Bush H S	96.5%	3.5%	10047	362
Hightower H S	96.2%	3.8%	10121	396
Thurgood Marshall H S	93.8%	6.2%	6185	408
Willowridge H S	93.1%	6.9%	6431	478
Middle Schools				
Fort Settlement M S	99.1%	0.9%	5309	46
Billy Baines M S	99.1%	0.9%	6769	63
Sartartia M S	98.5%	1.5%	5225	78
David Crockett M S	98.4%	1.6%	4898	82
Hodges Bend M S	98.3%	1.7%	6727	118
Sugar Land M S	97.9%	2.1%	6066	130
James Bowie M S	97.6%	2.4%	4949	124
Macario Garcia M S	97.2%	2.8%	6294	181
Dulles M S	96.5%	3.5%	5698	209
First Colony M S	96.3%	3.7%	5479	211
Missouri City M S	94.2%	5.8%	5874	364
Lake Olympia M S	92.2%	7.8%	5573	474
Christa McAuliffe M S	90.0%	10.0%	4666	516
Quail Valley M S	89.4%	10.6%	4464	531

Source. Gibson Consulting Group

Process Mapping

Our team will document and map the "as-is" processes for essential PEIMS areas, including attendance, withdrawals, and special program coding. These process maps will provide a "picture" of current processes, which can be used to identify potential gaps, inefficiencies, or control weaknesses. Where applicable, we will develop "to-be" process maps – a prospective picture of a process that incorporates recommended improvements and best practices aligned with state requirements.

Audit Testing

The audit team will conduct a series of audit tests to corroborate key PEIMS processes, obtain evidence of supporting documentation, and validate compliance with TEA requirements and Killeen ISD Board policies. Table 2 provides examples of the tests that can be executed. The actual tests performed will be based on information collected early in the audit that points to potential control weaknesses.

Table 2. PEIMS Audit Testing

Test Area	Test Overview
Six Weeks Reporting	We will select a sample of students and campuses to test the accuracy and completeness of attendance data reported to the state. This may involve reviewing attendance records, supporting documentation, and verifying compliance with TEA guidelines.
Leaver Testing	We will select a sample of students who have been coded as leavers and review their supporting documentation to ensure proper coding and compliance with TEA requirements.
Special Program Testing	For each special program area (e.g., Special Education, Emergent Bilingual, Immigrant), we will select a sample of students and obtain evidence supporting their program coding. This may involve reviewing eligibility documentation, individualized education plans (IEPs), and other relevant records.
Discipline Testing	We will select a sample of students and review their coding and supporting documentation for reported discipline placements.

Source. Gibson Consulting Group

Technology Audit

The primary purpose of conducting a technology audit in a school district is to assess the effectiveness, efficiency, and alignment of the district's technology function with its strategic goals and objectives. A technology audit plays an important role in identifying areas of strength, as well as potential gaps or vulnerabilities that may hinder the district's ability to leverage technology as an enabler for educational excellence and operational efficiency. This audit will help Killeen ISD gain an understanding of its technology landscape, enabling the district to make informed decisions, and implement necessary improvements to optimize its technology services and support. Six major areas of the technology function will be analyzed during this audit. Below are descriptions of these six areas and related audit activities to be performed.

Technology Audit Areas

Organizational Structure and Management

The scope of the organization and management section includes the Technology Department's organizational chart, technology staffing and expenditures, technology training, and technology planning.

Below are the key questions the audit will address under organizational structure and management.

- How are technology plans aligned with district goals and objectives?
- How is the Technology Department organized to promote effective and efficient services?

- What performance measures or metrics does the Technology Department track, analyze, and act on?

- What specific technology framework or best practice guidelines, such as Information Technology Infrastructure Library (ITIL) or Control Objectives for Information and Related Technologies (COBIT), does the Technology Department follow or model itself after?

- How does KISD's technology spending compare with peer districts or available industry benchmarks?

- How does the IT budgeting process ensure efficient use of funds?

- How does the district align technology purchases with technology advancements?

- What processes exist for evaluating emerging technologies?

- Do technology staff receive adequate training to perform their jobs?

- Do district- and campus-level staff receive adequate and timely training related to technology?

Service to Customers

We will be evaluating the quality and responsiveness of the Technology Department's services, as they directly impact the ability of educators, students, and staff to leverage technology effectively in support of teaching, learning, and administrative processes. Analyzing service levels and identifying areas for improvement will ultimately enhance the overall educational experience and productivity.

Below are key questions the audit will address under service to customers.

- Is the device-to-support staff ratio reasonable and aligned with district targets?

- What service-level agreements, if any, does the Technology Department have in place?

- Does the district maintain a technology service catalog to document and clarify its service offerings?

- Does technology support function track work order statistics to modify support levels or activities?

- Is there adequate communication between the Technology Department and other departments?

- What processes does the Technology Department follow to assess user satisfaction?

- Are there adequate and documented operational procedures to guide service management?

Devices and Equipment

Gibson will assess the district's technology devices and equipment lifecycle management practices to ensure Killeen ISD is effectively meeting the evolving needs of its educational environment. Our evaluation will examine how devices are acquired, deployed, maintained, supported, and ultimately retired or replaced. This lifecycle approach ensures that technology resources are properly maintained throughout their useful life and are adequately supporting Killeen ISD's strategic goals and objectives. The audit of this area may inform strategic decisions regarding upgrades, replacements, and future acquisitions.

Below are key questions the audit will address under devices and equipment.

- Is there a formal device lifecycle management and refresh plan that is consistent with best practices and consistently followed? Is this plan adequately funded within the overall technology budget?

- Does the Technology Department maintain accurate inventory tracking for all district devices and equipment throughout their lifecycle, from procurement to retirement?

- Does the distribution of device types (e.g., mobile, desktop, laptop, Apple, PC) align with instructional needs, best practices, and district goals?

- Are there adequate and documented operational procedures that guide the Technology Department's device lifecycle management processes, including acquisition, deployment, maintenance, and retirement?

- Does the district have and support a "bring your own device" (BYOD) program? If so, how is it integrated with the overall device strategy?

- What processes exist to ensure equitable access to appropriate technology devices across all schools and student populations?

Management Information Systems

Gibson will evaluate the robustness, integration, and effectiveness of the district's management information systems to verify the district is streamlining operations, enhancing data-driven decision-making, and ensuring the seamless flow of information across various departments and stakeholders. We will assess processes regarding major districtwide information systems, including Enterprise Resource Planning (ERP), Learning Management Systems (LMS), and other support systems. SIS are covered under the SIS/PEIMS audit.

Below are the key questions the audit will address under management information systems.

- Are there adequate support structures for districtwide applications?

- Are there sufficient training program plans for districtwide applications?

- Does the district follow a best practice software development lifecycle and its components?

- How does the district make decisions on software purchases versus in-house development?

- Does the district employ change management strategies when implementing major systems?

Infrastructure

Gibson will conduct an examination of the technology infrastructure, including networks, servers, and communication systems, to verify that the district is following industry standard best practices to deliver reliable and secure technology services. We will also assess whether the department is proactively monitoring its technology infrastructure to mitigate risks.

Below are key questions the audit will address under infrastructure.

- Does the district maintain and document its inventory of all physical and virtual servers of the district (including operating system and purpose)?

- How does the district monitor system event management and logs?

- Does the district have adequate procedures for patch management?

- How does the district utilize change management procedures in system and network management?

- Does the district adequately determine the levels of sufficient bandwidth for its users?

- Is wireless coverage and security adequate across all district facilities?

- Does the Technology Department adequately and proactively monitor the network and its components?

- Does the Technology Department adequately manage firewall and internet content filtering exceptions?

- Are operational procedures adequate and documented to support network monitoring and security?

Information Security

KISD began implementing the Texas Cybersecurity Framework (TCF) in Spring 2020. The Gibson Audit Team conducted a targeted Technology Audit in Summer 2021, where the primary objective of the audit was to evaluate the district's adoption and implementation of the TCF. This audit was not charged with independently determining whether or not KISD and its critical information assets were safe and secure against cybersecurity attacks, but rather to assess the district's progress in implementing the TCF framework.

The audit found that the district was still in the early stages of TCF implementation. The major obstacles to implementation included a lack of a formal security governance structure, the lack of an information security implementation plan (demonstrating how the district will achieve cybersecurity framework objectives), and a reliance on vendor data privacy and sharing agreements rather than its own. The audit also indicated that turnover in leadership in the Technology Department complicated the implementation of the framework.

This audit contained six recommendations to improve progress in completing the framework and improving information security at KISD. Below, Table 3 lists the recommendations and their priorities.

Table 3. Summer 2021 Targeted Technology Audit Recommendations and Priorities

No.	Priority	Recommendation
1	High	Develop an information security governance committee.
2	High	Modify the KISD management approach to the implementation of the TCF.
3	High	Re-perform the current profile step of the TCF implementation process.
4	High	Review and enhance the data confidentiality section of the KISD terms and conditions document.

No.	Priority	Recommendation
5	Medium	Update the Cybersecurity Coordinator job description.
6	Medium	Track and monitor the implementation of all information security-related recommendations.

Source. Gibson Consulting Group Targeted Technology Audit, September 2021

As part of the FY 26 Technology Audit, we will conduct a follow-up audit of the six recommendations made in our 2021 report regarding information security. The follow-up audit will involve interviews of the staff responsible for implementing recommendations and reviewing the evidence that demonstrated full or partial completion of the recommendations. We will document the status of the recommendations as part of this audit.

Technology Audit Activities

Gibson will perform the following activities for the Technology Audit.

Interviews and Focus Groups

We will conduct interviews and focus groups with key Technology Department staff to understand their roles, responsibilities, and processes related to IT governance and strategic planning, IT service management, change management, and network and infrastructure management.

We will conduct interviews with other departmental leadership who interact with the Technology Department to understand how the departments collaborate. Additionally, we will interview school leadership and school-based technology positions.

The interviews will help ensure that we have a complete and thorough understanding of the Technology Department's processes, procedures, operations, and any areas of perceived concern. As we develop findings and recommendations, we will conduct follow-up interviews as needed to validate our findings and/or to clarify information.

Data Analysis

By analyzing the district's existing data and documentation related to technology infrastructure, processes, and policies, we gain insights into the current situation. These analyses can be corroborated with information obtained through interviews and focus groups to identify strengths, weaknesses, and areas for potential improvement. The analyses may include technology work order analysis, computer device inventory analysis, technology staffing analysis, technology expenditure analysis, and analysis of student-to-device ratios.

Below is an example of a type of analysis Gibson conducted on a prior Technology Audit. This figure illustrates the elementary school device-to-student ratio, which allowed Gibson to determine that there were two elementary school campuses that have less than a 1:1 device per student.

Figure 3. Elementary School Device to Student Ratio
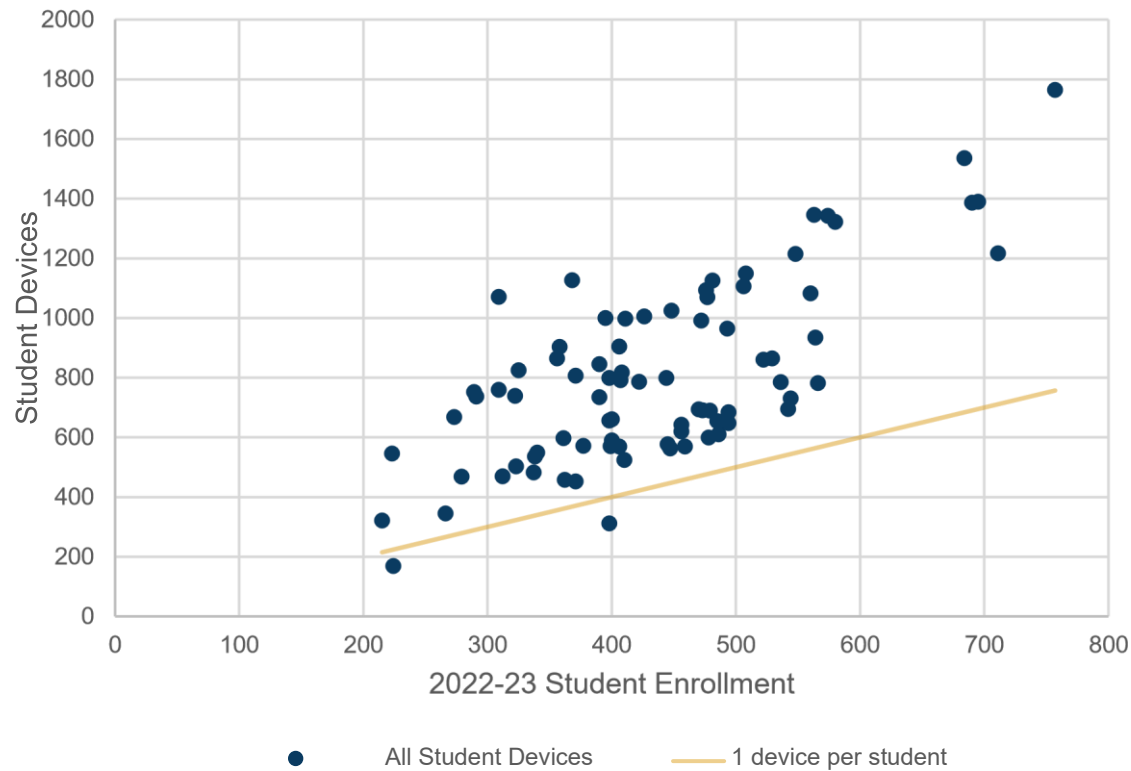
Source. Gibson Consulting Group

Audit Testing

The audit team will also conduct a series of audit tests to corroborate key technology processes, obtain evidence of supporting documentation, and to validate the key processes in the Technology Department. Table 4 provides the two examples of tests that can be executed. The actual tests performed will be based on information collected early in the audit that points to potential control weaknesses.

Table 4. Technology Audit Testing

Test Area	Test Overview
Super User Access	The objective of this test is to ensure that the super users of the ERP are appropriate given their roles in the district. A super user is considered anyone that has access to create other users and maintain existing user access.
Non-employee Access	The objective of this test is to ensure that contractors are granted access through appropriate processes and access is terminated when services are completed.

Source. Gibson Consulting Group

Booster Club Audit

The primary objective of this audit is to evaluate the district's oversight of booster clubs to ensure compliance, transparency, and accountability under State and Local policy. We are separating this work into four areas:

- Compliance and Governance;
- Financial Oversight;
- Operational Relationships; and
- Internal Controls.

Compliance and Governance

- Does the district maintain a current registry of approved booster clubs, including documentation of their nonprofit status, bylaws, and IRS Form 990 submissions?
- Are booster clubs organized as legally separate entities?

Financial Oversight

- Has the organization submitted a Statement of Purpose at the beginning of the year?
- Are monthly and annual financial reports being submitted as required?
- What process does the district use to review booster club independent audits or financial reports to identify irregularities (e.g., commingling of funds, unapproved expenses)?
- Are in-kind donations (e.g., equipment, services) from booster clubs documented and evaluated for compliance with district procurement policies?

Operational Relationships

- Do all active booster clubs have signed memorandums of understanding (MOUs) with the district that clearly define:
  - Permitted use of district facilities/equipment?
  - Restrictions on fundraising during school hours/events?
  - Training requirements for club officers on district policies?
- Are there clear procedures for revoking a club's privileges (e.g., misuse of district branding, failure to submit audits)?

Internal Controls

- Does the district segregate duties in its oversight process (e.g., separate staff reviewing club audits vs. approving fundraisers)?

- What training does the district provide to campus administrators and athletic/activity directors on monitoring booster club activities?

- Are there mechanisms to prevent district employees from handling booster club funds, even temporarily (e.g., cash donations at events)?

- Is there a secure drop box in place for collecting funds?

- Is the organization complying with the guidelines for operating concession stands?

Booster Club Audit Activities

Interviews

We will conduct interviews and focus groups with key district staff involved in the oversight, coordination, and financial management of booster clubs. This includes campus principals, finance personnel, and district administrators responsible for student activities and compliance. These interviews will help us better understand current processes, roles and responsibilities, documentation practices, and oversight related to booster club operations.

The purpose of these discussions is to gain a clear understanding of how booster clubs raise, manage, and track funds, and to assess whether their financial practices align with district policies, University Interscholastic League (UIL) guidelines, and applicable state regulations. These conversations will help identify any gaps, risks, or areas of concern and promote responsible, transparent management of booster club activities.

Following the initial interviews and focus groups, we may request additional information from Killeen ISD or conduct follow-up conversations with district staff to clarify findings or gather more detail.

Data Analysis

The approach to this audit will involve the analysis and triangulation of data from multiple sources, including district-provided data and interviews with district and campus staff. Examples of specific analyses completed by Gibson are included below:

- Gibson will complete a historical analysis of Booster Club Funds and activities;

- Gibson will assess the department's organizational structure with respect to the logical alignment of key functions within the department, spans of control, and effective oversight and management of program resources; and

- Gibson will review relevant job descriptions to determine if they accurately reflect position reporting structures and job duties performed.

Audit Testing

The audit team will also conduct a series of audit tests to corroborate key processes, obtain evidence of supporting documentation, and validate compliance with Killeen ISD Board policies. Table 5 provides a

high-level summary of the tests that can be executed. The actual tests performed will be based on information collected early in the audit that points to potential control weaknesses.

Table 5. Booster Club Audit Testing

Test Description	Test Overview
Booster Club Registry Verification	This test evaluates whether KISD maintains a complete and current registry of all approved booster clubs. It will review documentation for nonprofit status, bylaws, and IRS Form 990 submissions. The audit will assess whether these records are updated annually and centrally stored. It will also verify that clubs are legally separate entities.
Statement of Purpose Compliance	This test assesses whether booster clubs submit a Statement of Purpose at the beginning of each school year. It will review submission logs and compare them to the list of active clubs. The audit will evaluate follow-up procedures for missing submissions. It will also assess whether the statements align with district expectations.
Financial Report Monitoring	This test evaluates whether monthly and annual financial reports are submitted and reviewed by the district. It will examine submission records and review logs or notes from district staff. The audit will assess whether the district identifies and addresses irregularities. It will also evaluate the consistency of follow-up actions.
MOU Compliance Review	This test assesses whether all active booster clubs have signed MOUs with the district. It will review the MOUs for required elements such as facility use, fundraising restrictions, and officer training. The audit will evaluate whether MOUs are updated annually. It will also assess how the district enforces MOU terms.
Privilege Revocation Procedures	This test evaluates whether the district has clear procedures for revoking booster club privileges. It will review policy documents and past enforcement actions. The audit will assess whether revocations are documented and communicated. It will also evaluate whether procedures are consistently applied across campuses.
Oversight Role Segregation	This test examines whether the district segregates duties in its oversight of booster clubs. It will review staff roles and responsibilities related to audit review, fundraiser approval, and financial monitoring. The audit will assess whether any conflicts of interest exist. It will also evaluate whether role separation is documented and enforced.
Administrator Training Program Review	This test assesses the training provided to campus administrators and activity directors on booster club oversight. It will review training materials, attendance logs, and frequency of sessions. The audit will evaluate whether training covers key compliance and financial topics. It will also assess whether training is mandatory and regularly updated.

Test Description	Test Overview
Employee Fund Handling Controls	This test evaluates whether the district has controls to prevent employees from handling booster club funds. It will review policies, training, and incident logs. The audit will assess whether exceptions are documented and addressed. It will also evaluate whether staff understand and follow these restrictions.
Secure Fund Collection Procedures	This test examines whether secure drop boxes or equivalent procedures are in place for collecting funds. It will review physical security measures and collection logs. The audit will assess whether access is restricted and documented. It will also evaluate whether procedures align with district financial policies.
Concession Stand Compliance	This test assesses whether booster club-operated concession stands comply with district guidelines. It will review permits, staffing records, and sales logs. The audit will evaluate whether food handling, cash management, and reporting procedures are followed. It will also assess whether district staff monitor compliance during events.

Source. Gibson Consulting Group

Asset and Risk Management Follow-up Audit
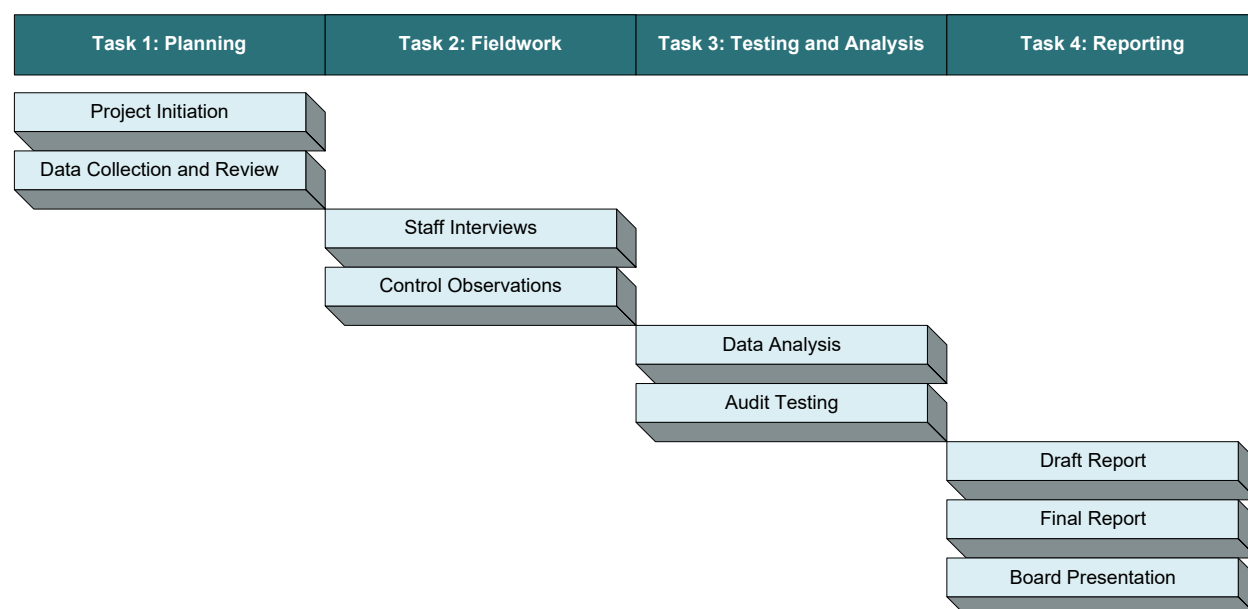
Follow-Up Audit Approach

Follow-up audits are different from initial audits and are an important element of the internal audit life cycle. The objective of a follow-up audit is to evaluate the progress of the administration in implementing recommendations from a previous internal audit. Accordingly, the scope is limited to those recommendations. No other areas or topics will be addressed in the audit unless explicitly stated in this cost proposal.

A follow-up audit starts with the administration's self-assessment of progress, then looks for evidence of implementation or progress. For each audit recommendation, the follow-up will assess whether the recommendation implementation status falls under one of the following four categories:

- Not Started;
- Partially Complete;
- Substantially Complete; or
- Complete.

The approach for a follow-up audit is accordingly different from the initial audit, but has the same major tasks. This approach is presented in Figure 4 and discussed in greater depth below.

Figure 4. Follow-up Audit Project Overview

Task 1: Planning	Task 2: Fieldwork	Task 3: Testing and Analysis	Task 4: Reporting

Project Initiation

Data Collection and Review

Staff Interviews

Control Observations

Data Analysis

Audit Testing

Draft Report

Final Report

Board Presentation

Task 1: Planning

We will conduct a project orientation meeting with the Killeen ISD project liaison and the BAC to discuss the scope and objectives of the audit and to finalize the schedule. We will review the most recent audit implementation dashboard to serve as the baseline implementation status for each recommendation, and will use the information included in the dashboard to create our data request.

We will submit a data request to the district, and will use the project orientation meeting to answer any questions regarding the request. The data request will focus on obtaining evidence that supports management's implementation status for each recommendation. We expect that it will take up to two weeks for Killeen ISD to provide all of the requested data for the audit, and we will begin analyzing the data as soon as it becomes available, in order to prepare for the fieldwork.

Task 2: Fieldwork

The purpose of the fieldwork is to gain a deeper understanding of how implementation of recommendations occurred and discuss any obstacles that may exist that limit implementation progress. Fieldwork activities will include interviews with department leadership and other department staff involved in the implementation of audit recommendations.

Task 3: Testing and Analysis

We will analyze data and other evidence of implementation and, where applicable, repeat audit tests from the initial audits where exceptions were noted. We will use the results of our testing, analysis, and interviews to form the basis of our assessment of each recommendation's implementation status. We will also include key factors supporting our assessment of each recommendation. If Killeen ISD has not made significant progress on implementing one or more recommendations, we may suggest an additional follow-up audit.

Task 4: Reporting

Similar to the initial audits, we will submit a draft follow-up audit report to the KISD administration for feedback, and obtain validation of factual information. Upon receiving a single, consolidated set of comments from the district, we will make appropriate modifications and present the results to the BAC. We will also be available, as requested, to make a presentation of the report to the Killeen ISD Board.

Follow-up Audit Scope

Gibson will conduct a follow-up audit of the 21 recommendations made in our 2017-18 report entitled *Killeen ISD Asset and Risk Management Audit*. Our follow-up work will involve interviews of the staff responsible for implementing recommendations, reperforming testing and data analyses where exceptions supported the development of a recommendation, and reviewing documents that demonstrate full or partial completion of the recommendations.

Table 6 presents the recommendations from the initial audit, their respective priorities, and management's implementation decision (i.e., agree, partially agree, disagree). Recommendations with a decision of 'disagree' are not assessed in the follow-up audit.

Table 6. Summary of Recommendations for the Asset and Risk Management Audit

No.	Priority	Recommendation	Implementation Decision
1	Medium	Enhance the documentation of processes and procedures for fixed asset operations.	Agree
2	Low	Track performance measures against written goals and objectives.	Agree
3	Low	Modify job descriptions to ensure that they accurately reflect the requirements, responsibilities and duties, and reporting structure for each position.	Partially Agree
4	Medium	Utilize construction in progress accounts to properly capitalize asset projects.	Disagree
5	High	Implement review procedures for asset creation and modifications in TEAMS.	Agree
6	Low	Update the Capital Asset accounting policy to reflect more realistic useful life ranges.	Partially Agree
7	Low	Perform data validation activities on the asset register to help determine which assets are potentially out of service and can be disposed.	Partially Agree
8	Medium	Perform annual training for all employees responsible for receiving, maintaining, transferring, or disposing fixed assets.	Agree
9	Medium	Assign campus location codes to school nutrition fixed assets.	Agree
10	Medium	Implement the use of scanners during the inventory process.	Disagree
11	Medium	Implement a standard, electronic disposal request form within TEAMS.	Partially Agree

No.	Priority	Recommendation	Implementation Decision
12	Medium	Grant read-only access to the TEAMS fixed asset module to the Director of Purchasing.	Agree
13	High	Ensure that the Risk Management Unit proactively reviews property and liability coverages, exposures, limits, and losses.	Agree
14	Medium	Review audited financial information for all insurance coverages with inter-local self-funded risk pools.	Agree
15	Medium	Implement processes and procedures to regularly review workers' compensation losses to focus loss prevention and control efforts.	Agree
16	Medium	Review the district's financial contribution to the self-insurance fund.	Disagree
17	Medium	Plan a coordinated insurance competitive bidding process.	Agree
18	Medium	Administer campus and facility safety loss control surveys annually, analyze results, and ensure corrective actions are taken.	Agree
19	High	Develop a comprehensive risk management plan that includes input from all departments.	Agree
20	High	Hire a loss control specialist to support the district's risk management activities.	Agree
21	Medium	Develop a risk communication channel, including quarterly and annual risk management reports, so district leadership is properly informed.	Agree

Source. Gibson Consulting Group

Program Management

Gibson will help to guide the BAC through each of the audits, assist in managing BAC meetings, develop monthly program progress reports, and actively monitor recommendation implementation. This includes continued maintenance of the internal audit implementation dashboard. Gibson will also develop quarterly audit implementation deliverables and additional touchpoints with the Superintendent and Board to stay apprised of risks facing KISD. The quarterly audit implementation deliverable will include results of our analysis over the implementation dashboard. Our quarterly analysis will highlight the changes made to each of the following implementation aspects:

- Percentage complete;
- Estimated completion date; and
- Information included as evidence and notes.

We will document our observations in a bulleted report, which will be provided to the Killeen ISD BAC Chair each quarter. Additionally, the internal audit dashboard will be updated quarterly by Gibson.

Additional touchpoints with the Superintendent and Board are necessary for keeping us in sync with the dynamic risk profile within KISD. These conversations will occur at least quarterly, taking no more than 30 minutes. The BAC can decide if this is desired for additional Trustees not included on the Committee.

Staffing and expenditure data will be collected at the program level to increase efficiencies within the data collecting processes for individual audit projects.

Timing and Fee Estimate

We have included the expected duration of each audit and the estimated professional fees and expenses in Table 7. Specific project schedules will be developed after projects are selected by the BAC. We have based the estimates of hours and fees for these projects on our understanding of the objectives of each audit and on our familiarity with the systems and processes in place at Killeen ISD as a result of our previous work with the district.

Table 7. Audit Durations and Budgets

Area	Expected Duration	Subcontractor Use	Estimated Budget
SIS/PEIMS Audit	7 months	No	$165,500
Technology Audit	6 months	No	$130,445
Booster Club Audit	4 months	No	$80,385
Asset and Risk Management Follow-Up Audit	3 months	No	$49,440
Program Management Services	12 months	No	$37,475

Source. Gibson Consulting Group

Table 8 provides the hourly rates for each project role participating in the audits for 2025-26.

Table 8. Hourly Rates, 2025-26

Project Role	Hourly Rate
Director	$250
Senior Auditor	$210
Auditor	$185
Professional Support	$135
Subcontractors	At Cost

Professional fees and expenses will be billed in equal monthly amounts based on the aggregate value of internal audit services selected by KISD from the month following Board approval to August 31, 2026.

Payment of invoices is due within 30 days of receipt, and will be remitted to Gibson's lockbox address with Gulf Coast Bank and Trust.

* * * * *

We look forward to working with you and the members of the School Board as your internal auditors and advisors in FY 2026. Gibson will devote its best efforts to the work to be performed under this assignment, and any findings, recommendations, or other written materials will represent our best professional judgment based on the information made available to us.

If you have any questions, please contact me at 512.694.6704. Please use Table 9 below to indicate which internal audit services you would like for FY 2026 and input the total in the table. Then, sign in the space provided on the next page and return this proposal to us.

Sincerely,

Greg Gibson, President
Gibson Consulting Group, Inc.

Table 9. Selected Internal Audit Services for FY 2026

Area	Estimated Budget	Selected for FY 2026?	Extended Amounts
SIS/PEIMS Audit	$165,500	Yes	$165,500
Technology Audit	$130,445	Yes	$130,445
Booster Club Audit	$80,385	No	$0
Asset and Risk Management Follow-Up Audit	$49,440	No	$0
Program Management Services	$37,475	Yes	$37,475
Selected Total			**$333,420**

Accepted:

Killeen Independent School District

_____   _____
Signature   Title

_____
Date