



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

Agenda Item Summary

Meeting Date: May 17, 2017

Purpose: Report Only Recognition Discussion/ Possible Action

Presenter(s): Juan Carlos Zamora, Chief Financial Officer, Peggy Lee Gonzalez, Purchasing Director

Item Title:

Discussion and possible action to renew the professional services of Belt Harris Pechecek, LLLP for the 2016-2017 Annual Financial Audit. These services are for the purpose of understanding the information contained within financial statements to ensure the district can continue to provide a quality academic program to each child in the district.

Description:

Belt Harris Pechecek LLLP was board approved on May 18, 2016 as the financial auditors for the Annual Financial Audit for the 2015-2016 school year. It is the recommendation of the District to continue the contract for the 2016-2017 school year. Single audit is estimated at \$27,500 as proposed in RFP 2016-5. A copy of last year's engagement letter is enclosed.

District Goal:

Goal 6 We will promote and ensure a safe and secure learning environment for all students.

Funding Budget Code and Amount:

CFO Approval

199-41-62XX-XX-726-X-XX-X-XX

APPROVAL ROUTE

SIGNATURE

DATE

Principal/Director:

Executive Director:

Chief Administrator:

Superintendent:

Handwritten signatures for Principal/Director, Executive Director, Chief Administrator, and Superintendent.

Handwritten dates: 4/27/17, 4/27/17, 5-3-2017



COPY

Engagement Letter - Single Audit

May 27, 2016

Dr. Abelardo Saavedra, Superintendent
South San Antonio ISD
5622 Ray Ellison Blvd.
San Antonio, Texas 78242

We are pleased to confirm our understanding of the services we are to provide for the South San Antonio Independent School District (the "District") for the year ended August 31, 2016, with three optional one-year increments.

Audit Services

We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the District as of and for the year ended August 31, 2016, with three optional one-year increments.

Limited Procedures

Accounting standards generally accepted in the United States of America provide for certain Required Supplementary Information (RSI), such as Management's Discussion and Analysis (MD&A), to supplement the District's 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 District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Budgetary Comparison Schedule(s)
3. Net Pension Liability and Contribution Schedule(s)

Partners

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In Relation Opinion

We have also been engaged to report on supplementary information other than RSI that accompanies the District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditors' report on the financial statements:

1. Combining Statement(s) and Schedule(s)
2. Texas Education Agency Schedule(s)

Unaudited Information

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditors' report will not provide an opinion or any assurance on that other information:

1. Introductory Section

TEA and Local Government Requirements

Our audit procedures will be conducted and the financial statements prepared to satisfy the requirements governing the District and its annual audit and financial reporting including:

1. **PEIMS Requirements**
Texas Education Code (TEC), Title 2 Public Education, Section 44.008 Annual Audit; Report, including Section 44.008(b) regarding Public Education Information Management System (PEIMS).
2. **FASRG Requirements**
Texas Education Agency Financial Accountability System Resource Guide (FASRG), which is the authoritative document adopted by reference as a rule of the State Board of Education, through Title 19, Texas Administrative Code, Section 109.61.
3. **PFIA Requirements**
Texas Local Government Code Sec. 2256 – Public Funds Investment Act (PFIA) Sec. 2256.005 (m) and Sec. 2256.023 (d).

We also understand the District is subject to the following filing deadlines and we will plan and conduct our audit, with regards to factors we can control, to ensure that draft and final reports are provided in sufficient time for the District officials' adequate review, approval, and adoption:

1. **TEC 44.008(d)**
Texas Education Code (TEC), 44.008(d), the annual financial audit is due no later than the 150th day after the end of the fiscal year.
2. **OMB Circular A-133**
OMB Circular A-133§.320 (a) and Uniform Guidance 2 CFR 200.512(a) requires that the Single Audit package and data collection form are filed within 30 days after receipt of the auditors' report or nine months after the end of the fiscal year, whichever comes first.

3. Continuing Disclosure Filings

Current and future debt agreements may contain continuing disclosure filing requirements. If applicable, such agreements normally specify the annual audit report, along with other documents, will be filed six months after the fiscal year end. The District is responsible for ensuring compliance with continuing disclosure filing requirements.

If necessary, we will notify District officials when a significant impediment to progress is encountered.

Nonaudit Services

In connection with the engagement, we will perform services unrelated to our attest function. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. The additional services we will provide include:

1. Preparation of Documents

We will assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the District in conformity with U.S. generally accepted accounting principles and OMB Circular A-133 based on information provided by you.

2. Advisory Services

We will provide routine advisory services through phone calls, conferences, or otherwise, in connection with incidental matters arising during the year. We encourage open lines of communication throughout the year as part of our services. We will provide progress reports on the audit throughout the audit, but at a minimum of when progress bills are submitted.

3. Correspondence

We will handle all normal correspondence from grantor, regulatory, or oversight agencies related to the audit.

4. Professional Proofing

To ensure documents issued in connection with the audit engagement are professional in appearance, we will submit both client-prepared information, as well as documents created entirely by the auditor, to an independent professional proofreader for a cover-to-cover inspection. This review will include consistent formatting, grammar, logic, and any other items which may detract from the document. This process is over and above technical reviews performed.

5. Printing and Binding

All final hard copy documents will be printed on a 1200 dpi or better resolution copier and bright white report paper. Reports will be bound with GBC-brand plastic combs with 30 mil oversized covers. We will manually inspect each page from one document and spot check remaining reports for printing errors. Our reports will be centered, properly aligned, and free of smudges and other detracting elements.

6. Electronic Adobe Searchable PDF

In addition to providing hard copy documents, we will also provide all final documents in electronic image files in Adobe PDF format, suitable for posting in electronic agenda packages, posting on websites, or transmitting by email to regulatory agencies.

7. Client Portal – AuditBox

We will provide the District access to our proprietary AuditBox online site to provide a central repository where both District personnel and audit team members can all see documents being exchanged during the process to eliminate duplicate request from audit team members. Both District documents, as well as final audit documents, will be hosted on the site providing an archive of information new District personnel may access in subsequent years if information is needed regarding what was provided for a prior audit or a copy

of audit documents issued.

Management Responsibilities

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include 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 latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contract, and grant agreements, or abuse that we report. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review prior to the beginning of our audit fieldwork.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with OMB Circular A-133. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Circular A-133; (2) you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, on which we have been engaged to report, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the

supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with the preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Audit Objectives

The objective of our audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on---

- 1 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*.
2. Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The OMB Circular A-133 report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in the *Texas Education Agency Financial Accountability System Resource Guide*; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to

management and members of the governing body of the District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, 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 an opinion or issue a report, or may withdraw from this engagement.

Audit Procedures-General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. 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 or major programs. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come 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, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. 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.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures-Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance 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 major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

Audit Procedures-Compliance

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 provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 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 these 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 OMB Circular A-133.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

We will provide copies of our reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Belt Harris Pechacek, LLLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to any oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Belt Harris Pechacek, LLLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the oversight agency. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Fees for our services are based on the actual time spent at our standard hourly rates, plus travel and other out-of-pocket costs such as report production, typing, postage, etc. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. The time estimates used to project our fees are based on anticipated cooperation from your personnel and

management fulfilling its responsibility, as discussed previously. Our time budget for this engagement does not include addressing matters related to management's responsibilities, such as modifications to the District's financial information, additional procedures related to alleged noncompliance with laws and regulations and similar improprieties, the District's lack of preparation for the audit, and similar matters. Such time requirements have not been included in the estimate and will be billed in addition to the fees quoted at our standard hourly rates and actual costs incurred, including legal consultations, if necessary. We will notify the appropriate party when such conditions are encountered, such as identifying schedules not prepared, out-of-balance accounts, alleged violations, etc. When possible, we will provide management with options for alleviating the condition. If it appears the item(s) will not be addressed by the District, we may perform procedures to address incidental matters to facilitate timely completion of the audit. To the extent possible, we will obtain approval before performing additional work for matters considered significant to the original proposed fee. Due to the nature of our work, such approval may not always be possible (i.e., we may be legally compelled by subpoena or similar request to expend additional time and incur other expenses to handle matters arising from this engagement). Such services, if necessary, will be identified and billed separately.

As customary in the industry, the price quoted is an estimate. In accordance with rules of the State Board of Public Accountancy, we cannot be bound to provide the audit for the amount estimated. However, in practice, we honor our fee quotes unless adverse conditions such as those described above are encountered.

Fee Estimates

Fees:	2016	2017	2018	2019
Financial Statement Audit	\$ 27,500	\$ 27,500	\$ 27,500	\$ 27,500

* A single audit is required when federal funds over \$750,000 are expended. Our fees are based on the number of major programs (programs over \$750,000).

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Generally, 40 percent will be billed and payable upon completion of interim audit procedures (normally one to four months before year end) and 60 percent after a draft of the financial statements is issued. Accordingly, the fee will be split 40/60 between budget years. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2015 peer review accompanies this letter.

Required Non-Appropriation Clause

Notwithstanding anything contained in this engagement to the contrary, in the event no funds or insufficient funds are appropriated and budgeted or are otherwise unavailable in any fiscal period for fees due under this engagement agreement, the District will immediately notify us in writing of such occurrence and this agreement shall terminate on the last day of the fiscal period for which appropriations have been received or made.

Authorization of CPA's Disclosure

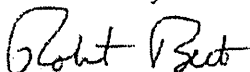
Any client certified public accountant involved with assisting us shall not be prohibited from disclosure of information required to be made available by the standards of the public accounting profession in reporting on the examination of financial statements. Management understands and provides permission to staff certificate or registration holders as required under the Rules of Professional Conduct, Texas Administrative Code, Title 22, Part 22, Chapter 501, Subchapter C, Section 501.75.

We appreciate the opportunity to be of service to the District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

Belt Harris Peehacek, LLLP
Certified Public Accountants

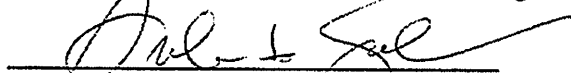
Authorized by:



Robert Belt, CPA, CGMA
Managing Partner

RESPONSE:

This letter correctly sets forth the understanding of South San Antonio Independent School District.



Dr. Abelardo Saavedra, Superintendent

6-7-2016

Date



Engagement Letter for Agreed Upon Procedures

February 16, 2017

Dr. Adelardo Saavedra
South San Antonio ISD
5622 Ray Ellison
San Antonio, Texas 78242

Dear Dr. Saavedra:

We are pleased to assist the South San Antonio Independent School District (the "District") in providing follow-up to the Texas Education Agency and other regulatory agencies to validate management's response and corrective action as more fully described in the TEA Special Accreditation Investigations and Finding and Corrective Actions included as Attachment A in the RFQ 2017-01. The purpose of this letter is to confirm our understanding of the nature and limitations of the services we are to provide to the District.

As part of this agreement we will develop a list of recommended procedures to best communicate to the TEA and regulatory agencies satisfactory implementation of a corrective action plan. Management will be solely responsible to ensure the procedures recommended satisfy management's purposes and must approve procedures before work begins. The listing of procedures will subsequently be attached with this engagement letter and considered an addendum to the agreement.

Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representations regarding the sufficiency of the procedures described either for the purpose for which this report has been requested for or any other purpose. If, for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report, or will not issue a report as a result of this engagement.

Because the agreed-upon procedures listed in the attached schedule do not constitute an examination, we will not express an opinion on our findings. In addition, we have no obligation to perform any procedures beyond those listed in the attached schedule.

We will submit a report listing the procedures performed and our findings. This report is intended solely for the use of the District, and should not be used by anyone other than these specified parties. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Management is responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, and/or experience to oversee the services we provide. In addition, management is responsible for evaluating adequacy and results of those services and accepting responsibility for such services.

Upon notification of our selection for this engagement, we will coordinate a start date to begin our procedures, and unless unforeseeable conditions are encountered, anticipate that the engagement should be completed in two to four weeks.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, travel, etc.) Our hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to the engagement which range from \$120 to \$245 per hour. We expect that a project of this nature will entail using our most senior firm members. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. Fees for our services under this agreement will not exceed \$15,000 without prior written approval.

Our invoices for these fees will be rendered each month as work progresses and are payable within 30 days. In accordance with our firm policies, work will be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. Notwithstanding anything contained in this engagement to the contrary, in the event no funds or insufficient funds are appropriated and budgeted or are otherwise unavailable in any fiscal period for fees due under this engagement agreement, the District will immediately notify us in writing of such occurrence and this agreement shall terminate on the last day of the fiscal period for which appropriations have been received or made.

We appreciate the opportunity to assist you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. If the need for additional services arises, our agreement with you will need to be revised. It is customary for us to enumerate these revisions in an addendum to this letter. If additional specified users of the report are added, we will require that they acknowledge in writing their responsibility for the sufficiency of procedures.

Sincerely,

Belt Harris Pechacek, LLLP
Certified Public Accountants

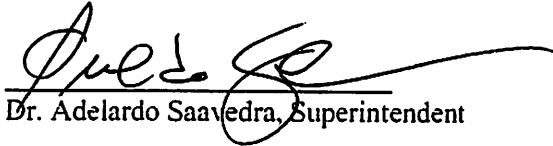
Authorized by:



Robert Bell, CPA
Managing Partner

RESPONSE:

This letter correctly sets forth the understanding of South San Antonio Independent School District.


Dr. Adelardo Saavedra, Superintendent

3-8-2017
Date