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Board of Trustees and Superintendent
Buckholts Independent School District
203 South 10th Street
Buckholts, Texas 76518

Dear Trustees and Superintendent:

This cover letter highlights key points in the attached the 2021-22 audit engagement letter.

- The engagement letter is revised to comply with additional requirements from auditing standards that will be effective for 2021-22.
- The majority of the engagement letter includes terms that are typical for an audit under *Government Auditing Standards* and which are generally the same terms for the District as the prior year.
 - A new requirement is for the auditor to identify significant risks that will be considered in performing the audit; these are listed beginning at the bottom of page 2.
- Nonaudit services are identified on page 3. These are services that, under *Government Auditing Standards*, cannot be considered part of routine audit services. It is essential that District staff having sufficient “skills, knowledge and experience (SKE),” be able to accept responsibility for these services.

Engagement administration, fees, and other terms, beginning on page 4, covers several key topics.

- Client Assistance: Providing information in a timely manner is critical in order to complete the audit efficiently. I will provide the usual list of information needed prior to starting interim audit work. Your staff should have most information ready prior to my starting fieldwork.
- Audit Schedule: We will work out mutually acceptable dates as necessary. For planning purposes, I suggest interim work in early August; final work beginning in mid-November; and, presentation to the Board at the December meeting.
- Estimated Fees and Invoicing: The fee estimate is \$16,500, an increase of \$1,500 over the prior year base fee. The fee is subject to conditions noted in the engagement letter.
 - This fee is based on the assumption that the General Fund will be the major fund required for financial reporting. The fee will increase a minimum of \$900 if there are additional major funds.

The increase in base fee is due to the time required to complete an audit, which has increased significantly in the past few years for many reasons. The most significant factors have been the audit requirements from the AICPA and *Governmental Auditing Standards*, increased pressure from peer review expectations, increased funding and compliance requirements from grants, issues related to COVID, and an overall increase in workload on client personnel impacting their ability to prepare for an audit. My fees have fallen behind the market.

I appreciate the opportunity to provide audit services to the District and look forward to hearing from you. If you have any questions, please let me know. If you agree with the terms of my engagement letter, please sign and return a copy of the signature page to me.

Sincerely,



Karl Kacir, CPA