

February 08, 2022

FY 2022: Killeen ISD Internal Audit Cost Proposal



Submitted By:

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February 08, 2022

Board of Trustees
Killeen Independent School District
200 N. WS Young Drive
Killeen, Texas 76543

Dear Members of the Killeen Independent School District School Board:

At the Audit Committee's request, Gibson Consulting Group, Inc. (Gibson) is presenting this cost proposal to conduct one follow-up audit, with additional targeted efforts, and one new audit for the Killeen Independent School District (Killeen ISD) in fiscal year (FY) 2022. This letter outlines our understanding of the scope of work, our approach, and the time and fee estimates for this audit work. Gibson's work on these projects falls under the terms of our master internal audit contract with the District.

Follow-Up Audit

Human Resources Follow-Up / Targeted Audit

During 2021-22, we will conduct a follow-up audit of the 19 recommendations made in our 2016 report entitled *Killeen ISD Human Resources Audit*. Our follow-up work will involve interviews of the staff responsible for implementing recommendations, and a review of the evidence that demonstrates full or partial completion of the recommendations. In the event that Killeen ISD has not completed the implementation of a recommendation, we will document the status of the recommendation and may suggest an additional follow-up audit.

At the request of the Board Audit Committee, we will also conduct a targeted audit of Killeen ISD's recruitment and on-boarding processes. As part of this audit, we will evaluate staff exit data to determine the existence of trends or patterns that could indicate potential issues within employee retention initiatives. The approach to the targeted audit will involve the analysis and triangulation of data from multiple sources, interviews with Human Resources' staff, and process analysis. Group interviews with school principals, departmental leaders, and newly hired staff will be performed to gain insight from a client/customer perspective.

Below, we have included a brief description of our audit approach, so that Killeen ISD has an understanding of the general process we will take when conducting the above follow-up / targeted audit.

Task 1: Planning

For each audit, we will conduct a project orientation meeting with Killeen ISD HR leadership to discuss the scope and objectives of the audit and to finalize the schedule.

We will provide a data request to the district for the follow-up / targeted audit 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 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 this audit.

We will begin analyzing data as it becomes available in order to prepare for the site work. The data requested may include read-only access to relevant information systems. We will use this access to analyze the population of data that is subject to audit and to make selections for testing. We may request additional data for each test item selected.

Task 2: Fieldwork

The purpose of the fieldwork is to fully understand the implementation status of the prior audit recommendations, and to review the processes applied by district staff with respect to the targeted areas. During this task, we will conduct interviews with staff, and visit schools to meet with administrators and support staff that interact with Human Resources. During the site visit, we may identify additional data requests and may need Killeen ISD staff for follow-up questions.

Task 3: Testing and Analysis

For the targeted portion of the audit, Gibson's testing strategy will contain two main elements: data analysis and sample testing of individual transactions and process controls. Data analysis encompasses a review of an entire population of transactional data for detecting any abnormalities that will indicate non-compliance with policies and procedures, lack of controls, and inefficiencies in processes.

Sample transaction testing will focus on a subset of the transactional data population. We will base the selection of samples for testing on experienced auditor judgment, the volume of transactions, and on information obtained during fieldwork.

Gibson will conduct audit tests to evaluate processes in the targeted areas. Table 1 provides a high-level summary of tests that will be conducted. The actual tests performed will be based on information collected early in the audit, and may point to potential performance issues and/or control weaknesses.

Table 1. Testing Summary

Test Number	Test Overview
Test 1: Hiring and Onboarding Timeline	A listing of employees hired is analyzed to determine the time it takes to hire new employees and onboard new employees.
Test 2: Applicant Tracking	A listing of applicants is obtained to quantify the number of out-of-date applications or duplicate applications that have not been removed from the system.
Test 3: Recruiting Analysis	A listing of employees hired is analyzed to quantify the effectiveness of recruiting efforts across multiple outlets (social media, job fairs, campus visits, etc.).

Task 4: Reporting

Gibson will provide a single report containing the results of the follow-up and the targeted audit. The follow-up audit will provide our independent assessment of the implementation status of each recommendation, including references to supporting documentation.

For the targeted portion of the audit, we will use the results of our process analysis, transaction testing, and data analytics to form the basis for possible audit findings and recommendations, recognizing Killeen ISD best practices in place as well as identifying opportunities for improvement.

We will develop a draft audit report that contains an executive summary of both portions of work, a description of the project objectives and scope, and the major observations and recommendations resulting from our work. The targeted portion of the report will include descriptions of Killeen ISD practices, and findings and recommendations to improve the procedures, controls, efficiency, and effectiveness of the targeted audit areas.

We will submit a draft report to the Killeen ISD administration in order to ensure that there are no factual misrepresentations in them. Upon receiving a single, consolidated set of comments from the district, we will make appropriate modifications and present the results to the Board Audit Committee. We will also be available to make a presentation of the report to the Killeen ISD Board of Trustees.

New Audit Area

Learning Recovery Audit

KISD students have experienced a generational disruption to their educational career, but the exact nature of the learning loss is unknown. For instance, learning loss may vary by subject, grade, and student group. Differences across these groups could have direct implications on academic programming and support in Killeen ISD in the coming years. Understanding how COVID-19 disruptions differentially influenced student learning can help district and school staff prioritize curricular reforms, professional development opportunities, and strategies for academic acceleration or remediation.

To support this effort, Gibson will use student-level standardized test, demographic, and program membership data from cohorts of Killeen ISD students prior to the pandemic (i.e., prior to Spring 2020) and during the pandemic (i.e., after Spring 2020) to estimate:

1. District- and school-level learning loss for specified grades and test subjects; and
2. District- and school-level learning loss among student groups of interest by grade and test subject.

Below we outline our scope of work, analytic framework and project reporting for this audit.

Scope of Work

For purposes of this audit, Gibson defines '*learning loss*' as the difference between student academic performance in Spring 2022 and how students would have performed given normal learning conditions. Pandemic disruption has been so far-reaching that a 'contemporaneous' control group does not exist (e.g., students in Killeen ISD not affected by the pandemic). Accordingly, to benchmark student performance, pre-pandemic student cohorts can serve as references for how 2021-22 Killeen ISD students would have performed absent the pandemic.

The pandemic disruption is not the only difference between Killeen ISD students in 2021-22 and their pre-pandemic predecessors. For instance, earlier cohorts may be compositionally different in important ways,

such as students with differing levels of incoming achievement or higher levels of poverty. We will use statistical techniques (described below) to adjust for these differences and help isolate the impact of the pandemic on students' academic performance.

Analytical Framework

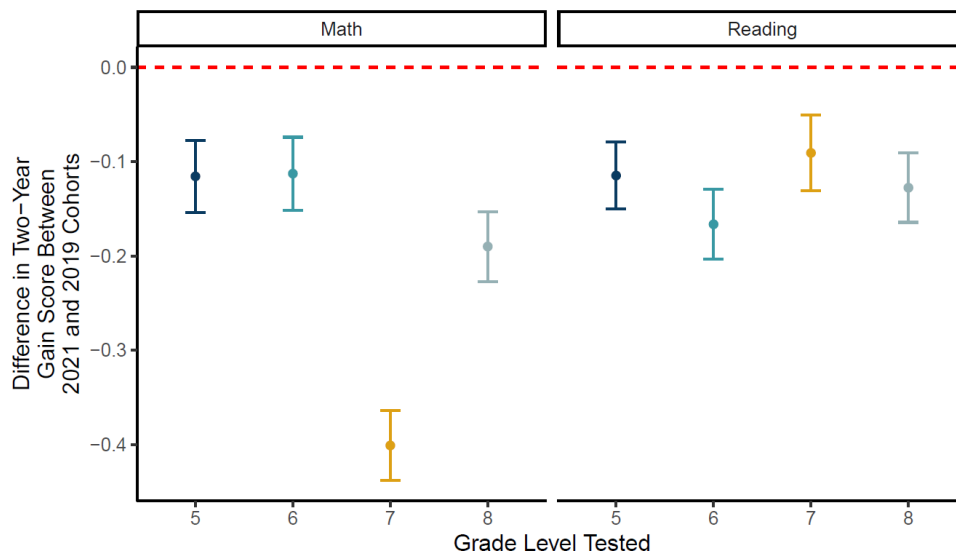
We will use student performance data on the STAAR/EOC, as the primary points of comparison to previous cohorts. The analysis we plan to conduct requires student-level performance data from the STAAR/EOC end-of-course exams and student-level demographic data for current students and prior cohorts unaffected by the pandemic (back to the 2017-18 school-year). Student-level data allows for us to account for prior academic performance, which for purposes of this audit will be used as the primary predictor of future student performance. Because many students were not tested in 2019-20, we will use two years' prior performance as the key predictor variable for all tests. We anticipate being able to match most students to their prior universal screening testing if student-level data reports are available to Killeen ISD.

We will estimate linear regression models for reading and math and for each grade level for which we have data.

Figure 1 presents sample results of a linear regression model, comparing hypothetical learning loss in standard deviations for Grades 5-8 in reading and math. In this plot, the points represent estimates of learning loss (lower estimates indicate more loss) and the vertical lines represent confidence intervals around those estimates.

In this example, it is apparent that learning loss was much greater in Math for students in Grade 7 during the pandemic, compared to other subjects and grade levels. Because student test scores are standardized, this permits making comparisons across grade levels and subjects regarding the magnitude of the differences in learning loss across these domains. This information can provide Killeen ISD areas to focus planning efforts and resource allocations on the areas of greatest need.

Figure 1. Sample Graphic Comparing Hypothetical Learning Loss in Standard Deviations for Grades 5-8 in Reading and Math in 2019 and 2021



Gibson will also generate *student group-level estimates of learning loss*. Killeen ISD leadership can use these estimates to understand whether pandemic-related learning loss affected particular student groups more than others. For example, did students eligible for free and reduced lunch exhibit greater learning loss and for which grades and subjects?

Reporting

Gibson will develop a report that contains an executive summary, project objectives and approach, and summary findings. Detailed audit findings by subject and grade, and for selected student groups will be presented, accompanied by supporting graphical analyses and explanations.

We will submit a draft of the Learning Recovery Audit report to the Killeen ISD administration for review. Upon receiving a single, consolidated set of comments from the district, we will make appropriate modifications and present the results to the Board Audit Committee. We will also be available to make a presentation of the report to the Killeen ISD Board of Trustees.

Budget Dashboard and Efficiency Dashboard

Gibson will upload FY 2021 expenditure and staffing data, and prepare the budget dashboard for review by the Board and the Administration. In the previous year, Gibson defined performance measures for six departments to be included on the Efficiency Dashboard: Human Resources, Transportation, Child Nutrition, Facilities, Technology, Financial Management. Gibson will continue the services provided for the efficiency dashboard by finalizing the following attributes for each performance measure:

- Responsible KISD administrator;
- Trend and peer comparison requirements;

- Expected data source;
- Frequency of collection;
- Granularity of data (transaction level, campus level, district level); and,
- Target measure value or range.

Gibson will discuss targets for each measure with the relevant departmental leaders and verify these targets with the Board Audit Committee. After data collection and target definition, Gibson will perform reasonableness testing on the performance measures for each department.

After the reasonableness testing is performed, Gibson will upload the calculated measures to the efficiency dashboard for review by the Board and Administration.

As in prior years, Ali Taylan will lead the budget and efficiency dashboard work, with Greg Gibson assisting in the development of efficiency measures and reasonableness testing. This work will be completed by August 31, 2022.

Program Management

Gibson will help to guide the Board Audit Committee through each of the audits, assist in managing Board Audit Committee meetings, develop monthly program progress reports, and actively monitor recommendation implementation. This includes continued maintenance of the internal audit implementation dashboard. Program management services are provided at the internal audit program level, in addition to the project management tasks performed on each internal audit.

Timing and Fee Estimates

We would expect to begin work in March 2022 and finish by August 2022. Once the Killeen ISD Board Audit Committee engages this letter, Gibson will develop a schedule to complete all assigned audits by August 2022.

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.

The table on the following page shows the estimated professional fees and expenses necessary to complete each audit. We have based our professional fees on an average hourly rate of consultants completing the work on each audit. Budgets listed for each project in the table are estimates only and may be moved between projects as needed. However, the total cost of all projects during the fiscal year will not exceed the budgeted amount. If, during the audit, unforeseen problems arise that require us to devote additional hours, we will work with Killeen ISD in order to supplement this engagement, as needed. No additional fees will be charged unless agreed to in writing in advance by the Board Audit Committee.

Estimated Project Budgets by Audit

Area	Subcontractor Use	Estimated Budget
Human Resources Follow-Up Audit and Targeted Audit	No	\$70,513
Learning Recovery Audit	No	\$49,800
Budget Dashboard/Efficiency Dashboard	No	\$28,630
Program Management Services	No	\$14,405
Total		\$163,348

Internal audit services are provided by Gibson under a long-term agreement with the Texas Association of School Boards (TASB). Gibson is the designated service provider of internal audit services for TASB.

In accordance with our agreement with TASB, Gibson professional fees for internal audit services are discounted for TASB members by 10 percent.

The following summary table shows our discounted hourly rates for each project role participating in the audits for 2021-22.

Project Role	Hourly Rate
Director	\$225
Senior Auditor	\$200
Auditor	\$175
Professional Support	\$130
Subcontractors	At Cost

Professional fees and expenses will be billed monthly in equal increments March through August 2022. Payment of invoices is due within 30 days of your receipt. Payments will be made directly to Gibson.

We will continue to provide monthly progress reports and conduct periodic meetings with the Board Audit Committee.

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We look forward to working with you and the members of the School Board as your internal auditors and advisors in fiscal year 2022. 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 specific questions, or require additional information about our professional services, please contact me at (512) 328-0885. If you are in agreement with the terms of this letter proposal, please indicate your desired scope options below, sign in the space provided, and return this letter to us. Thank you again for your interest, and we look forward to discussing your needs further.

Sincerely,



Greg Gibson, President
Gibson Consulting Group, Inc.

Accepted:

Killeen Independent School District

Option Description	Desired Option – Indicate with “X”	Total Cost
Human Resources Follow-Up and Targeted Audit		
Learning Recovery Audit		
Budget Dashboard/Efficiency Dashboard		
Program Management Services		
Total Costs for Selected Options		

Signature

Title

Date