

Report on the Firm's System of Quality Control

December 21, 2018

To the Owners of Coleman and Associates CPA Firm
and the FICPA Peer Review Committee

I have reviewed the system of quality control for the accounting and auditing practice of Coleman and Associates CPA Firm (the firm) in effect for the year ended June 30, 2018. My peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

My responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on my review.

Required Selections and Considerations

Engagements selected for review included an engagement performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act.

As a part of my peer review, I considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of my procedures.

Deficiency Identified in the Firm's System of Quality Control

I noted the following deficiency during my review:

1. The firm's human resources quality control policies and procedures require the members of the firm to meet continuing professional education requirements required by *Government Auditing Standards* to provide the practitioner with proficiencies in performing his work fully in conformity with applicable professional standards. My review procedures disclosed that the firm's owner did not comply with this requirement in not having taken adequate pertinent education hours and, consequently, an engagement subject to *Government Auditing Standards* was deemed not performed and reported on in conformity with professional standards in all material respects. In addition to not meeting the education requirements, the compliance and control tests performed on an engagement subject to *Government Auditing Standards* were combined and it could not be determined which specific compliance and control tests were performed. Also, a cluster title that should have been reported on a Schedule of Expenditures of Federal Awards (SEFA) was not evident. In my opinion, the failure to meet the education requirements contributed to the compliance and control testing and the SEFA reporting matters. The practitioner did not adequately consult professional literature to determine the specific requirements related to this area. The failure to adequately consult professional materials was noted in the prior peer review of the firm.

Opinion

In my opinion, except for deficiency previously described, the system of quality control for the accounting and auditing practice of Coleman and Associates CPA Firm in effect for the year ended June 30, 2018, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Coleman and Associates CPA Firm has received a peer review rating of *pass with deficiency*.

David A. Ramos, CPA