

Report on the Firm's System of Quality Control

October 1, 2018

To the owner of Randall Brookshier CPA, PLLC and
the Peer Review Committee of the California Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Randall Brookshier CPA, PLLC (the firm) in effect for the year ended November 30, 2017. Our 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

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

Required Selections and Considerations

Engagements selected for review included audits of employee benefit plans.

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

Significant Deficiencies Identified in the Firm's System of Quality Control

We noted the following significant deficiencies during our review:

The firm's quality control policies and procedures require the firm to properly make use of its quality control materials in the performance of engagements and to obtain consultation from knowledgeable individuals when appropriate. In certain instances, the firm did not properly use its quality control materials or obtain proper consultation. As a result, the following problems were noted with the audit:

- a. The working papers did not provide sufficient documentation of the auditors understanding of relevant controls, evaluation of the design of the relevant controls and whether they have been implemented by performing procedures in addition to inquiry of personnel.
- b. The auditor did not document the team discussion concerning the susceptibility of financial statements to material misstatements due to fraud or error.
- c. The auditor did not properly identify risks and controls associated with the role of IT – other than those discussed in the SOC1 report. The auditor did not properly identify and document the linkage between further audit procedures (test of controls, substantive procedures, or both) and the IT risk assessment.
- d. The auditor used the SOC1 report to justify a reduction in control risk. However, the auditor did not complete the required procedures to do so – specifically the auditor did not test the complementary user entity controls.
- e. The auditor did not apply appropriate procedures to determine whether contributions are being credited to the proper participant account investments.
- f. The auditor did not test that the compensation used to determine contributions was in compliance with the plan document.
- g. There is no evidence for the inspection and compliance of contracts with service providers.
- h. Open balance testing was inadequate for an initial audit of the plan. There was too much reliance on the SOC1 and the investment certification.
- i. This was the initial audit for the financial statements. Because comparative financial statements are required, the 2015 statement of net assets available for benefits should have been compiled. The 2015 statement of net assets available for benefits was not audited. The report indicated that both 2015 and 2016 was audited. The report should have indicated a compilation on 2015 and an audit of 2016.



In our opinion, the significant deficiency described above contributed to an employee benefit plan audit that did not conform to professional standards in all material respects.

Opinion

In our opinion, as a result of the significant deficiency previously described, the system of quality control for the accounting and auditing practice of Randall Brookshier CPA, PLLC in effect for the year ended November 30, 2017, was not suitably designed or complied with to provide the firm with reasonable assurance of performing or reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Randall Brookshier CPA, PLLC has received a peer review rating of *fail*.

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