

James L. Nicholson, Jr., CPA  
G. Kenneth Pavy, II, CPA  
Michael A. Roy, CPA  
Lisa Trouille Manuel, CPA  
Dana D. Quebedeaux, CPA



**JOHN S. DOWLING & COMPANY**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

John S. Dowling, CPA  
1904-1984  
John Newton Stout, CPA  
1936-2005  
Chizal S. Fontenot, CPA  
1955-2012

Retired

Harold Dupre, CPA  
1996  
Dwight Ledoux, CPA  
1998  
Joel Lanclos, Jr., CPA  
2003  
Russell J. Stelly, CPA  
2005

## System Review Report

June 30, 2015

To the Member of Harris CPA, L.L.C.  
and the Peer Review Committee of the Louisiana Society of CPA's

We have reviewed the system of quality control for the accounting and auditing practice of Harris CPA, L.L.C (the firm) in effect for the year ended December 31, 2014. 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. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. 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. 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. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards*.

We noted the following significant deficiencies during our review:

1. Deficiency – Although the firm's policies and procedures require the use of the appropriate reference materials contained in its library for the performance of A-133 engagements, as a result of missing or incomplete and/or incorrectly prepared checklists and outdated compliance supplement, we noted numerous deficiencies on a not-for-profit A-133 engagement in the areas of planning, risk assessment, testing of internal controls over compliance, and compliance testing. As a result of these deficiencies, the work papers do not support the auditor's report on compliance and internal control on the A-133 engagement. The firm has agreed to perform additional procedures necessary to support the auditor's report.

Recommendation – We recommend that the firm establish a means of ensuring it's conformity with applicable professional standards with regard to the performance of A-133 engagements particularly in the areas of planning and documenting compliance testing and tests of controls over compliance and ensuring that the correct compliance supplement is utilized. The firm should either participate in specific CPE regarding the documentation requirements for A-133 engagements or consider engaging the services of an outside reviewer to perform pre-issuance reviews.

2. Deficiency – Although the firm's policies and procedures require the use of the appropriate reference materials contained in its library in planning audit engagements with respect to non-attest services, the firm fail to identify and assess the risk to independence of the non-audit services performed. Additionally, the firm identified and individual responsible for overseeing non-attest services, however, it failed to document its assessment of that individual's suitable skills, knowledge, and experience.

Recommendation – We recommend that the firm establish a means of ensuring it's conformity with applicable professional standards with regard to the documentation of non-audit services to be performed and the related assessments of skills, knowledge, and experience. The firm should consider participation in specific CPE regarding the audit documentation.

3. Deficiency – Although the firm's policies and procedures require the use of the appropriate reference materials contained in its library in planning audit engagements, the workpapers did not document the auditor's overall audit plan and strategy including developing and understanding of the entity and its environment relative to evaluation of risks of material misstatements at the financial statement level and at the relevant assertion level. In addition, the auditor's risk assessments were incomplete in that they did not identify significant audit areas and assess their relative risk.

Recommendation – We recommend that the firm establish a means of ensuring it's conformity with applicable professional standards with regard to the planning and documentation of risk assessment procedures. The firm should consider participation in specific CPE regarding audit documentation in the areas of planning and risk assessment.

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Peer review Committee of the Louisiana Society of CPA's  
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In our opinion, as a result of the significant deficiencies described above, the system of quality control for the accounting and auditing practice of Harris CPA, L.L.C in effect for the year ended December 31, 2014, was not suitably designed or 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*. Harris CPA, L.L.C has received a peer review rating of *fail*.

A handwritten signature in cursive script that reads "John S. Dowling & Company". The signature is written in black ink and is positioned above the printed name of the firm.

John S Dowling & Company

# Harris CPA, LLC

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Certified Public Accountant

September 9, 2015

Peer Review Committee of the Louisiana Society of CPAs  
PO Box 1279  
Destrehan, LA 70047

RE: Harris CPA, LLC  
Review #369869

Ladies and Gentlemen:

This letter represents my response to the report issued in connection with the peer review of the firm's system of quality control for the accounting and auditing practice in effect for the year ended December 31, 2014. All issues have been brought to the attention of personnel at a meeting held on June 30, 2015. In addition steps have been added to our monitoring procedures to review the deficiencies noted in the report so that they will not happen again.

**Response to Deficiency 1** – To ensure conformity with applicable AICPA standards regarding planning, and documentation, compliance testing and test of controls and utilizing the correct compliance supplement, I am implementing three new procedures. First I am purchasing the online PPC audit guide which offers “flow through” programs. In the 2014 year, I utilized the PPC hard copy program for my sole audit. I did not complete all the sections in the new guide. I, instead, continued with prior year guide pages for those sections with no changes, and failed to roll forward those sections to the current audit period binder. I made the mistake of failing to bring several of those previously completed prior year sections with no current year changes forward, such as internal control documentation, narratives on compliance testing, risk assessments etc. Certain programs/checklists were inadvertently not moved forward. My omissions resulted in reporting that numerous audit procedures were incomplete or not completed at all. In the future, by using the PPC online guide, applicable planning, documentation, compliance and test of controls procedures are detailed and grouped based on checklist answers. This helps eliminate or mitigate any guess work in terms of not including or omitting an audit checklist or addendum and provides concise, audit guide procedures to be completed, rather than simply being updated or carried forward and then potentially inadvertently omitted from the current year audit file. Secondly, I will participate in approximately 16 hours of CPE specifically aimed at documentation requirements for A-133 engagements. Finally, I will consider engaging the services of an outside reviewer to perform pre-issuance reviews. This will be performed by a firm experienced in A-133 audits. With regard to the deficiencies in the sampled engagement, I have updated and documented the applicable planning, compliance testing, and test of controls over compliance relative to the findings noted by the reviewer. Specifically the entity's compliance testing and test of controls, which were completed during the audit under review, were not concisely documented in the current year. I have done so. Current audit program and compliance supplement information was utilized.

**Response to Deficiency 2** – To ensure conformity with AICPA professional standards, I will utilize the online PPC guide to document and assess the risk to independence potentially created through potential non attest services being performed by the auditor such as material adjustments, reconciliations and financial statement preparation. The independence checklist will be completed by the auditor. Every

audit program within the audit guide will be updated regardless of the redundancy or duplication. Regarding the entity employee assessment, initial internal control documentation will be updated annually. Moreover, employees assigned to perform the assigned non attest services will be evaluated and documented via PPC applicable program. Again, I feel the implementation of the interactive PPC Guide will eliminate any omission of work that has failed to be completed or that has been completed, yet not updated and inserted into the current year audit binder. Also, I will participate in a CPE course aimed at audit documentation and finally, I will consider engaging the services of an outside reviewer to perform pre-issuance reviews. This will be performed by a firm experienced in A-133 audits. With regard to the deficiencies in the sampled engagement, I have documented my assessment of the individual responsible for overseeing non-attest services relative to the individual's suitable skills, knowledge and experience. Specifically, this documentation was completed in the initial year audit. However, it was not updated and included in the current year. I have do so for the current year. The current PPC audit program was used to detail this.

**Response to Deficiency 3** – To ensure conformity with AICPA professional standards, I will utilize the online PPC guide to document the overall audit plan and strategy including developing and understanding the entity and its environment relative to evaluation of risks of material misstatements at the financial statement level and the relevant assertion level. Completion of risk assessment as well as identifying significant audit areas and assess their relative risk must be completed for the year under audit. I have used the PPC Guide in prior years utilizing the general planning and general procedures. These procedures will document an audit plan that describes the planned nature, timing and extent of the risk assessment procedures and the planned nature, timing and extent of the test of controls and sustentative procedures. Again, through implementing the interactive PPC Guide, I feel these mistakes will be eliminated as well as the implementation of updating all programs and checklists regardless of the fact that there may be no changes from the prior year. Also, I will participate in a CPE course aimed at audit documentation in the areas of planning and risk assessment. And finally, I will consider engaging the services of an outside reviewer to perform pre-issuance reviews. This will be performed by a firm experienced in A-133 audits. With regard to the deficiencies in the sampled engagement, I have updated and documented the applicable risk assessment procedures relative to the findings noted by the reviewer. Specifically, the risk assessments completed in the initial year audited were reassessed and documented in the current year audit program. Current audit program and compliance supplement information was utilized.

In summary, I feel that implementing the online interactive PPC Guide combined with applicable CPE courses and the instituting of a pre-issuance review at the completion of an audit will correct the above findings relative to my aforementioned peer review. If you have any questions or need any further elaboration, please do not hesitate to contact me at 225-291-2008.

Harris, CPA, LLC



Harris, CPA, LLC

Ty Harris, CPA

Managing Member



LCPA Peer Review Program  
Administered in Louisiana by the  
Society of Louisiana CPAs



AICPA Peer Review Program  
Administered by the  
Society of Louisiana CPAs

October 29, 2015

Ty Ames Harris  
Harris CPA, LLC  
11944 Justice Ave Ste A  
Baton Rouge, LA 70816

Dear Mr. Harris:

On October 29, 2015 the Society of Louisiana CPAs Peer Review Committee accepted the report on the most recent system peer review of your firm and your firm's response thereto.

The Committee accepted the aforementioned documents with the understanding that the firm will:

- ensure that all professional staff in your firm who work on accounting and auditing engagements participate in at least 24 hours of continuing professional education to include 8 hours in the area of A-133 and 8 hours in the area planning and 8 hours in auditing standards no later than January 31, 2016. Please send a letter to the Committee detailing the courses taken by each individual within thirty days of that date, along with proof of attendance at the courses. Self-study, teleconferences or webcasts will not satisfy this requirement. If you have taken CPE in this or similar areas in the previous six months, please contact the peer review department to determine if the course qualifies.
- permit an outside party, acceptable to the Committee chair, to review the report, financial statements, and working papers on the next A-133 audit engagement issued subsequent to the review PRIOR to release. The outside party should report to the Committee by January 31, 2016 on the results of the review. You must obtain the services of the outside party at your expense and ensure they are acceptable to the committee by contacting the Peer Review Department. Upon completion of the pre issuance review, the reviewer will be required to issue a letter of corrective action to the committee. The committee will review the letter along with any work papers prepared during the preissuance review and determine if further action will be required. If you do not expect to have an engagement completed in time to meet the deadline, please contact the Peer Review Department with an expected date.

This review is not considered accepted until we receive the signed document.

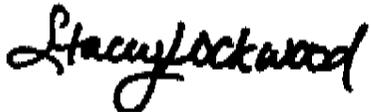
State Board Rules provide that timely completion of a peer review of firms that have performed attest services (e.g., compilations, reviews, audits, agreed upon procedures, etc.) is required in order to maintain and renew a CPA firm permit to practice.

Letter ID: 1031198A

As defined in Interpretation 25-2 of the Standards the review will not be considered complete until the committee accepts the report and letter of response (if applicable) or decides that the reviewed firm has performed the agreed-to corrective action(s) to the committee's satisfaction and the committee requires no additional corrective action(s) by the reviewed firm. This date is noted in a final letter from the administering entity to the reviewed firm and is posted on the State Board secure website.

Your firm's agreement to take this action voluntarily demonstrates its commitment to the objectives of the profession's practice-monitoring programs. Please acknowledge that agreement by returning a signed copy of this letter to us via email [gsnyder@lcpa.org](mailto:gsnyder@lcpa.org) or fax 985-764-4345.

Sincerely,  
SOCIETY OF LOUISIANA CPAs



Stacey Lockwood  
Director of Professional Oversight  
slockwood@lcpa.org 504 904-1136

cc: George Kenneth Pavy

Firm Number: 10152374    Review Number: 369869

Acknowledged for the Firm:

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

10/30/15