

## **System Review Report**

To the Partners of Gragson, Casiday & Guillory, LLP  
And the Peer Review Committee of the Society of Louisiana CPA's

We have reviewed the system of quality control for the accounting and auditing practice of Gragson, Casiday & Guillory, LLP (the firm) in effect for the year ended May 31, 2015. 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 *Government Auditing Standards* and audits of employee benefit plans.

We noted the following deficiencies during our review:

Deficiency — the firm's quality control policies and procedures require the performance of risk assessment procedures to obtain an understanding of the entity and its environment, including internal control and the identification and assessment of risks of material misstatement and to develop responses to identified risks. The firm uses numerous checklists, work programs, and other practice aids to implement its engagement performance in these areas. Our review noted that these practice aids were not being used or not be used correctly. As a result, documentation of the basis for the risk assessments and consideration and documentation of the internal control aspects of audit engagements was lacking. The firm has subsequently prepared the appropriate documentation and performed testing where required.

Recommendation—the firm should consider additional training sessions for all personnel to review professional standards in these areas and the related documentation requirements. Additionally, the firm should hold a training session on the proper utilization and completion of its practice aids. The engagement partners should be mindful of these areas during their review and supervision of engagements.

Deficiency — the firm's quality control policies and procedures require that documentation included in all compilation, review, audit and attestation engagements is prepared in accordance with the requirements of professional standards. Our review noted significant procedures where the documentation was either lacking or could have been improved. A more detailed review and an increase in supervision of the engagements could have detected the lack of documentation. The firm has subsequently prepared the appropriate documentation.

Recommendation—the firm should consider additional training sessions for all personnel related to documentation requirements under professional standards. The engagement partners should be mindful of this during their review of work papers and supervision of staff on engagements.

In our opinion, except for the deficiencies previously described, the system of quality control for the accounting and auditing practice of Gragson, Casiday & Guillory, LLP in effect for the year ended May 31, 2015, 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*. Gragson, Casiday & Guillory, LLP has received a peer review rating of *pass with deficiencies*.

Postlethwaite & Nettekville

Baton Rouge, LA  
November 17, 2015





**GRAGSON, CASIDAY & GUILLORY, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.  
RICHARD W. CASIDAY, C.P.A.  
RAYMOND GUILLORY, JR., C.P.A.  
GRAHAM A. PORTUS, E.A.  
COY T. VINCENT, C.P.A.  
MICHELLE LEE, C.P.A.  
BRADLEY J. CASIDAY, C.P.A., C.V.A.  
JULIA W. PORTUS, C.P.A.  
KATHRYN BLESSINGTON, C.P.A.  
JACKLYN BRANEFF, C.P.A.

November 25, 2015

LCPA Peer Review Program  
PO Box 1279  
Destrehan, LA 70047

Ladies and Gentlemen:

This letter represents our 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 May 31, 2015. The corrective actions discussed in this letter will be monitored to ensure that they are effectively implemented as part of our system of quality control.

We have insured that our resource material (PPC) includes specific procedures addressing risk assessment. We will increase continuing education for our staff to include training in addressing risk assessment and to improve the documentation and referencing of risk assessment. We will emphasize this matter in the next monitoring and inspection. For this next year we will also have an independent third party with experience in this area perform a quality review of all our ERISA and Single Audit engagements, which will include risk assessments.

We have insured that our resource material (PPC) includes specific procedures and practice aids addressing internal control. We will increase continuing education for our staff to include training in utilizing practice aids and the applicable standards and procedures that apply to internal control. We will emphasize this matter in the next monitoring and inspection. For this next year we will also have an independent third party with experience in this area perform a quality review of all our ERISA and Single Audit engagements, which will include internal control area. With respect to the user controls on the ERISA engagement, we have consulted AU-C section 585, specifically 585.06-.08, and we have performed the omitted procedures. We have determined that there is satisfactory basis for our previously expressed opinion.

We have insured that our resource material (PPC) includes specific procedures addressing review and supervision. We have instructed reviewers to perform a more comprehensive and detailed review of all files and to specifically address documentation. We will increase continuing education for our staff to include training in appropriate and adequate documentation and work paper referencing. We will emphasize this matter in the next monitoring and inspection. For this next year we will also have an independent third party with experience in this area perform a quality review of all our ERISA and Single Audit engagements, which will include determining appropriate and adequate documentation.

As mentioned above, these corrective actions will also be emphasized in our monitoring procedures and internal inspection.

We believe these actions are responsive to the findings of the review.

Sincerely,

GRAGSON, CASIDAY & GUILLORY, LLP

Coy T. Vincent, CPA



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



AICPA Peer Review Program  
Administered by the  
Society of Louisiana CPAs

March 30, 2016

Coy Thomas Vincent  
Gragson, Casiday & Guillory, LLP  
145 East St  
Lake Charles, LA 70601

Dear Mr. Vincent:

On March 24, 2016 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 responsible for planning or performing engagements participate in at least 16 hours of continuing professional education in auditing standards with 8 hours concentration in single audit for partners responsible for single audit engagements no later than July 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 all ERISA and A-133 audits subsequent to the review PRIOR to release. The outside party should report to the Committee by July 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.

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.

Letter ID: 1066000A

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: Candace E Wright

Firm Number: 10099213    Review Number: 375849

Acknowledged for the Firm:

Signature: Cy T. Vincent CPA    Date: 3/30/16