

Kenneth D. Folden & Co.

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System Review Report

January 19, 2016

To the Members
Bates, Murray & Company, LLC
and the Peer Review Committee of the Society of Louisiana Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Bates, Murray & Company, LLC (the firm) in effect for the year ended July 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.

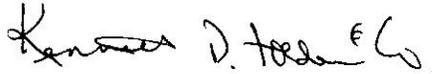
As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards*.

We noted the following deficiency during our review:

1. Deficiency—The firm's quality control policies and procedures require that an understanding and testing of internal controls sufficient to support a low assessed level of control risk on Single Audit engagements be documented according to professional standards. Our review noted that the firm did not document its understanding of internal control over compliance nor did it sufficiently test the controls over compliance to support a low assessed level of control risk. The firm did complete a generic internal control questionnaire without identifying key controls or documenting any information about how the client applied the controls. Although compliance tests and other substantive tests were performed, no specific internal control testing was documented.

Recommendation—The firm is no longer performing this engagement or any audit engagements and does not intend to perform audit engagements in the future. However, if the firm does perform audit engagements in the future it should familiarize itself with the applicable requirements of Single Audit regarding documentation and testing of controls of compliance to insure that proper documentation will be performed.

In our opinion, except for the deficiency previously described, the system of quality control for the accounting and auditing practice Bates, Murray & Company, LLC in effect for the year ended July 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*. Bates, Murray & Company, LLC has received a peer review rating of *pass with deficiencies*.



Kenneth D. Folden & Co.

Bates, Murray & Company LLC

A FIRM OF CERTIFIED PUBLIC ACCOUNTANTS

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July 15, 2016

Louisiana Legislative Auditor
PO Box 94397
Baton Rouge, LA 70804-9397

VIA EMAIL TO: Tanya Forbes, tforbes@lla.la.gov

In response to our telephone conversation of July 15, 2016, following is our Corrective Action Plan for the Deficiency noted in the Firm's System Review Report dated January 19, 2016.

Deficiency: The firm's quality control policies and procedures require that an understanding and testing of internal controls sufficient to support a low assessed level of control risk on Single Audit engagements be documented according to professional standards.

Corrective Action Plan: If the firm decides to accept a Single Audit engagement in the future, the firm will assure that the staff assigned to the engagement will be familiar with the applicable requirements of Single Audit regarding documentation and testing of controls of compliance by having them take adequate continuing education courses pertaining to the required documentation and testing procedures.

Respectively submitted,



James T. Bates, CPA
Bates, Murray & Company LLC



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



AICPA Peer Review Program
Administered by the
Society of Louisiana CPAs

June 24, 2016

James T Bates
Bates, Murray & Company, LLC
612 Barksdale Blvd
Bossier City, LA 71111

Dear Mr. Bates:

On June 23, 2016, the Society of Louisiana CPAs Peer Review Committee considered the report on the most recent system peer review of your firm and firm's response thereto.

As you know, the report had a peer review rating of pass with deficiency. The Committee accepted the aforementioned documents with the understanding that the firm will take the actions outlined in its response to the report. Compliance with these actions will be monitored during your firm's next review. The due date for your next review is **January 31, 2019**. This is the date by which all review documents should be completed and submitted to the administering entity. Since your firm's due date falls between January and April, you may arrange to have your review a few months earlier to avoid having a review during tax season.

Thank you for your cooperation and support of the profession's practice-monitoring programs.

Sincerely,
SOCIETY OF LOUISIANA CPAs

Stacey Lockwood
Director of Professional Oversight
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cc: Kenneth D Folden

Firm Number: 1040626

Review Number: 390291

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