System Review Report

To the Partners of Carr, Riggs & Ingram, LLC
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Carr, Riggs, & Ingram, LLC (the “firm”) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2016. 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 Government Auditing Standards, audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [Service Organizations Control (SOC) 1 and 2 engagements].

We noted the following deficiency during our review:

1. Deficiency – The firm’s quality control policies and procedures with respect to engagement performance, including engagement partner review, as well as firm training for partners and staff, do not provide partners and staff with a means of ensuring that all necessary procedures are performed and/or procedures performed are appropriately documented, in the performance of Single Audit engagements. As a result, we identified performance and documentation deficiencies in each of the Single Audit engagements reviewed, and in the case of several engagements, deficiencies such that the engagements were considered to not have been performed in accordance with professional standards in all material respects.

Recommendation – The firm should provide appropriate training to all firm personnel assigned to Single Audit engagements to ensure an understanding of the procedures required to be performed, as well as related documentation requirements. We also recommend that the firm consider whether additional quality control policies should be implemented with respect to these engagements, including a requirement for EQCR to be performed on all Single Audit engagements and the establishment of defined qualification requirements to serve as an engagement partner on Single Audit engagements.
In our opinion, except for the deficiencies previously described, the system of quality control for the accounting and auditing practice of Carr, Riggs, & Ingram, LLC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2016, 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. Carr, Riggs, & Ingram, LLC has received a peer review rating of pass with deficiency.

Eide Bailly LLP
March 7, 2017
June 22, 2017

National Peer Review Committee of the
Association of International Certified Professional Accountants
220 Leigh Farm Road
Durham, NC 27707

Re: 2016 Peer Review of Carr, Riggs & Ingram, LLC

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 June 30, 2016. 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 believe that we have strong policies and procedures, as well as training; we believe that this is demonstrated by the fact that in November 2016 (based on our continuous monitoring and annual internal inspection), we communicated our two-part plan to (1) transition our audit approach from a general firm approach to more a more industry-specific focus and (2) modification and development of courses to address issues identified during monitoring. We believe these actions are sufficient to address the matters found in our internal monitoring functions and the peer review process.

**Quality Control and Process Changes** – The firm instituted a plan to:

1. transition all Single Audit engagements to centralized team lead by select partners, who would carry-out a stream-lined, focused industry-specific version of our audit approach;
2. require the use of selected tools and practice aids to document procedures, specifically designed for Single Audit engagements; and
3. require, prospectively, an EQCR by a firm-designated specialist for all Single Audit engagements.

These policy and procedure changes were being implemented prior to the current recommendation by the Peer Review team.
Training – An EQCR training session and a Single Audit Specialist training session for these teams were held with our designated partners and EQCRs in April 2017. Those courses as well as mandatory May 2017 CPE Week Single Audit courses (developed and facilitated with external instructors from a firm that provides AICPA Enhanced Oversight) focused on our audit methodology, as well as expected use of newly implemented tools, in these areas:

(1) Common Governmental Audit Deficiencies,
(2) Single Audit Case Study (walkthrough of an actual case study),
(3) Single Audit Practical Exercises (focus on risk assessment and linkage to procedures), and
(4) Process and Internal Control Documentation for Governmental Entities.

Monitoring – We will monitor these corrective actions through emphasis in our monitoring procedures and internal inspection. In addition to this internal emphasis, and while we believe our internal monitoring to be robust and effective, we have voluntarily engaged an independent AICPA Enhanced Oversight reviewer to supplement our normal internal monitoring function during the early stages of adoption.

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

Please contact Jon Heath at 334.348.1320 with any questions regarding the details of our response.

Respectfully submitted,

Carr, Riggs & Ingram, LLC

Carr, Riggs & Ingram, LLC
October 03, 2017

William Carr
Carr, Riggs & Ingram, LLC
901 BOLL WEEVIL CIR
ENTERPRISE, AL 36330-1314

Dear William Carr:

On September 06, 2017, the National Peer Review Committee accepted the report on the most recent System peer review of your firm and your firm’s response thereto.

As you know, the report had a peer review rating of Pass with deficiencies. The Committee accepted the aforementioned documents with the understanding that the firm will:

• Agree to have all supervisory level personnel assigned to Single Audit engagements participate in at least 8 hours of continuing professional education in Single Audit, with the CPE facilitated and delivered by a party from outside the firm. Please send a letter to the Committee detailing the courses taken, along with proof of attendance at the courses, by each individual by December 31, 2017.
• Agree to have all professional staff in the firm assigned to audit engagements participate in at least 8 hours of continuing professional education in audit documentation, with the CPE facilitated and delivered by a party from outside the firm. Please send a letter to the Committee detailing the courses taken, along with proof of attendance at the courses, by each individual by December 31, 2017.
• Agree to submit a copy of its next monitoring report to the
Committee for its review by November 30, 2017. The monitoring report should describe the scope of the monitoring procedures (including testing of functional areas), the findings, and the corrective actions taken or to be taken on the findings noted.

The firm may elect to have an accelerated peer review, by a firm to the National Peer Review Committee, in lieu of these actions.
Your firm's agreement to take this action voluntarily demonstrates its commitment to the objectives of the profession's practice-monitoring programs. Please acknowledge your agreement.

Sincerely,

Michael Fawley  
Chair - National PRC  
nprc@aicpa.org 919-402-4503  
National Peer Review Committee

CC: Brian Bluhm, Samuel Heath

Firm Number: 900010142455 Review Number: 462532