



PEER REVIEW PROGRAM



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American Institute of Certified Public Accountants
Administered by the
Society of Louisiana CPAs

February 1, 2007

Coy T. Vincent, CPA
Gragson, Casiday & Guillory LLP
145 East St.
Lake Charles, LA 70601

REVIEW# 240707

Dear Mr. Vincent:

The Peer Review Committee of the Society of Louisiana CPAs considered your firm's most recent peer review report and has asked that I correspond with you regarding this review.

The committee accepted your firm's unmodified peer review report, related letter of comments and your firm's response on February 1, 2007. The committee has asked me to convey its congratulations to the firm.

Your next review is expected to be complete and submitted to the Society by **November 30, 2009**. If the due date is during a busy time, you can arrange to have your review a few months earlier.

The completion of your peer review exempts your firm from the State Board's Positive Enforcement Program under a cooperative arrangement between the Society and the Board. The only exception to this situation is for firms with ongoing investigations regarding quality of work by the Board. You are not required to submit a copy of the peer review report to the Board. However, if your firm is a member of the Division for CPA Firms, you will be asked to submit a copy to the State Board with the annual license renewal.

Please take a few minutes to complete the enclosed evaluation form concerning the administration of the peer review program. Your opinion is important to us.

Thank you for your continued cooperation and support of the profession's practice monitoring programs. If you have any questions or concerns, please do not hesitate to contact me (504) 586-8866 or Stacey Lockwood at the Society.

Sincerely,

SOCIETY OF LOUISIANA CPAs

Lindsay J. Calub, CPA
Peer Review Committee Chairman

Cc: J. Frank Betts, CPA

Enclosure



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.

December 21, 2006

Stacey M. Lockwood
Peer Review Manager
c/o Society of Louisiana Certified
Public Accountants
2400 Veterans Blvd, Ste 500
Kenner, LA 70062-4739

Dear Ms. Lockwood:

This letter represents our response to the letter of comments on the engagement review of our firm's accounting practice for the year ended May 31, 2006.

To prevent the inappropriate completion of disclosure checklists and the omission of required disclosures, we will hold staff training sessions on the proper completion of disclosure checklists and required disclosures. We will also stress the importance of reviewing for the accurate completion of the reporting and disclosure checklist.

Additional emphasis will be placed on the review of the disclosure checklist by the reviewing manager or partner, as appropriate, as part of the final financial statement review.

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

Sincerely,

GRAGSON, CASIDAY & GUILLORY

Coy T. Vincent, CPA



EUBANK & BETTS

A Professional Limited Liability Company

CERTIFIED PUBLIC ACCOUNTANTS

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December 6, 2006

To Gragson, Casiday & Guillory, L.L.P.
Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Gragson, Casiday & Guillory, L.L.P. (the firm) in effect for the year ended May 31, 2006. A system of quality control encompasses the firm's organizational structure, the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with 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 with its system of quality control based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagements selected included among others, audits of Employee Benefit Plans and engagements performed under *Government Auditing Standards*. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Our review was based on selected tests therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice of Gragson, Casiday & Guillory, L.L.P. in effect for the year ended May 31, 2006, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

As is customary in a system review, we have issued a letter under this date that sets forth comments that were not considered to be of sufficient significance to affect the opinion expressed in this report.



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December 6, 2006

To the Partners
Gragson, Casiday & Guillory, L.L.P.

We have reviewed the accounting and auditing practice of Gragson, Casiday & Guillory, L.L.P. (the firm) for the year ended May 31, 2006, and have issued our report thereon dated December 6, 2006. That report should be read in conjunction with the comments in this letter, which were considered in determining our opinion. The matters described below were not considered to be of sufficient significance to affect the opinion expressed in that report.

Comment – The firm’s quality control policies and procedures require accounting and auditing engagements to be properly supervised and reviewed. During our review, we noted on several engagements with disclosures that, although a partner reviewed the firm’s report and the accompanying financial statements, the disclosure checklist required by firm policy on such engagements was inappropriately completed. As a result, the financial statements of those engagements did not include all of the disclosures required by generally accepted accounting principles, particularly in regard to use of estimates and risks and uncertainties. None of the missing disclosures were of such significance as to make the financial statements misleading. A similar comment was reported in the firm’s prior review.

Recommendation – The firm should hold training courses on proper completion of its financial reporting and disclosure checklist and reemphasize its policy requiring completion of that checklist.



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