

ROWLAND H. PERRY, CPA, APC  
CHARLES L. JOHNSON, JR., CPA  
VIOLET M. ROUSSEL, CPA, APC



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*Certified Public Accountants*

3007 Armand Street  
Monroe, Louisiana 71201  
Telephone (318) 322-5156 or (318) 323-1411  
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PAM BATTAGLIA, CPA  
JAY CUTHBERT, CPA  
JULIAN B. JOHNSTON, CPA

January 9, 2007

To The Partners  
Garrett & Garrett, CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Garrett & Garrett, CPAs (the firm) in effect for the year ended July 31, 2006, and have issued our report thereon dated January 9, 2007. 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 that accounting and auditing practice aids acquired from a third-party provider be used for all accounting and auditing engagements. Our review disclosed an instance where the firm selectively used these materials in conjunction with firm developed materials without reviewing the compatibility of the materials. As a result, on one audit engagement reviewed, the firm workpapers did not document all the procedures required by professional standards in the area of liabilities. Through discussions with firm personnel, we were able to satisfy ourselves that adequate procedures had been performed and appropriate conclusions reached.

Recommendation — We recommend the firm review materials obtained from the third-party provider and determine how they can best be used in the firm's accounting and auditing practice. The use of firm prepared materials should be carefully reviewed to ensure they are compatible with the firm's third-party provider materials and that all procedures are documented in accordance with professional standards.

JOHNSTON, PERRY, JOHNSON & ASSOCIATES, L.L.P.  
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