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August 26, 2008

To: Mary K. Carleton, CPA

We have reviewed the system of quality control for the auditing practice of Mary K. Carleton, CPA (the firm) in effect for the year ended December 31, 2007. 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 CPAs (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 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 auditing practice with emphasis on higher-risk engagements. The engagements selected included an engagement 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 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

Mary K. Carleton, CPA
August 26, 2008
Page Two

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, because of the deficiencies described below, the system of quality control for the auditing practice of Mary K. Carleton, CPA in effect for the year ended December 31, 2007, has not been designed to meet the requirements of the quality control standards for an auditing practice established by the AICPA or was not complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

Reasons for Adverse Opinion and Recommendations

Deficiencies – The firm's quality control policies and procedures do not require consultation in situations that involve the start of practice in a new industry. During our review of a specialized industry audit engagement, we noted several instances where consultation was warranted, but the firm did not consult. As a result, the firm's auditor's reports did not include all language required by professional standards. In addition, the firm did not document all required independence matters, did not document its communications to those responsible for oversight of financial matters, and did not fully document firm tests of compliance with grants and contracts. This audit engagement of a not-for-profit subject to governmental standards was deemed substandard. The firm has reissued the reports and subsequently documented all required matters.

Recommendation – The firm's policies and procedures should be revised to require consultation when the firm starts to practice in a new industry.

Deficiencies – The firm's policies and procedures require that a timely management representation letter be obtained when required by professional standards. However, we noted an instance where the management representation letter was not correctly dated. As stated in the first deficiency, this audit engagement of a not-for-profit subject to governmental standards was deemed substandard. The firm has subsequently obtained a correctly dated management representation letter.

Recommendation – We recommend that the firm owner carefully review all management representation letters to ensure they are correctly dated.

Deficiencies – The firm's policies and procedures require that firm personnel complete continuing education as required by professional standards. However, we noted that continuing education requirements of an audit subject to governmental standards was not obtained. The firm is in the process of completing continuing education required by professional standards.

Mary K. Carleton, CPA
August 26, 2008
Page Three

Recommendations – We recommend that firm personnel complete all required continuing education required by professional standards. In addition, the firm should not perform any audits subject to governmental audit standards until all continuing education requirements of governmental audit standards are completed.

Johnston, Perry, Johnson & Associates, L.L.P.

JOHNSTON, PERRY, JOHNSON & ASSOCIATES, L. L. P.
CERTIFIED PUBLIC ACCOUNTANTS



September 26, 2008

Rowland Perry
Johnston, Perry, Johnson & Associates
3007 Armand Street
Monroe, La. 71201

RE: Peer Review

Dear Mr. Perry:

This letter represents our response to the report issued in connection with the review of the firm's system of quality control for the accounting and auditing practice in effect for the year ended December 31, 2007. All issues have been brought to the attention of the professional staff at a meeting held on September 25, 2008. In addition, steps have been added to our monitoring procedures to review the deficiencies noted in the report so that they will not happen again.

Several of the deficiencies noted by the review team included missing or incomplete audit and review documentation.

The firm has contacted another accounting firm with expertise in industries that are similar to ours. We have implemented a plan with this other accounting firm to review our work to make sure we are in compliance with professional standards and to consult when needed. The firm's policies and procedures have been revised to require consultation prior to accepting engagements in a new industry.

We have revised our policies and procedures to require a senior manager from another accounting firm to review all audit engagements for the documentation required by professional standards. The senior manager will be using a reviewing checklist that contains questions regarding management representation letters for each year reported on, and documentation of accountant's inquiry and analytical procedures.

Continuing education is currently being scheduled to ensure that firm personnel complete all required continuing education required by professional standards. There will be no audits under engagement until all continuing education required by governmental audit standards has been completed.

Sincerely,

A handwritten signature in cursive script that reads "Mary K. Carleton".

Mary K. Carleton
Carleton and Company CPAs, APAC



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



AICPA Peer Review Program
Administered by the
Society of Louisiana CPAs

October 27, 2008

Mary K. Carleton, CPA
Mary K. Carleton, CPA
7648 Picardy Ave. #100
Baton Rouge, LA 70808-4335

REVIEW# 260220

Dear Ms. Carleton:

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 adverse peer review report and your firm's response on October 27, 2008. The committee accepted these documents with the understanding that the firm will agree to take certain monitoring action and take the action outlined in its response to the report and letter of comments. Compliance with these actions will be monitored during your firm's next review.

Firms that receive an adverse opinion on a system review are required to have a team captain re-visit within one year. The purpose of the re-visit is to monitor the firm's progress and does not constitute another Peer Review. You may contact the same reviewer or another qualified reviewer may be employed. If you need assistance locating a reviewer, please do not hesitate to contact me. The re-visit must be conducted prior to June 30, 2009. The reviewer must issue a letter to the Peer Review Committee regarding the general progress being made by your firm.

In addition, the firm must have another review by June 30, 2010. This process will be conducted in the normal course of our review process and will be similar to what you just encountered. Assuming that report is successful and is issued on a basis other than an adverse report, your next review would follow the normal peer review cycle.

The committee is also requiring a preissuance review by another CPA on the next audit engagement issued in the future. The preissuance review must include a review of the report and financial statements as well as supporting workpapers. The first engagement is expected to be forwarded no later than December 31, 2008. If you will not issue an engagement prior to this date, please contact the peer review department immediately to provide an expected completion date. The CPA must work for a firm that received an unmodified opinion on its most recent peer review and have current knowledge in the areas in which you practice. Please notify the Peer Review Department prior to engaging a CPA to perform the preissuance review so that we may verify the qualifications. The preissuance reviewer will be required to issue a memo of the findings to the Peer Review Committee. It is the firm's responsibility to forward a copy of this document to the peer review committee in order to be in compliance with the monitoring action. This requirement may be revisited, at your request, upon completion of one or more preissuance reviews.

Finally, the committee is requiring that you submit proof of completion of the required governmental CPE no later than December 31, 2008.

In order to meet the State Board's concerns, the Society adopted a policy that would assume a firm was not in cooperation with the program if that firm received two consecutive adverse opinions. Generally non-cooperation with the program is defined as a firm that does not take steps to improve the quality of its practice. Once determined to be in non-cooperation and after appropriate appeal rights, the firm is removed from the program, from membership in the Society and AICPA, if applicable, and that fact is publicly disclosed through publication in Lagniappe. Obviously at that point the State Board would know of the firm's removal from the program and begin its own disciplinary investigation. The Society's policy does, however, state that the assumption is rebuttable given facts and circumstances.

The Society views the peer review program both as a member service function and a public responsibility. If necessary, we will discuss the possible alternatives to non-cooperation and help you decide the best approach.

Quality in the performance of accounting and auditing engagements by its members is the goal of the peer review program. The program seeks to achieve its goal through educational and remedial corrective actions. The goal serves the public interest and enhances the significance of AICPA and Society membership. Firms need to establish and maintain appropriate quality control policies and procedures and comply with them to ensure the quality of their practices.

Our records indicate that your firm has received 2 consecutive peer review reports that have been adverse or contained significant deficiencies. Paragraph 119 of the Standards for Performing and Reporting on Peer Reviews is enclosed regarding a firm's cooperation, correcting deficiencies and its enrollment in the peer review program.

If your firm receives a modified or adverse report on its next peer review or a report with significant deficiencies, the full committee of the Society of Louisiana CPAs may refer the matter to the Board for it to consider whether a hearing should be held for the firm's failure to cooperate.

We encourage you to ensure that your firm maintains an appropriately designed system of quality control and that you and the members of your firm comply with that system to provide a reasonable assurance of conforming with professional standards.

The committee was concerned that this review was complete several months beyond the due date. Failure to schedule and complete the peer review by the assigned due date may result in termination from the program in the future.

Your firm's agreement to take these actions voluntarily demonstrates its commitment to the objectives of the profession's practice-monitoring programs. Please acknowledge the agreement by returning a signed copy of this letter to us at the address noted on this letterhead.

Your next review is expected to be complete and submitted to the Society by June 30, 2010. 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 slockwood@lcpa.org or 504-904-1136 at the Society.

Sincerely,

SOCIETY OF LOUISIANA CPAs



Lindsay J. Calub, CPA
Peer Review Committee Chairman

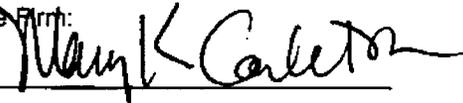
Cc: Rowland Perry, CPA

Enclosure

Please acknowledge the agreement by returning a *signed* copy of this letter to us.

Acknowledged for the Firm:

Signature: _____



Date: _____

10/30/08



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



AICPA Peer Review Program
Administered by the
Society of Louisiana CPAs

October 19, 2009

Mary K Carleton, CPA
Mary K. Carleton
7648 Picardy Ave # 100
Baton Rouge, LA 70808

Dear Ms. Carleton:

The Society of Louisiana CPAs Peer Review Committee determined that your most recent peer review is complete.

The due date for your next review is December 31, 2010. This is the date by which all review documents should be completed and submitted to the administering entity.

Sincerely,
SOCIETY OF LOUISIANA CPAs

Lindsay J Calub, CPA
PR Committee Chairman
Lcalubcpa@aol.com 504 5868866

cc: Rowland PERRY, CPA

Firm No.10084950 Review No. 260220
State Society No.