



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



AICPA Peer Review Program
Administered by the
Society of Louisiana CPAs

Engagement Review Report

December 30, 2009

Review # 283284

To Alice Anne Collette, CPA, Lake Charles, LA
and the Peer Review Committee of the Society of Louisiana Certified Public Accountants

We have reviewed selected accounting engagements of Alice Anne Collette, CPA (the firm) issued with periods ending during the year ended April 30, 2009. 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. 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 evaluate whether the engagements submitted for review were performed and reported on in conformity with applicable professional standards in all material respects. An Engagement Review does not include reviewing the firm's system of quality control and compliance therewith and, accordingly, we express no opinion or any form of assurance on that system. The nature, objectives, scope, limitations of, and the procedures performed in an Engagement Review are described in the standards at www.aicpa.org/prsummary.

We noted the following deficiencies during our review:

1. Deficiency—Our review disclosed multiple failures to adhere to applicable financial statement presentation and disclosure on a review type engagement of financial statements for a company in the not-for-profit industry as follows:

- The statement of activities did not present the cost of direct benefits to donors as a separate supporting category using one of the three options available under professional standards;
- No references were made to the accountant's review report on the face of any of the financial statements;
- The program service section of the statement of activities included a mixture of functional and natural expenses in a format that made the presentation confusing; and
- The purpose of some temporarily restricted net assets was not disclosed.

Recommendation—We recommend the firm attend continuing professional education in the not-for-profit industry to improve its knowledge about proper financial statement presentation and disclosures relating to financial statements in this industry. Further, although not required by professional standards, the firm should consider updating its library and having another firm perform a “cold” or second review of its report and financial statements before they are issued.

2. Deficiency— The management representation letter for the review engagement submitted for peer review did not contain specific representations relating to management’s knowledge of any fraud or suspected fraud affecting the entity involving management or others where the fraud could have a material effect on the financial statements. Also, this letter did not have any representation as to management’s full and truthful response to all inquiries.

Recommendation— The firm should consult professional standards as they relate to specific representations that should be included within a management representation letter and compare what the standards require to letters that it might obtain on review engagements in the future.

3. Deficiency – Professional standards require the accountant possess a level of knowledge of the accounting principles and practices of the industry in which the entity operates and an understanding of the entity’s business. Also, professional standards require the accountant to tailor specific inquiries based on the accountant’s knowledge of the entity’s business. The firm used a standardized practice aid as its guide to ask questions and to document them in its review engagement. However, answers to some of the questions appeared to either be inappropriate or incomplete. Further, there were no other inquiries included within the documentation that was submitted to demonstrate the firm tailored its inquiries based on its knowledge of the entity’s business and the not-for-profit industry.

Recommendation – The firm should be careful in relying solely on a standardized checklist as its means to make appropriate inquiries on any review type engagement. The firm should carefully evaluate the questions and supplement them with its own using the firm’s knowledge of the client and its industry. When completing the checklist or answers to its own questions, the firm should be alert to fully document the answers in a clear and accurate manner.

4. Deficiency – Professional standards require a firm to perform analytical procedures in a review type engagement that will include:

- Developing expectations by identifying and using plausible relationships that are reasonably expected to exist based on the accountant’s understanding of the entity and the industry in which the entity operates.

- Comparing recorded amounts, or ratios developed from recorded amounts, to expectations developed by the accountant.

Some expectations developed by the firm were too broad or insufficient to enable the firm to detect material misstatements. Although precise quantification of expected relationships is not required by the standards, the expectation should be precise enough to provide the accountant with a desired level of assurance in this type of engagement, meaning that the differences should not contain material misstatements.

Recommendation— We recommend the firm attend continuing professional education in performing review type engagements to improve its knowledge about performing analytical procedures. Further, although not required by professional standards, the firm should consider updating its library so that it will have reference materials available to help it better perform this component of a review type engagement.

Based on our review, except for the deficiencies described above, nothing came to our attention that caused us to believe that the engagements submitted for review by Alice Anne Collette, CPA issued with periods ending during the year ended April 30, 2009, were not performed and reported on in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Alice Anne Collette, CPA has received a peer review rating of *pass with deficiencies*.



Neil G. Ferrari, Review Captain

Anne Collette

Certified Public Accountant



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January 6, 2010

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Peer Review Committee
Society of Louisiana
Certified Public Accountants

This letter represents my response to the report on the Engagement Review of my firm's accounting practices for the year ended April 30, 2009.

As recommended by the reviewer, I will participate in continuing professional education related to reporting and disclosures, with focus on areas specific to Not-for-Profit review engagements and analytical procedures. I will contract with a local CPA not associated with the engagement to perform a preissuance review to make sure that the accountant's report, financial statement presentation and disclosures are appropriate.

I have obtained updated references materials for professional standards relating to management representations and performing analytical procedures.

I believe these actions address the matters noted by the reviewer.

Sincerely,

Anne Collette, CPA



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July 27, 2010

Anne Collette, CPA
Alice Anne Collette
Po Box 1956
Lake Charles, LA 70602

Dear Ms. Collette:

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 October 31, 2012. This is the date by which all review documents should be completed and submitted to the administering entity.

Sincerely,
SOCIETY OF LOUISIANA CPAs

Stacey Lockwood
Peer Review Program
slockwood@lcpa.org 504 904-1136

cc: Neil Ferrari, CPA

Firm No.5270037 Review No. 283284
State Society No.