BKD LLP
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System Review Report

To Bruce Harrell & Company, CPA's, APAC
and the
Peer Review Committee of the Society of Louisiana CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Bruce Harrell & Company, CPA's, APAC (the Firm) in effect for the year ended May 31, 2012. 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 the *Government Auditing Standards.*

We noted the following deficiency during our review:

Deficiency – The Firm's quality control procedures provide that engagements be properly reviewed in accordance with professional standards; however, the Firm has not specified the level of review to be done. In audit engagements selected for peer review, we noted a lack of evidence of review in the workpapers. As a result in the engagements selected for peer review, we found instances of inappropriate language in the auditor's report, missing financial statement disclosures and omitted audit procedures. The Firm has evaluated those matters and determined correction in subsequent periods is appropriate. This lack of review could create a situation in which the Firm would not have reasonable assurance of performing and/or reporting in conformity with applicable professional standards in one or more important respects.

Recommendation – We recommend the Firm modify its quality control procedures to ensure appropriate review of audit documentation and procedures be performed as required by professional standards.

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In our opinion, except for the deficiency described above, the system of quality control for the accounting and auditing practice of Bruce Harrell & Company, CPA's, APAC in effect for the year ended May 31, 2012, 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 deficiencies or fail. Bruce Harrell & Company, CPA's, APAC has received a peer review rating of pass with deficiency.

BKD, LLP

January 17, 2013

Bruce C. Harrell, CPA

Dale H. Jones, CPA
Michael P. Estay, CPA
Eric J. Rodrigue, CPA
Kristi U. Bergeron, CPA
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and COMPANY

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January 17, 2013

Society of Louisiana CPA's Peer Review Committee
2400 Veterans Boulevard, Suite 500
Kenner, LA 70062-4736

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 May 31, 2012. 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.

1. We have amended our quality control procedures to specify the completion of certain levels of review in specific areas of the engagement process.
2. We have assigned as specific individual and designed checklists to assist in completion of final documentation and signoffs as appropriate in engagement binders.
3. We have held a meeting with audit staff to emphasize the importance of these new processes and on the completion of appropriate checklists in the firms practice aids.

I believe these actions are responsive to the deficiency noted in the review.

Sincerely,

Bruce Harrell

Bruce Harrell, CPA
President
Bruce Harrell 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

February 27, 2013

Bruce Cameron Harrell, CPA
Bruce Harrell & Company, CPA's, APAC
909 Avenue G
Kentwood, LA 70444

Dear Mr. Harrell:

On February 27, 2013 the Society of Louisiana CPAs Peer Review Committee accepted the report on the most recent system peer review of your firm and your firm's response thereto.

The Committee accepted the aforementioned documents with the understanding that the firm will:

- ensure that all professional staff in your firm who work on accounting and auditing engagements participate in at least 8 hours of continuing professional education in the area of A-133 auditing no later than July 31, 2103. Please send a letter to the Committee detailing the courses taken by each individual within thirty days of that date, along with proof of attendance at the courses. Self study, teleconferences or webcasts will not satisfy this requirement. If you have taken CPE in this or similar areas in the previous six months, please contact the peer review department to determine if the course qualifies.

- permit an outside party, acceptable to the Committee chair, to review the report, financial statements, and working papers on all governmental engagements issued subsequent to the review PRIOR to release. The outside party should report to the Committee by July 31, 2013 on the results of the review. You must obtain the services of the outside party at your expense and ensure they are acceptable to the committee by contacting the Peer Review Department. Upon completion of the pre issuance review, the reviewer will be required to issue a letter of corrective action to the committee. The committee will review the letter along with any workpapers prepared during the preissuance review and determine if further action will be required. If you do not expect to have an engagement completed in time to meet the deadline, please contact the Peer Review Department with an expected date.

This review is not considered accepted until we receive the signed document.

State Board Rule 46:XIX:1503.A.5 provides that timely completion of a peer review of firms that have performed attest services (e.g., compilations, reviews, audits, agreed upon procedures, etc.) is required in order to maintain and renew a CPA firm permit to practice.
Letter ID: 771999

As defined in Interpretation 25-2 of the Standards the review will not be considered complete until the committee accepts the report and letter of response (if applicable) or decides that the reviewed firm has performed the agreed-to corrective action(s) to the committee's satisfaction and the committee requires no additional corrective action(s) by the reviewed firm. This date is noted in a final letter from the administering entity to the reviewed firm and is posted on the State Board secure website.

Your firm's agreement to take this action voluntarily demonstrates its commitment to the objectives of the profession's practice-monitoring programs. Please acknowledge that agreement by returning a signed copy of this letter to us via email gsnyder@lcpa.org or fax 985-764-4345.

Sincerely,
SOCIETY OF LOUISIANA CPAs

Stacey Lockwood

Stacey Lockwood
Director of Professional Oversight
slockwood@lcpa.org 504 904-1136

cc: Timothy Thad Burns

Firm Number: 10107482 Review Number: 336974

Acknowledged for the Firm:

Signature: _____ Date: 3/4/13

Letter ID: 771999