

Steven R. Volz
Thomas G. Wieland
David A. Grotkin
Joel A. Joyce



Brian J. Mechenich
Carrie A. Gindt
Patrick G. Hoffert
Jason J. Wrasse

System Review Report

June 5, 2013

To the Partners of Fortenberry & Ballard PC
and the MSCPA Peer Review Program

We have reviewed the system of quality control for the accounting and auditing practice of Fortenberry & Ballard PC (the firm) in effect for the year ended December 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 Government Auditing Standards and audits of employee benefit plans.

We noted the following deficiencies during our review:

1. Deficiency—The firm's quality control policies and procedures require consultation based upon the following factors: materiality, experience in a particular industry or functional area, and familiarity with the accounting principles or auditing requirements in a specialized area. We noted one instance in which the firm did not consult during the year, either by use of the firm's technical reference material or by requesting assistance from outside the firm. As a result, the firm failed to adequately perform sufficient audit procedures for an Employee Retirement Income Security Act (ERISA) engagement. Additionally, the financial statement presentation did not conform to applicable professional standards. The firm was not aware of the unique disclosure and statement presentations required until it was brought to its attention by the Department of Labor. The firm has subsequently performed the testing, documented its procedures, and recalled and reissued the financial statements and reports.

Recommendation—The firm should emphasize its consultation policies and procedures on those engagements that are new to the experience level of the firm's accounting and auditing personnel.



Reilly, Penner & Benton LLP

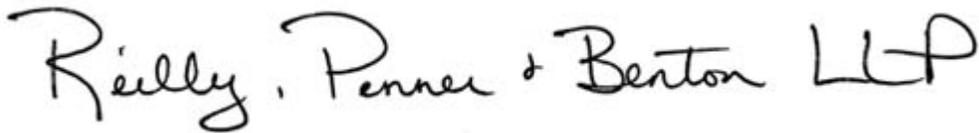
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www.rpb.biz

2. Deficiency—The firm’s quality control policies and procedures require engagement quality control reviews (EQCR) for all single audit engagements which include reviewing documentation relating to significant judgments of the engagement team and conclusions. We noted one instance on a single audit engagement where the A-133 single audit engagement was not carefully reviewed in the EQCR. As a result, the firm failed to adequately identify a program cluster that contained more than 20% ARRA funding as high risk which would have required it to be tested.

Recommendation—The firm should emphasize its EQCR policies specifically surrounding the major program determination on all single audit engagements.

In our opinion, except for the deficiencies described above, the system of quality control for the accounting and auditing practice of Fortenberry & Ballard PC in effect for the year ended December 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 deficiency(ies)* or *fail*. Fortenberry & Ballard PC has received a peer review rating of *pass with deficiencies*.

A handwritten signature in black ink that reads "Reilly, Penner & Benton LLP". The signature is written in a cursive, flowing style.

Reilly, Penner & Benton LLP
Milwaukee, Wisconsin

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

August 9, 2013

Ladies and Gentlemen:

This letter represents our responses to the report issued in connection with the peer review of our firm's system of quality control for the accounting and auditing practice in effect for the year ended June 30, 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.

The firm modified its quality control policies and procedures to eliminate future ERISA audit engagements completely until such time that additional training and CPE be obtained by any engagement partner and independent engagement partner utilized. In the future the firm will emphasize our consultation policies and procedures with engagements that are new to the experience level of the firm personnel.

The firm will emphasize its engagement quality control reviews (EQCR) on ARRA engagements. The firm also modified its quality control policies and procedures to require re-training on ARRA each year it may be found. This policy was discussed in a recent shareholders' session and has already been implemented in the last firm-wide continuing professional education (CPE) class.

As mentioned above, these corrective actions will also be emphasized in our monitoring procedures and internal inspection. We believe these actions are responsive to the findings of the review.

Sincerely,

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
Firm # 10131807



MSCPA Peer Review Program
Administered in Mississippi by the
Mississippi Society of CPAs

AICPA Peer Review Program
Administered in Mississippi by the
Mississippi Society of CPAs

September 11, 2013

Jack Fortenberry CPA
Fortenberry & Ballard PC
1929 Spillway Road
Brandon MS 39047

Dear Mr. Fortenberry:

On, September 11, 2013, the Mississippi Peer Review Executive Committee considered the report on the most recent System peer review of your firm, and firm's response thereto.

The Committee accepted the aforementioned documents with the understanding that:

- The Firm has not performed any ERISA engagements since their last peer review. If the firm accepts any ERISA engagements in the future, they agree to notify the MSCPA peer review program immediately. The firm understands if any ERISA engagements are accepted, the MSCPA peer review program may impose corrective action.

Please acknowledge that agreement by returning a signed copy of this letter to us at the address noted on this letterhead.

Sincerely,

Charles R. Prince
Chairman

cc: Patrick Hoffert

Firm Number: 10131807

Review Number: 346110

Signature: _____

Date: 9-19-13