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Report on the Firm's System of Quality Control

To the Owners of Collier, Johnson & Woods, P.C.
and the Peer Review Committee of the Texas Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Collier, Johnson & Woods, P.C. (the firm) in effect for the year ended June 30, 2019. 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

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. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

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.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act; and audits of employee benefit plans.

As part of our review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Deficiency Identified in the Firm's System of Quality Control

The firm's quality control policies and procedures addressing engagement performance are not being complied with on a consistent basis. In the review of two employee benefit plan audit engagements, the firm did not ensure that all procedures are properly documented in accordance with standards. During our review, we noted deficiencies in the documentation on two employee benefit plans as follows: (1) The firm did not properly report the delinquent contribution on one engagement, (2) the firm did not document the testing of purchases/sales of investments on a full scope employee benefit plan engagement, (3) the firm's testing of participant data was performed, however on one engagement the items tested were not clearly documented, (4) and documentation of the testing of the receipt of distributions on one engagement was not clearly documented. In our opinion, the lack of proper documentation of the procedures performed contributed to the engagements not conforming to professional standards in all material respects.

Opinion

In our opinion, except for the deficiency previously described, the system of quality control for the accounting and auditing practice of Collier, Johnson & Woods, P.C. in effect for the year ended June 30, 2019, 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*. Collier, Johnson & Woods, P.C. has received a peer review rating of *pass with deficiency*.



BUMGARDNER, MORRISON & COMPANY, LLP

January 21, 2020

January 21, 2020

Peer Review Committee of the
Texas Society of CPAs

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 June 30, 2019. The remedial actions discussed in this letter will be monitored to ensure that they are effectively implemented as part of our system of quality control.

The delinquent contribution had already been reported and corrective earnings had been remitted by the plan; however, the firm will provide training to staff to develop a methodology to determine the appropriate timing of participant contributions for each plan audit and report any contribution that is deemed late.

The firm opened each audit file and added the required documentation. Specifically, 1) we selected a sample of investment sales and purchases and agreed the purchase price or sale to yahoo finance price for verification. 2) In this case the firms workpaper included participant demographic information and a listing of eligibility criteria under the plan document, we failed to clearly indicate that this information was confirmed with personnel file. An addendum memo to the file was added to clarify the procedures performed. 3) Since we retained the EFT requests or distribution checks for distributions during the audit for this engagement, we opened the file and agreed it to the distributions selected for testing.

Finally, the firm will conduct a training session for all professional staff and review with them the documentation requirements in the firm's quality control policies and procedures. In this training session, we will specifically discuss the documentation matters noted in the peer review and emphasize what we should have done differently in each documentation matter. Brigid Cook, quality control partner, will be responsible for the implementation of these procedures and the training session.

We believe these actions are responsive to the findings of the review.

Collier, Johnson & Woods