

# **Poulsen VanLeuven & Catmull PA**

**Certified Public Accountants**

Members of the American Institute of CPA's  
and the Idaho Society of CPA's

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## **Report on the Firm's System of Quality Control**

September 4, 2018

To the Owners of  
Quest CPAs PLLC  
and the Peer Review Committee of the Idaho Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Quest CPAs PLLC (the firm) in effect for the year ended March 31, 2018. 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](http://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 compliance audits under the Single Audit Act.

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

## Deficiencies Identified in the Firm's System of Quality Control

We noted the following deficiencies during our review:

1. Current professional standards require that the firm's leadership be responsible for the quality of all accounting and auditing services offered by the firm and for developing a culture based on the recognition that quality is essential in performing engagements (also known as 'Tone at the Top'). However, during our review, we noted that the firm had not implemented appropriate quality control policies and procedures for the year under review. As a result, the firm did not meet the requirements of the quality control standards related to the firm's practice. Had the firm implemented appropriate quality control policies and procedures, including monitoring of its system of quality control, needed improvements to its system could have been identified and properly addressed.
2. The firm's quality control policies and procedures regarding engagement performance have not been suitably designed or complied with to provide reasonable assurance that audit engagements are consistently performed in accordance with professional standards. During our review, we noted on two single audit engagements, the firm did not fully document their basis for their risk assessment of Type A programs and the factors considered in making the assessment. The Type A programs were assessed as high risk, therefore, the firm did not perform risk assessment procedures on Type B programs as required by the standards. We also noted the firm did not document testing of census data as required by GASB 68. This is a result of not adequately utilizing third-party practice aids, including removal of key audit procedures. In our opinion, this resulted in firm personnel being unable to appropriately document audit procedures performed. This resulted in audit engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, that did not conform to professional standards in all material respects.

## Opinion

In our opinion, except for the deficiencies previously described, the system of quality control for the accounting and auditing practice of Quest CPAs PLLC, in effect for the year ended March 31, 2018, 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*. Quest CPAs PLLC has received a peer review rating of *pass with deficiencies*.

*Poulsen, VanLeuven & Catmull*

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