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Report on the Firm's System of Quality Control

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To the Owners of Jenkins & Kemper, CPA, P.C.
And the Peer Review Committee of the OSCPA

We have reviewed the system of quality control for the accounting and auditing practice of Jenkins & Kemper, CPA, P.C (the firm) in effect for the year ended December 31, 2020. 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*.

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

Deficiency #1: Engagement Performance - Statements on Quality Control Standards require the firm to establish policies and procedures designed to provide it with reasonable assurance that engagements are performed in accordance with professional standards and applicable legal and regulatory requirements. The firm's quality control policies and procedures require the use of its practice aids on all auditing engagements with regard to audit documentation for engagements performed under the Single Audit Act. Furthermore, the firm's quality control policies and procedures require the engagement partner and the review partner to complete a detail review of this documentation. However, during our review, we noted the practice aid for documenting and determining the applicable, direct, and material compliance requirements had not been accurately completed. As a result, it was noted on several of the major programs, compliance requirements were noted as not direct or material, without documenting the firm's conclusion as to why they were not considered direct and material. It should be noted that other supporting practice aids and supporting documentation in the work papers did include the testing of the internal controls and substantive testing of the required compliance items. Proper conclusions were reached to support the auditor's opinion. However, the practice aid documentation was not completed correctly, and the final review of the review partner did not identify the lack of or inconsistent used of the practice aid for the required documentation.

Also, during our review, we noted that on an audit engagement, subject to *Governmental Auditing Standards*, had disclosed a material unfunded pension plan liability in the footnotes. The firm did document the testing of contributions and actuary qualifications but did not document its testing of the census data. The final review of the review partner did not identify the omitted documentation.

Finally, during our review of an audit engagement for a non-profit organization, the auditor's report noted the required supplemental information (RSI) (MD&A) had been omitted. MD&A is not required for this type of engagement. The final review of the review partner did not

identify the reporting practice aid had been completed incorrectly and an incorrect auditor's report was included in the released financial statements.

In our opinion, because of the engagement performance items noted above, this contributed to an audit engagement under *Governmental Auditing Standards* and an audit engagement under the Single Audit Act that did not conform to professional standards in all material respects.

Deficiency #2: Monitoring – The firm's quality control policies and procedures addressing the firm's monitoring function have not been complied with to provide reasonable assurance that the engagements are being performed in accordance with professional standards. The firm's quality control policies and procedures require that the firm's post-issuance review procedures be sufficiently comprehensive to enable the firm to assess conformity with all applicable professional standards and the firm's compliance with quality control policies and procedures. However, the nature and extent of the deficiencies outlined in this report demonstrate the post-issuance review procedures and monitoring continuing professional education (CPE) compliance were ineffective in monitoring the firm's adherence to its quality control policies and procedures. During our review we noted one of the engagement partners did not comply with the 80-hour two year cycle requirement of A&A hours in accordance with *Governmental Auditing Standards*. In our opinion, the ineffective post-issuance review procedures and ineffective CPE monitoring prevented the firm from achieving the objectives of monitoring procedures and contributed to an audit engagement under *Governmental Auditing Standards* and an audit engagement 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 Jenkins & Kemper, CPA, P.C in effect for the year ended December 31, 2020, 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*. Jenkins & Kemper, CPA, P.C has received a peer review rating of *pass with deficiencies*.


Steven F. Cundiff, CPA, Inc.