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Report on the Firm's System of Quality Control

May 25, 2023

To the Practitioner of Kile & Co., P.C.
and the Texas Society of CPA's Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Kile & Co., P.C. (the firm) in effect for the year ended November 30, 2022. 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 and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of 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 the requirements of the applicable 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 and compliance with the firm's system of quality control 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

We noted the following deficiencies during our review:

1. The firm's quality control policies and procedures addressing continuing professional education (CPE) are not suitably designed or complied with to provide reasonable assurance that its personnel will have the competence necessary to perform engagements in accordance with professional and regulatory requirements.

The following issues were identified as a result:

- (a) For both audit engagements reviewed performed under *Government Auditing Standards*, the applicable non-attest services and associated significant threats were not appropriately identified; safeguards for those threats were not documented. However, it was determined that the firm was in fact independent;
- (b) For the compliance audit under the Single Audit Act that was reviewed, the firm's risk assessment of Type B programs was not appropriate and marked all Type B programs as high risk. However, the only program tested appeared to be the only Type B program that was actually high risk. The firm also failed to appropriately document the risk assessment or materiality for the major program. In addition, the firm failed to test all applicable compliance requirements for the major program as defined by the compliance supplement.

In our opinion, this contributed to audit engagements performed under *Government Auditing Standards* that did not conform to professional standards in all material respects.

2. The firm's quality control policies and procedures addressing monitoring are not suitably designed or complied with to provide reasonable assurance that engagements are in accordance with professional and regulatory requirements.

Opinion

In my opinion, except for the deficiencies previously described, the system of quality control for the accounting and auditing practice of Kile & Co., P.C. in effect for the year ended November 30, 2022, 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*. Kile & Co., P.C. has received a peer review rating of *pass with deficiencies*.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants