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TROUTT, BEEMAN & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

July 15, 2019

To the Owners of Schultz, Wood & Rapp, P.C.  
and the Peer Review Committee of the Missouri Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Schultz, Wood & Rapp, P.C. (the firm) in effect for the year ended November 30, 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 a compliance audit under the Single Audit Act, and an audit of an employee benefit plan.

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 require the firm to develop an audit plan that documents audit procedures, that when followed, enable an experienced auditor to understand the nature, timing, and extent of audit procedures performed. However, during our review of a Governmental Single Audit engagement, we noted that the firm did not document its procedures on one major program in sufficient detail to support its opinion on the eligibility compliance requirements. This resulted in the engagement not being performed in accordance with professional standards. The firm has indicated they intend to perform the necessary procedures to provide a satisfactory basis for its opinion.
2. The firm's quality control policies and procedures require the firm to establish and document monitoring procedures of its accounting and auditing practice in accordance with the AICPA's *Monitoring Guidance*. However, during our review, we noted that the firm did not have monitoring procedures effective to prevent the issue noted in the Single Audit engagement. Had the firm had its annual single audit inspection performed by a qualified external CPA, or if it had an engagement quality control review on its single audits performed by a qualified external CPA—the issue noted in the peer review may have been avoided.

## Opinion

In our opinion, except for the deficiencies described, the system of quality control for the accounting and auditing practice of Schultz, Wood & Rapp, P.C. in effect for the year ended November 30, 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*. Schultz, Wood & Rapp, P.C. has received a peer review rating of *pass with deficiencies*.



TROUTT, BEEMAN & CO., P.C.  
Harrisonville, Missouri