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Report on the Firm's System of Quality Control

February 23, 2021

To the Partners of Fleming, Tawfall & Company, P.C.
and the Peer Review Alliance Report Acceptance Committee

We have reviewed the system of quality control for the accounting and auditing practice of Fleming, Tawfall & Company, P.C. in effect for the year ended December 31, 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 one 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 did not provide reasonable assurance that the firm and its personnel comply with relevant ethical requirements. The firm's quality control policies require that the firm be independent when performing agreed-upon procedures engagements. During our review, we noted that the firm performed and reported on an agreed-upon procedure engagement after determining that it was not independent. In our opinion, this contributed to an agreed-upon procedure engagement that did not conform to professional standards in all material respects.
2. The firm's quality control policies and procedures regarding engagement performance have not been suitably complied with to provide reasonable assurance that audit engagements are consistently performed in accordance with professional standards. The firm requires the use of third-party practice aids but two audit engagements reviewed were missing the planning audit program which resulted in additional omitted information including the documentation of inquiries with management and those charged with governance related to fraud risks. Also, the firm utilized an internally-developed checklist for single audit work that did not include required procedures and thus those items were omitted from the audit file including a risk assessment for Federal awards, the determination of compliance requirements, the documentation of internal controls over Federal programs and the testing of applicable compliance requirements. Practice aid related matters were noted in the prior review as well. Finally, pre-issuance review did not detect reporting and disclosure errors on certain engagements reviewed. In our opinion, these issues resulted in two audit engagements, including one single audit engagement, which 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 Fleming, Tawfall & Company, P.C. in effect for the year ended December 31, 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*. Fleming, Tawfall & Company, P.C. has received a peer review rating of *pass with deficiencies*.

MCK CPAs & Advisors