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SYSTEM REVIEW REPORT

To the Members of
Kolnicki, Peterson, Wirth, LLC
and the Peer Review Committee of the
Illinois CPA Society

We have reviewed the system of quality control for the accounting and auditing practice of Kolnicki, Peterson, Wirth, LLC (the firm) in effect for the year ended June 30, 2015. 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. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. 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. 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. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

We noted the following deficiencies during our review:

Deficiency - The firm's quality control document requires the use of purchased practice aids to document audit work performed. For an audit of an employee benefit plan, while the firm did use the purchased practice aids, there were several areas where the documentation of audit work performed was not deemed sufficient, including fraud risk considerations, controls at a service organization, control risk and inherent risk, participant allocations, non-attest services provided, forfeitures, subsequent events testing, reconciliation of the form 5500 schedule H to the financial statements and the reconciliation of the total participant accounts to the total assets of the plan. The documentation of the audit work should be improved, in terms of documenting controls at various service organizations, internal control and control risk, the detailed items selected for testing and the conclusions reached as a result of the audit testing. The deficiencies noted caused the employee benefit plan audit to be considered as not conforming with professional standards. Further discussions with the shareholder in charge of this engagement led to the conclusion that the documentation deficiencies were pervasive throughout the firm's employee benefit plan audit practice.

Recommendation - The firm shareholders should review the firm's policies and procedures for documentation of audit work performed, with an emphasis on audits of employee benefit plans. The available practice tools to document work performed for employee benefit plan audit engagements should be reviewed. In addition, the firm should require personnel working on employee benefit plan audits to attend continuing education regarding audits of employee benefit plans, specifically addressing general and specialized audit procedures and acceptable documentation of work performed.

Deficiency - The firm's quality control policies and procedures require the performance of annual inspections. However, the annual inspections are not effective. Timely, comprehensive inspections performed by qualified inspectors would have discovered the findings noted above.

Recommendation - We recommend that all firm personnel who participate in monitoring attend a continuing education course regarding monitoring. Upon completing the monitoring course, the firm's shareholders should develop a plan to perform timely, comprehensive inspections, with an emphasis on employee benefit plan audit engagements. Monitoring documentation should be retained, and findings and corrective actions should be documented.

In our opinion, except for the deficiencies described above, the system of quality control for the accounting and auditing practice of Kolnicki, Peterson, Wirth, LLC in effect for the year ended June 30, 2015, 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 deficiencies* or *fail*. Kolnicki, Peterson, Wirth, LLC has received a peer review rating of *pass with deficiencies*.

May, Coughne & King, PC

November 18, 2015