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

January 26, 2019

To Leonard S. Schulte, CPA  
and the Peer Review Committee of the Idaho Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Leonard S. Schulte, CPA (the firm) in effect for the year ended July 31, 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 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.

## Deficiency Identified in the Firm's System of Quality Control

We noted the following deficiency during our review:

1. The firm's quality control policies and procedures relating to relevant ethical requirements are not suitably designed or complied with to provide reasonable assurance that all non-attest services provided in an engagement are documented in the engagement letter. Additionally, the identification of all non-attest services performed in an engagement subject to *Government Auditing Standards* and the related evaluation of significant risks related to multiple non-attest services provided and related safeguards applied, were not documented nor safeguards applied. Although the firm's quality control document requires that the practitioner identify all non-attest services provided, to document this in an engagement letter and to evaluate under *Governmental Auditing Standards* whether these non-attest service impair independence, the practitioner did not adequately document all of the non-attest services provided in the engagement letter nor evaluate the significant risks and apply the appropriate safeguards.

## Opinion

In our opinion, except for the deficiency previously described, the system of quality control for the accounting and auditing practice of Leonard S. Schulte, CPA in effect for the year ended July 31, 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*. Leonard S. Schulte, CPA has received a peer review rating of *pass with deficiency*.



Anderson Bros. CPA's, P.A

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