



**SULLIVAN BILLE PC**  
CERTIFIED PUBLIC ACCOUNTANTS

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

May 26, 2022

To the Shareholders of  
McCormack, Guyette & Assoc. PC  
and the New England Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of McCormack, Guyette & Assoc. PC (the firm) in effect for the year ended May 31, 2021. 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 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.

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## **Required Selections and Considerations**

Engagements selected for review included engagements performed under the *Government Auditing Standards*.

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.

## **Significant Deficiencies Identified in the Firm's System of Quality Control**

We noted the following significant deficiencies during our review:

1. The firm's policies and procedures for quality control require that the firm document an understanding and assessment of control risk when planning a HUD audit; however, on a HUD audit selected for this peer review, we determined that the firm did not document the applicable direct and material compliance requirements. We also determined they did not document the understanding and assessment of control risk related to internal control over compliance for each direct and material compliance requirement and test the effectiveness of the design and operation of controls in preventing or detecting non-compliance for each direct and material compliance requirement. In addition, the testing of compliance requirements that were direct and material were not documented based on the HUD audit guide. Also, the firm's policies and procedures for quality control and the HUD audit guide prescribe guidance for audit sampling and set minimum sample sizes; however, on the selected audit, the firm did not follow the sampling methodology for all compliance requirements.
2. The firm's policies and procedures for quality control require obtaining an understanding of internal control when planning audits and that a risk assessment be performed and documented in accordance with professional standards; however, on several audits selected for this peer review, there was inadequate documentation of internal controls and the risk assessment was not documented in compliance with professional standards with regard to performing the assessment at the assertion level for significant areas and the linkage from the risk assessment to the audit approach.
3. The firm's policies and procedures for quality control require that accountant's reports on agreed upon procedures engagements follow professional guidance in all material respects; however, on an agreed upon procedures engagement selected for this peer review performed under government auditing standards, the report did not comply with guidance in several respects.

4. The firm's policies and procedures for quality control require that the firm consult a current disclosure checklist from its library when preparing financial statements; however, on several engagements selected for this peer review, we found missing or incomplete disclosures in the area of investment leveling and date of management's subsequent event review.
5. The firm's policies and procedures for quality control require that the work papers be reviewed for overall completeness on all audit engagements prior to issuance of the report; however, on a for profit audit selected for this peer review, we determined that no audit program for investments was included in the work papers and no audit work was documented on the valuation of investments. In addition, the firm did not document the reason that accounts receivable were not confirmed. Additionally, the work papers did not document the reason that price testing was not performed on inventory and that an observation of inventory was not performed.
6. The firm's policies and procedures for quality control require an evaluation of newly effective professional standards and the impact or not, on a client's financial statements; however, on two financial statements issued after the effective date of a new standard regarding revenue recognition, the work papers and financial statements were silent as to the firm's evaluation of any impact.

### **Opinion**

In our opinion, as a result of the significant deficiencies previously described, the system of quality control for the accounting and auditing practice of McCormack, Guyette & Assoc. PC in effect for the year ended May 31, 2021, was not suitably designed or complied with to provide the firm with reasonable assurance of performing or reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. McCormack, Guyette & Assoc. PC has received a peer review rating of *fail*.

*Sullivan Bille, PC*