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

April 10, 2018

To the Partners of Freeman & Freeman CPA's  
And the Peer Review Committee of the California Society of Certified Public Accountants

I have reviewed the system of quality control for the accounting and auditing practice of Freeman & Freeman CPA's in effect for the year ended October 31, 2017. My 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 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**

My responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on my review.

## **Required Selections and Considerations**

Engagements selected for review included an engagement performed under Government Auditing Standards, including a compliance audit under the Single Audit Act.

As a part of my peer review, I considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of my procedures.

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

I noted the following deficiencies during my review:

1. The firm's quality control policies and procedures require the partners to possess an understanding of all applicable professional standards, take courses related to the engagements performed and perform pre-issuance reviews on all engagements. However, pre-issuance reviews did not reveal insufficient documentation and testing required by professional standards in a single audit. In addition, although the partners were in compliance with continuing professional education requirements prescribed by government auditing standards, recent courses did not appear to be sufficiently concentrated in specific areas of the single audit. In my opinion, these factors contributed to a single audit that did not conform to professional standards in all material respects.

## **Opinion**

In my opinion, except for the deficiencies previously described, the system of quality control for the accounting and auditing practice of Freeman & Freeman CPA's in effect for the year ended October 31, 2017, 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*. Freeman & Freeman CPA's have received a peer review rating of *pass with deficiencies*.



**Adelle Torres CPA**