

Phillips & Associates, CPAs, P.C.

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January 25, 2019

Peer Review Alliance Peer Review Committee
Illinois CPA Society
550 W. Jackson, Suite 900
Chicago, Illinois 60661-5742

Dear Committee Members:

This letter is written to assist Mack & Associates, CPA, PC, in complying with certain actions the firm voluntarily agreed to take in connection with the Peer Review Alliance Peer Review Committee's consideration of acceptance of its 2017 peer review report and response thereto.

The Peer Review Alliance Peer Review Committee accepted the firm's 2017 peer review documents with the understanding that the firm agreed to hire an outside party, acceptable to the Committee, to perform a post-issuance review of the report, financial statements, and working papers for a Single Audit engagement issued subsequent to the firm's peer review and report to the Committee by May 31, 2019 on the results of the review.

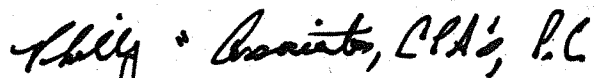
I performed the following procedures—

- a. Reviewed a copy of the firm's 2017 peer review report, Finding for Further Consideration (FFC) forms (if applicable), and the firm's letter of response, and the acceptance letter describing the required corrective actions.
- b. Performed a post-issuance review of report, financial statements, and working papers for a Single Audit engagement issued subsequent to the firm's peer review report to determine whether the engagement was performed in accordance with professional standards in all material respects.
- c. Discussed the review results with the firm (no corrective action plan was necessary)

While performing the procedures, I noted no matters that required responses from the firm. Therefore, I believe no further monitoring of the firm by the Peer Review Alliance Peer Review Committee is necessary at this time.

This letter is intended solely for the information and use of the Peer Review Alliance Peer Review Committee and the owners of Mack & Associates, CPA, PC, and is not intended as a substitute or replacement for the peer review documents issued on the firm's 2017 peer review.

Sincerely,



Phillips & Associates, CPAs, P.C.
Normal, Illinois

CC: Mack & Associates, CPA, PC

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Report on the Firm's System of Quality Control

July 17, 2018

To the Shareholders of
Mack & Associates, CPA, PC
and the Peer Review Committee of the Peer Review Alliance

We have reviewed the system of quality control for the accounting and auditing practice of Mack & Associates, CPA, PC (the firm) in effect for the year ended December 31, 2017. 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 a compliance audits 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 uses third party accounting and auditing manuals and practice aids as an integral part of its quality control system to assist with promoting consistency in the quality of engagement performance. On a Single Audit of a school district, practice aids used to document internal control over compliance regarding control risk of

major programs and testing of relevant assertions related to each material compliance requirement of each major program were omitted. In addition, practice aids used to document Single Audit tests of material compliance requirements did not clearly identify if the tests were control or compliance tests and link the tests to the related compliance requirement; sampling documentation was incomplete; and sample sizes were not sufficient to support a low level of control risk for assertions relevant to major program compliance requirements on a school audit and a local government audit. As a result, these engagements were not performed in conformity with professional standards. A similar matter was noted on the firm's prior review.

Opinion

In our opinion, except for the deficiency previously described, the system of quality control for the accounting and auditing practice of Mack & Associates, CPA, PC, in effect for the year ended December 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*. Mack & Associates, CPA, PC has received a peer review rating of *pass with deficiency(ies)*.

Phillips & Associates, CPA, P.C.

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Normal, Illinois