

December 5, 2017



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

RGP, LLP  
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of RGP, LLP (the firm) in effect for the year ended May 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](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* and audits of employee benefit plans.



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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 regarding engagement performance have not been complied with to provide reasonable assurance that audit engagements are consistently performed in accordance with professional standards. The firm requires that independence considerations be documented and uses a form included with its third party practice aids, but the form was not used consistently or correctly with the result that independence considerations were not documented within the conceptual framework as required by *Government Auditing Standards*, and there was no documentation of the consideration of management skills, knowledge and experience to oversee multiple non-attest services that were provided. In our opinion, this contributed to audit engagements performed under *Government Auditing Standards* that did not conform to professional standards in all material respects.

### **Opinion**

In our opinion, except for the deficiency previously described, the system of quality control for the accounting and auditing practice of RGP, LLP in effect for the year ended May 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*, or *fail*. RGP, LLP has received a peer review rating of *pass with deficiency*.

*John Waddell & Co., CPAs*