

# Peer Review



## REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

January 25, 2021

To the Shareholders of Novak Birks, P.C.  
and the Peer Review Committee of the Missouri Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Novak Birks, P.C. (the firm) in effect for the year ended June 30, 2020. 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 audits performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act and audits of employee benefit plans.

First National Plaza | 11404 West Dodge Road, Suite 700 | Omaha, NE 68154-2575 | tel 402.496.9100 | fax 402.496.1024

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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's use of audit manuals and practice aids are an integral part of its quality control system to promote consistency and compliance with professional standards. During our review of employee benefit plan audits, we noted instances where practice aids or guidance were not completed or followed to provide sufficient documentation in the areas of risk assessment, sampling, participant allocation testing and representation letters. In our opinion, this contributed to audit engagements 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 Novak Birks, P.C. in effect for the year ended June 30, 2020, 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*. Novak Birks, P.C. has received a peer review rating of *pass with deficiency*.

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