



CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

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

November 15, 2018

To the Shareholder of  
Dennis E. Oberloh, Ltd.  
and the Peer Review Committee of the Minnesota Society  
of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Dennis E. Oberloh, Ltd. (the firm) in effect for the year ended May 31, 2018. 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*, including a compliance audit 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.

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

We noted the following deficiencies during our review:

1. The firm's quality control policies and procedures addressing engagement performance requires engagement planning in accordance with professional standards, which includes proper risk assessment and response to risk of material misstatement. During our review, we noted the firm's assessment of risk did not link the assessment of risk to the procedures performed and the firm did not properly assess any area with high risk of misstatement when significant risks were identified. In our opinion, this contributed to audit engagements performed that did not conform to professional standards in all material respects.
2. The firm's quality control policies and procedures addressing engagement performance requires consultations take place when appropriate, specifically in specialized areas that include industries with special accounting, auditing or reporting requirements. During our review, we noted engagements where industry related disclosures were not included in the financial statements of the entity; industry related audit testing and reporting were not in accordance with professional standards. This included audits in the state and local government industry and those subject to single audit. In our opinion, this contributed to audit engagements performed that did not conform to professional standards in all material respects.

### **Opinion**

In our opinion, except for the deficiencies previously described, the system of quality control for the accounting and auditing practice of Dennis E. Oberloh, Ltd. in effect for the year ended May 31, 2018, 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*. Dennis E. Oberloh, Ltd. has received a peer review rating of *pass with deficiencies*.



Brady Martz and Associates, P.C.