



February 28, 2022

John Whybrew  
Alexander Thompson Arnold PLLC  
227 Oil Well Rd  
Jackson, TN 38305-7924

Dear John Whybrew:

On February 09, 2022, the National Peer Review Committee discussed the report on the most recent System Review of your firm and your firm's response thereto. This letter provides important information about required next steps for your firm in two broad categories: corrective actions and cooperation.

### **Peer Review Report Rating and Corrective Actions**

As you know, the report had a peer review rating of pass with deficiencies. The Committee accepted the aforementioned documents with the understanding that the firm will take the actions outlined in its response to the report, which will be monitored during your firm's next peer review and:

- Agree to have all professional staff in the firm who work on Employee Benefit Plan engagements participate in at least 4 hours of continuing professional education in Employee Benefit Plans. Please send a letter to the Committee detailing the courses taken, along with proof of attendance at the courses, by each individual by September 30, 2022.
- Agree to have all professional staff in the firm participate in at least 4 hours of continuing professional education in audit documentation. Please send a letter to the Committee detailing the courses taken, along with proof of attendance at the courses, by each individual by September 30, 2022.
- Agree to hire an outside party, pre-approved by the Committee, to perform a pre-issuance review of the report, financial statements, and working papers for the firm's next health and welfare plan audit and report to the Committee by November 30, 2022. This action will be performed at the firm's expense.
- Agree to hire an outside party, pre-approved by the Committee, to perform a pre-issuance review of the procedures performed and documented regarding the use of a specialist to determine the valuation of company stock in an audit of an ESOP, and the use of an actuary in an audit of a defined benefit plan to determine, among other things, the appropriate ERISA funding requirements, the pension obligation and expense to be reported in the plan sponsor's financial statements, and proper financial statement disclosure. The pre-issuance report should be provided to the Committee by November 30, 2022. This action will be performed at the firm's expense.
- Agree to hire an outside party, pre-approved by the Committee, to evaluate the firm's next internal inspection. The outside party's evaluation should address the system of quality control, remedial actions taken by the firm in response to its peer review report, the scope of the internal inspection, any findings (including themes of issues) and the resulting remedial actions. The outside party's procedures should also include the re-performance of a sample of engagement inspections, including but not limited to at least one of each type of must-select engagement performed by the firm. The evaluation should be provided to

the Committee by December 31, 2022. This action will be performed at the firm's expense.

As a reminder, independence would be considered impaired for purposes of being able to perform a firm's peer review (whether as a team captain or team member) for anyone also performing pre-issuance or post-issuance reviews, performing a revisit, reviewing the quality control document or formal CPE plan, reviewing corrective actions of non-conforming engagements, reviewing the firm's remedial actions in its letter of response, performing, oversighting, or visiting during an inspection, or reviewing or oversighting the firm's monitoring report prior to the peer review. The only except is if this action was performed for the year immediately following the previous peer review year end. Therefore, performing pre-issuance or post-issuance reviews, performing a revisit, reviewing the quality control document or formal CPE plan, reviewing corrective actions of non-conforming engagements, reviewing the firm's remedial action in its letter of response, performing, oversighting, or visiting during an inspection, or reviewing or oversighting the firm's monitoring report for the year immediately preceding or during the peer review year would impair independence for peer review purposes.

The documentation for your corrective action(s) should be submitted through the Peer Review Integrated Management Application (PRIMA) system by the due date.

### **Firm's Responsibilities and Cooperation**

Peer review seeks improved quality in the performance of accounting and auditing engagements through education and remedial corrective actions. In addition to completion of these required corrective actions, it is your firm's responsibility to assess and implement any additional measures necessary to fully remediate the deficiencies or significant deficiencies noted in your firm's peer review.

If your firm:

- fails to agree to or complete the corrective actions; or
- fails to correct deficiencies or significant deficiencies after consecutive remedial or corrective actions required by the Committee on the same peer review; or
- has received previous peer review reports with a pass with deficiencies or fail rating; or
- receives a pass with deficiencies or fail peer review report on its next peer review,

the Committee may refer the matter to the AICPA Peer Review Board (PRB) to consider whether a hearing should be held for the firm's failure to cooperate with the administering entity. If the PRB determines that your firm has not cooperated, it may terminate your firm's enrollment in the AICPA Peer Review Program. The PRB has adopted the resolution at the following link: <http://www.aicpa.org/forthepublic/prfirmterm/pages/default.aspx> regarding a firm's cooperation with the administering entity and the PRB.

We encourage you to ensure that your firm maintains an appropriately designed system of quality control and that you and the members of your firm comply with that system to provide reasonable assurance of conforming to professional standards.

Your firm's agreement demonstrates its commitment to the objectives of the AICPA Peer Review Program.

Please acknowledge your agreement through the Peer Review Integrated Management Application (PRIMA) system. Upon receipt of the acknowledgement and satisfactory completion of any outstanding corrective actions within PRIMA, you will receive notification that your firm's peer review has been completed.

Sincerely,

A handwritten signature in black ink that reads "Michael Wagner". The signature is written in a cursive style with a long, sweeping underline.

Michael Wagner  
Chair, National PRC

+1.919.402.4502

cc: Stephen Hirn, Jackie Matthis

Firm Number: 900010011780

Review Number: 577392

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

January 26, 2021

To the Partners of  
Alexander Thompson Arnold PLLC  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Alexander Thompson Arnold PLLC (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 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 engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, an audit performed under FDICIA, an audit of a broker-dealer, an examination of a service organization (SOC 1 engagement) and audits of employee benefit plans.

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**

The firm's quality control policies and procedures regarding engagement performance and human resources have not been suitably complied with to provide reasonable assurance that audit engagements are consistently performed in accordance with professional standards. For selected engagements, audit staff had not appropriately utilized the firm's standardized and industry-specific audit programs and checklists, and the engagement and quality control partners did not detect the failures to do so.

For audits of selected employee benefit plans, required audit procedures involving use of specialists and sampling methodologies were not performed by audit engagement staff. Further, audit procedures involving risk assessment, internal controls, and use of SOC reports were not entirely appropriate for other employee benefit plan audits.

For a bank audit engagement subject to FDICIA, procedures performed by audit staff with respect to deposit liabilities and testing of internal controls did not fully comply with professional audit standards. Additionally, for a non-FDICIA bank audit, sampling and risk assessment procedures were not fully documented in accordance with professional standards.

For an audit of a nonprofit organization, testing of marketable security fair market values was not suitably comprehensive.

In our opinion, this deficiency identified on these selected engagements contributed to audits in the employee benefit plan, banking, and nonprofit industries that did not conform to professional standards in all material respects.

This deficiency was noted in the firm's previous peer review.

## Opinion

In our opinion, except for the deficiency previously described, the system of quality control for the accounting and auditing practice of Alexander Thompson Arnold PLLC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 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*. Alexander Thompson Arnold PLLC has received a peer review rating of *pass with deficiency*.

*Haddock Reid Embank Betta PLLC*