

# Lilling & Company LLP

Certified Public Accountants

## System Review Report

September 21, 2016

To the Partners of Adelman Katz & Mond LLP  
and the Peer Review Committee of the New York State Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Adelman Katz & Mond LLP (the firm) in effect for the year ended March 31, 2016. 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. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. 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. 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. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*.

We noted the following significant deficiencies during our review:

1. Significant deficiencies – The firm's partners have designed and established a system of quality control intended to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. However, the system and its application does not effectively meet established requirements for providing leadership responsibilities for quality within the firm, relevant ethical requirements, acceptance and continuance of client relationships and specific engagements, human resources, engagement performance and monitoring its practice. As a result, the documentation on an audit of an A-133 engagement subject to government auditing standards, another audit and a review engagement submitted for review did not conform to professional standards in all material respects. The firm plans on researching the requirements of an adequate system of quality control, improving the system of quality control and its adherence to its system. The firm plans to add the necessary documentation on the engagements identified in the review to conform to professional standards.

The firm's prior review contained matters related to documentation, financial disclosures and monitoring.

Recommendation – The firm should research the requirements 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's managing partner should be committed to improving the firm's system.

In our opinion, as a result of the significant deficiencies previously described, the system of quality control for the accounting and auditing practice of Adelman Katz & Mond LLP in effect for the year ended March 31, 2016, was not suitably designed or complied with to provide the firm with reasonable assurance of performing or reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency (ies) or fail. Adelman Katz & Mond LLP has received a peer review rating of *fail*.

  
LILLING & COMPANY LLP