



Certified Public Accountants | Business Consultants

System Review Report

June 2, 2015

To the Owners of
Stackel & Navarra, CPA, P.C.
And the Peer Review Committee of the NYSSCPA

We have reviewed the system of quality control for the accounting and auditing practice of Stackel & Navarra, CPA, P.C., (the firm) in effect for the year ended December 31, 2014. 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 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.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

We noted the following deficiencies during our review:

1. Deficiency – The firm's quality control policies and procedures require that the firm's personnel meet the continuing education requirements of all applicable entities. Our review disclosed an instance where one of the partners of the firm did not meet certain continuing education requirements of the New York State Board of Accountancy. The partner is in the process of obtaining all necessary continuing education to meet these requirements.

Recommendation – The firm should review the requirements for all licensing and membership entities and discuss them with all members of the firm. In addition, this area should receive additional emphasis during the firm's internal monitoring procedures.

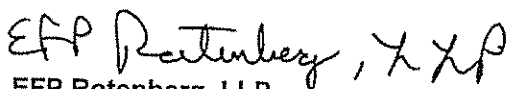
2. Deficiency – The firm's quality control policies and procedures require the partners of the firm to review the financial statements and accompanying reports and supporting working papers prior to issuance. Our review disclosed several instances where these reviews were ineffective. As a result we noted several instances where reports were not dated properly, did not cover all of the financial statements presented or did not conform with the language recommended by professional standards. We also noted several instances where the firm failed to document its sampling plan, its consideration of the use of a specialist, testing of fair values of investments and internal control and fraud risk assessment over compliance. The firm will issue corrected reports and perform the omitted procedures during the performance of the subsequent engagements, the performance of which are imminent. A similar item was noted during the firm's previous review.

Recommendation – The partners of the firm should hold a training session reviewing the above areas. In addition, the firm should consider obtaining additional continuing education in these areas. These areas should be emphasized during the firm's internal monitoring procedures.

3. Deficiency – The firm's quality control policies and procedures require the firm to perform pre-issuance engagement quality control reviews on certain specified engagements. Our review disclosed several instances where the review occurred post-issuance. If proper engagement quality control reviews had been performed, some of the issues noted during the review may have been discovered and corrected by the firm.

Recommendation – The firm should comply with its quality control policies and procedures regarding performing engagement quality control reviews in a timely manner so that corrective actions, if needed can be taken prior to issuance.

In our opinion, except for the deficiencies previously described, the system of quality control for the accounting and auditing practice of Stackel & Navarra, CPA, P.C., in effect for the year ended December 31, 2014, 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*. Stackel & Navarra, CPA, P.C. has received a peer review rating of *pass with deficiencies*.


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