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System Review Report

Daniel Jones & Associates, PC and the
Missouri Society of CPAs Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Daniel Jones & Associates, PC, (the firm) in effect for the year ended January 31, 2010. 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. 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.

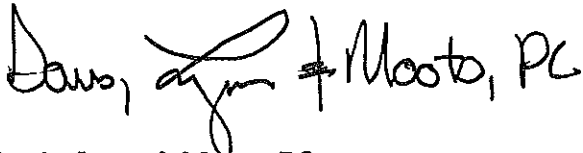
As required by the standards, engagements selected for review included engagements performed under government auditing standards.

We noted the following deficiencies during our review:

1. Deficiency—The firm's quality control policies and procedures identify situations where, because of the nature or complexity of the subject matter, consultation ordinarily is needed. During the review, we noted several instances where consultation was warranted, but the firm did not consult either by reference to its professional library or outside the firm. As a result, on one governmental A-133 single audit subject to Government Auditing Standards the firm correctly identified a Type A program but did not perform a risk assessment of the program. In addition, the firm did not properly determine the lookback period for this program and therefore failed to audit it as a major program in the current year. Also, on the same engagement, the firm did not correctly identify and present program clusters on the Schedule of Federal Awards (SEFA). The firm is evaluating the actions it will take on this engagement.

Recommendation—The firm should hold a staff training session to specify situations when, because of the nature or complexity of the subject matter, consultation is required by the firm's policies and procedures. Such situations might include: 1)the application of newly issued technical pronouncements, 2)the application of a regulatory agency's filing requirements, 3)industries with special accounting, auditing, or reporting considerations, 4)emerging practice problems, and 5)cases where there is a choice among alternative generally accepted accounting principles. In all instances the consultation and conclusions thereon reached should be documented.

In our opinion, except for the deficiency described above, the system of quality control for the accounting and auditing practice of Daniel Jones & Associates, PC in effect for the year ended January 31, 2010, 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*. Daniel Jones & Associates, PC has received a peer review rating of *pass with deficiencies*.

A handwritten signature in cursive script that reads "Davis, Lynn & Moots, PC". The signature is written in dark ink and is positioned above the typed name of the firm.

Davis, Lynn & Moots, PC
August 30, 2010