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Report on the Firm's System of Quality Management

To the Audit Chief | Audits and Risk Management Branch
California Department of Aging

We have reviewed the system of quality management of the California Department of Aging Audit and Risk Management Branch (Branch) in effect for the year ended June 30, 2024. A system of quality management encompasses the Branch's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The design of the system and compliance with it are the responsibility of the Branch. Our responsibility is to express an opinion on the design of the system and the Branch's compliance with the system based on our review.

We conducted our review in accordance with Generally Accepted Government Auditing Standards (GAGAS) and in compliance with the confidentiality requirements set forth in the AICPA Code of Professional Conduct. In performing our review, we obtained an understanding of the Branch's system of quality management for engagements conducted in accordance with GAGAS. In addition, we tested compliance with the Branch's quality management policies and procedures to the extent we considered appropriate. These tests covered the application of the Branch's policies and procedures on selected engagements. The engagements selected are a reasonable representation of the Branch's engagements conducted in accordance with GAGAS. We believe that the procedures we performed provide a reasonable basis for our opinion.

Our review was based on selective tests; therefore, it would not necessarily disclose all design matters in the system of quality management or all compliance matters with the system. Also, there are inherent limitations in the effectiveness of any system of quality management; therefore, noncompliance with the system of quality management may occur and not be detected. Projection of any evaluation of a system of quality management to future periods is subject to the risk that the system of quality management may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

We noted the following deficiencies during our review:

Leadership - The Branch's management had not devoted enough resources towards the development of the firm's quality control policies and procedures upon acceptance of its first engagement performed under Generally Accepted Government Auditing Standards (GAGAS). As a result, the branch did to properly perform monitoring as outlined in professional standards for quality control policies and procedures and did not properly have a peer review performed every three year as required under *Government Auditing Standards,* and departures from GAGAS were not documented as well as the effect on the audit and the auditor's conclusions when the audit was not in compliance with applicable GAGAS requirements.

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In our opinion, except for the deficiencies previously described, the system of quality management for the California Department of Aging Audits and Risk Management Branch has been suitably designed and complied with to provide the Branch with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects in effect for the year ended June 30, 2024. Organizations can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. The California Department of Aging Audits and Risk Management Branch has received a peer review rating of *pass with deficiencies*.

Views of Responsible Official. Agree. The Branch has recently implemented a implemented a system of quality management that was reviewed during this peer review. In addition to implementing the system of quality management, the Branch has also implemented a monitoring process that will be performed on an ongoing process and the Branch will ensure to have a peer review performed every three years.

Spafford & Landry, Inc.

May 29, 2026