

System Review Report

November 18, 2009

To the Partners of Ruotolo, Spewak & Co.
and the Peer Review Committee of the New Jersey Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Ruotolo, Spewak & Co. (the firm) in effect for the year ended June 30, 2009. 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 the *Government Auditing Standards*.

We noted the following deficiencies during our review:

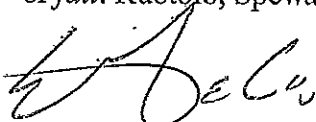
1. Deficiency— The firm's quality control policies and procedures require that audit documentation conform to professional standards in specialized industries. However, in engagements performed under the Single Audit Act, the documentation did not adequately identify the testing performed to obtain a low level of control risk for the specific elements required to be tested in accordance with the Single Audit Act. In addition, the documentation did not identify the specific compliance requirements for grants being tested.

Recommendation— The firm should comply with its quality control policies and sufficiently document the internal control testing to reduce the control risk to a low level for each of the applicable control requirements for each of the specific compliance requirements in each grant being tested under the Single Audit Act. The documentation should include identification of the Single Audit Compliance Supplement section referenced to identify the areas required to be tested.

2. Deficiency—The firm's quality control policies and procedures require that appropriate ongoing monitoring be performed for all areas of quality control. Although the firm performed monitoring of engagement performance by having a second partner preissuance review, there was no documented monitoring of all areas of quality control, nor were the results of the monitoring adequately conveyed to all professional staff.

Recommendation—The firm should comply with its quality control policies and procedures and document the ongoing monitoring of all of the elements of quality control. In addition, we recommend the firm summarize the monitoring on an annual inspection report. The firm presently has frequent staff meetings and we recommend those meeting document the discussion of the results of the firm's ongoing monitoring.

In our opinion, except for the deficiencies described above, the system of quality control for the accounting and auditing practice of Ruotolo, Spewak & Co. in effect for the year ended June 30, 2009, 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*. Ruotolo, Spewak & Co. has received a peer review rating of *pass with deficiencies*.



Swartz & Co., LLC