November 21, 2024

<u>Via Electronic Mail</u>

Mr. Darin Jenkins
Kerber, Eck & Braeckel LLP
3200 Robbins Road
Suite 200A
Springfield, Illinois 62704

Re: Final Report of Inspection

Dear Mr. Jenkins:

Attached please find a copy of the final inspection report issued on November 21, 2024 by the Public Company Accounting Oversight Board (PCAOB or "Board") concerning the inspection of Kerber, Eck & Braeckel LLP. Please confirm receipt of the final inspection report upon receipt.

The PCAOB is issuing this report in accordance with the requirements of the Sarbanes-Oxley Act of 2002. The PCAOB is releasing to the public Part I, the first four paragraphs of Part II, and portions of Appendix A that consists of your firm's comments, if any, related to public portions of the report. If the nonpublic portions of the report discuss criticisms of or potential defects in your firm's system of quality control, those discussions also could eventually be made public, but only to the extent your firm fails to address the criticisms to the Board's satisfaction within 12 months of the issuance of the report.

We encourage you to initiate a dialogue with us, as early as practicable, about how your firm intends to address the criticisms and potential defects.[1] Ultimately, any effort by your firm to address the quality control criticisms should be reflected in a written submission to the Board, no later than the 12-month deadline, pursuant to PCAOB Rule 4009.[2] In any such submission, we expect your firm to address each quality control criticism or potential defect in a separate narrative discussion describing the steps your firm has taken, or plans to take to address the criticism. We generally expect that the narrative discussion will be accompanied, where possible, by documentary evidence that the steps described in

[1] If your firm submitted a response to a comment form or draft of the inspection report, and you intend for that response also to serve as your firm's only submission concerning efforts to address the quality control criticisms during the 12-month period, you should submit a copy of that response and, in writing, advise us of that fact.

[2] See www.pcaobus.org/Rules/Pages/Section_4.aspx for full text of PCAOB Rule 4009.

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the discussion have occurred. This evidence may include excerpts from documentation of your firm's revised quality control policies and procedures (with changes marked), training materials and attendance records, new or amended checklists or revised audit programs or other documentation.[3]

For additional guidance regarding remediation we suggest you review PCAOB Release No. 104-2006-077, The Process for Board Determinations Regarding Firms' Efforts to Address Quality Control Criticisms in Inspection Reports (March 21, 2006).[4] As indicated in that release, "the Board provides the opportunity for dialogue so that a firm acting in good faith can receive timely feedback from the staff and enhance its efforts accordingly before the 12-month deadline." In order to provide you timely feedback, we encourage you to make a submission or begin a dialogue with us as early in the 12-month remediation process as possible.

The attached "Information Concerning the Quality Control Remediation Process Under PCAOB Rule 4009" provides guidance on the criteria, and the application of those criteria, the Board's staff will use to evaluate your firm's remedial actions. We call to your attention within this guidance the section entitled *Training and Intra-firm Communications Should be Tailored and Responsive*. The Board's staff considers a firm's policies and processes to monitor participation rates in training events in the evaluation of training as a remedial action. Therefore, if training is included as a remedial action, your firm should describe in its remediation submission how it (i) determines the target audience required to participate in the relevant training, (ii) follows-up with those who did not participate in mandatory training, (iii) advises professionals who did not participate in the mandatory training regarding the required remediation alternatives (e.g., make-up session, self-study), and (iv) considers a professional's compliance with training requirements in staffing decisions and the performance management process.

We wish to make clear that neither the law nor the Board's rules require your firm to provide any submission addressing the quality control criticisms. If your firm fails to make any such submission, the Board will make those portions of the inspection report publicly available. The Board will then consider whether to conduct another inspection of your firm immediately or whether an investigation or disciplinary proceeding is warranted to determine whether deficiencies in your firm's system of quality control, or deficiencies in audits performed by your firm, constitute violations of any laws, rules, or professional standards for which sanctions should be imposed.

[3] The submission may also include a description of, and documentation related to, any steps taken by your firm pursuant to AS 2901, *Consideration of Omitted Procedures After the Report Date*, and/or AS 2905, *Subsequent Discovery of Facts Existing at the Date of the Auditor's Report*, to follow up on specific audit deficiencies described in the inspection report. We encourage you to provide such information, and we note that your firm's approach toward compliance with AS 2901 and AS 2905 may influence our assessment of your firm's overall approach to quality control. We emphasize, however, that performing audit procedures required by AS 2901 or AS 2905 does not substitute for specifically addressing the Board's quality control criticisms.

[4] See https://pcaobus.org/Inspections/Documents/2006_03-21_Release_104-2006-077.pdf

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If you make a submission or wish to submit a draft submission to facilitate dialogue with the staff, please do so by following the link to the Registered Firm Portal (https://pcaobus.appiancloud.com/suite/?signin=firm) by sending your submission to the "Remediation Mailbox." Please include in the subject line your firm's Firm ID number and inspection report name in the following format: Firm ID number, Remediation Response (or Draft Response) for Report on 20XX Inspection of FIRM NAME.

If your firm plans to submit to the PCAOB information that includes Confidential Supervisory Information (CSI) related to banking regulatory agency activities, your firm should remove it or otherwise restrict access to the CSI prior to submitting information to the PCAOB, and provide the PCAOB with a brief description of the restricted/redacted information due to CSI considerations. If you have any questions, please contact us prior to making any submissions to the PCAOB.

If you have questions concerning the process for seeking Securities and Exchange Commission ("Commission") review of the final inspection report, please see Rule 140 of the Commission's Rules on Informal and Other Procedures, 17 C.F.R. § 202.140, and direct any questions to staff in the Commission's Office of the Chief Accountant. Please note that if your firm makes a request to the Commission for review, the Commission's rule requires that your firm "provide a copy of its review request to the PCAOB simultaneously with its submission to the Commission." Any such copy should be sent to the attention of Phoebe W. Brown, Secretary, either by e-mail by following the link to Rule140@pcaobus.org, by fax to (866) 210-1148, or by delivery to the mailing address shown on the letterhead above.

If you have any questions, please feel free to contact Kerry Anastasoff at (202) 304-4307 or anastasoffk@pcaobus.org or me at (202) 538-4104 or guniac@pcaobus.org.

Sincerely,

Christine Gunia

Christine Gunia
Director
Division of Registration and Inspections

2024 Inspection Kerber, Eck & Braeckel LLP

(Headquartered in Springfield, Illinois)

November 21, 2024

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PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

TABLE OF CONTENTS

2024 INSPECTION

In the 2024 inspection of Kerber, Eck & Braeckel LLP, the Public Company Accounting Oversight Board (PCAOB) assessed the firm's compliance with laws, rules, and professional standards applicable to the audits of public companies.

We selected for review one audit of an issuer with a fiscal year ending in 2022. For the issuer audit selected, we reviewed a portion of the audit. We also evaluated elements of the firm's system of quality control.

2024 Inspection Approach

In selecting issuer audits for review, we use a risk-based method of selection. We make selections based on (1) our internal evaluation of audits we believe have a heightened risk of material misstatement, including those with challenging audit areas, and (2) other risk-based characteristics, including issuer and firm considerations. In certain situations, we may select all of the firm's issuer audits for review.

When we review an audit, we do not review every aspect of the audit. Rather, we generally focus our attention on audit areas we believe to be of greater complexity, areas of greater significance or with a heightened risk of material misstatement to the issuer's financial statements, and areas of recurring deficiencies. We may also select some audit areas for review in a manner designed to incorporate unpredictability.

Our selection of audits for review does not necessarily constitute a representative sample of the firm's total population of issuer audits. Additionally, our inspection findings are specific to the particular portions of the issuer audits reviewed. They are not an assessment of all of the firm's audit work or of all of the audit procedures performed for the audits reviewed.

View the details on the scope of our inspections and our inspections procedures.

OVERVIEW OF THE 2024 INSPECTION AND HISTORICAL DATA BY INSPECTION YEAR

The following information provides an overview of our 2024 inspection as well as data from the previous inspection. We use a risk-based method to select audits for review and to identify areas on which we focus our review. Because our inspection process evolves over time, it can, and often does, focus on a different mix of audits and audit areas from inspection to inspection and firm to firm. Further, a firm's business, the applicable auditing standards, or other factors can change from the time of one inspection to the next. As a result of these variations, we caution that our inspection results are not necessarily comparable over time or among firms.

Firm Data and Audits Selected for Review

	2024	2021
Firm data		
Total issuer audit clients in which the firm was the principal auditor	3	3
Total engagement partners on issuer audit work[1]	2	3
Audits reviewed		
Total audits reviewed	1	1
Audits in which the firm was the principal auditor	1	1
Integrated audits of financial statements and internal control over financial reporting (ICFR)	0	0
Audits with Part I.A deficiencies	1	0
Percentage of audits with Part I.A deficiencies	100%	0%

If we include a deficiency in Part I.A of our report, it does not necessarily mean that the firm has not addressed the deficiency. In many cases, the firm has performed remedial actions after the deficiency was identified. Depending on the circumstances, remedial actions may include performing additional audit procedures, informing management of the issuer of the need for changes to the financial statements or reporting on ICFR, or taking steps to prevent reliance on prior audit reports.

[1] The number of engagement partners on issuer audit work represents the total number of firm personnel (not necessarily limited to personnel with an ownership interest) who had primary responsibility for an issuer audit (as defined in AS 1201, *Supervision of the Audit Engagement*) during the twelve-month period preceding the outset of the inspection.

Our inspection may include a review, on a sample basis, of the adequacy of a firm's remedial actions, either with respect to previously identified deficiencies or deficiencies identified during the current inspection. If a firm does not take appropriate actions to address deficiencies, we may criticize its system of quality control or pursue a disciplinary action.

If we include a deficiency in our report — other than those deficiencies for audits with incorrect opinions on the financial statements and/or ICFR — it does not necessarily mean that the issuer's financial statements are materially misstated or that undisclosed material weaknesses in ICFR exist. It is often not possible for us to reach a conclusion on those points based on our inspection procedures and related findings because, for example, we have only the information that the auditor retained and the issuer's public disclosures. We do not have direct access to the issuer's management, underlying books and records, and other information.

Audit Areas Most Frequently Reviewed

This table reflects the audit areas we have selected most frequently for review in the 2024 inspection and the previous inspection. For the issuer audits selected for review, we selected these areas because they were generally significant to the issuer's financial statements, may have included complex issues for auditors, and/or involved complex judgments in (1) estimating and auditing the reported value of related accounts and disclosures and (2) implementing and auditing the related controls.

2024		2021	
Audit area	**Audits reviewed**	**Audit area**	**Audits reviewed**
Revenue and related accounts	1	**Revenue and related accounts**	1
Insurance-related assets and liabilities, including insurance reserves	1	**Investment securities**	1
		Loans and related accounts	1

PART I: INSPECTION OBSERVATIONS

Part I.A of our report discusses deficiencies, if any, that were of such significance that we believe the firm, at the time it issued its audit report(s), had not obtained sufficient appropriate audit evidence to support its opinion(s) on the issuer's financial statements and/or ICFR.

Part I.B discusses certain deficiencies, if any, that relate to instances of non-compliance with PCAOB standards or rules other than those where the firm had not obtained sufficient appropriate audit evidence to support its opinion(s). This section does not discuss instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence.

Part I.C discusses instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules, if any, related to maintaining independence.

Consistent with the Sarbanes-Oxley Act ("Act"), it is the Board's assessment that nothing in Part I of this report deals with a criticism of, or potential defect in, the firm's quality control system. We discuss any such criticisms or potential defects in Part II. Further, you should not infer from any Part I deficiency, or combination of deficiencies, that we identified a quality control finding in Part II. Section 104(g)(2) of the Act restricts us from publicly disclosing Part II deficiencies unless the firm does not address the criticisms or potential defects to the Board's satisfaction no later than 12 months after the issuance of this report.

Classification of Audits with Part I.A Deficiencies

Within Part I.A of this report, we classify each issuer audit in one of the categories discussed below based on the Part I.A deficiency or deficiencies identified in our review.

The purpose of this classification system is to group and present issuer audits by the number of Part I.A deficiencies we identified within the audit as well as to highlight audits with an incorrect opinion on the financial statements and/or ICFR.

Audits with an Incorrect Opinion on the Financial Statements and/or ICFR

This classification includes instances where a deficiency was identified in connection with our inspection and, as a result, an issuer's financial statements were determined to be materially misstated, and the issuer restated its financial statements. It also includes instances where a deficiency was identified in connection with our inspection and, as a result, an issuer's ICFR was determined to be ineffective, or there were additional material weaknesses that the firm did not identify, and the firm withdrew its opinion, or revised its report, on ICFR.

This classification does not include instances where, unrelated to our review, an issuer restated its financial statements and/or an issuer's ICFR was determined to be ineffective. We include any deficiencies identified in connection with our reviews of these audits in the audits with multiple deficiencies or audits with a single deficiency classification below.

Audits with Multiple Deficiencies

This classification includes instances where multiple deficiencies were identified that related to a combination of one or more financial statement accounts, disclosures, and/or important controls in an ICFR audit.

Audits with a Single Deficiency

This classification includes instances where a single deficiency was identified that related to a financial statement account or disclosure or to an important control in an ICFR audit.

PART I.A: AUDITS WITH UNSUPPORTED OPINIONS

This section of our report discusses the deficiencies identified, by specific issuer audit reviewed, in the audit work supporting the firm's opinion on the issuer's financial statements.

We identify each issuer by a letter (e.g., Issuer A) and industry sector. Each deficiency could relate to several auditing standards, but we reference the PCAOB standard that most directly relates to the requirement with which the firm did not comply.

We present issuer audits below within their respective deficiency classifications (as discussed previously). Within the classifications, we generally present the audits based on our assessment as to the relative significance of the identified deficiencies, taking into account the significance of the financial statement accounts and/or disclosures affected, and/or the nature or extent of the deficiencies.

Audits with an Incorrect Opinion on the Financial Statements and/or ICFR

None

Audits with Multiple Deficiencies

Issuer A – Financials

Type of audit and related areas affected

In our review, we identified deficiencies in the financial statement audit related to **Revenue** and **Journal Entries.**

Description of the deficiencies identified

With respect to **Revenue**, for which the firm identified a fraud risk:

The issuer recorded multiple types of revenue. For premium revenue, the firm's primary substantive procedure consisted of analytical procedures. The following deficiencies were identified:

- The expectations the firm used were not sufficiently precise because, although disaggregated, the firm's procedures consisted of comparisons of amounts and certain ratios to prior years without determining whether the prior-year amounts and ratios were sufficiently predictive of current-year amounts and ratios. (AS 2305.13 and .14)

- The firm developed its expectations, in part, using data derived from the recorded amounts of revenue. The firm did not evaluate whether these data were sufficiently relevant and reliable for the purpose of achieving its audit objectives. (AS 1105.04 and .06; AS 2305.16)

- The firm used certain system-generated data in its substantive testing of this revenue but did not test, or in the alternative, test any controls over, the accuracy of these data. (AS 2305.16)

- The firm did not establish an amount of difference from the expectation that could be accepted without further investigation. (AS 2305.20)

For investment income, the firm's substantive procedures consisted of performing analytical procedures using certain issuer data or data from a third-party service provider. For the analytical procedures, the firm did not determine whether the expectations it used in these analytical procedures were based on predictable relationships and whether its expectations of interest rates, based on the trend over several previous years, were sufficiently precise. (AS 2305.13, .14, and .17). In addition, the firm did not evaluate whether the data used in the analytical procedures was sufficiently reliable for the purpose of achieving its audit objectives. (AS 2305.16)

With respect to **Journal Entries,** for which the firm identified a fraud risk**:**

The firm did not appropriately consider the characteristics of potentially fraudulent journal entries in determining the criteria it used to identify and select journal entries for testing because it limited its procedures to certain journal entries recorded at year end without having an appropriate rationale for limiting its testing to those journal entries. (AS 2401.61)

Audits with a Single Deficiency

None

PART I.B: OTHER INSTANCES OF NON-COMPLIANCE WITH PCAOB STANDARDS OR RULES

This section of our report discusses certain deficiencies that relate to instances of non-compliance with PCAOB standards or rules other than those where the firm had not obtained sufficient appropriate audit evidence to support its opinion. This section does not discuss instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence.

When we review an audit, we do not review every aspect of the audit. In some cases, we assess the firm's compliance with specific PCAOB standards or rules on other audits that were not reviewed and include any instances of non-compliance below.

The deficiencies below are presented in numerical order based on the PCAOB standard or rule with which the firm did not comply. We identified the following deficiencies:

- In the audit reviewed, the firm, when testing journal entries for evidence of possible material misstatement due to fraud, did not perform procedures to determine whether the journal entry population from which it made its selections was complete. In this instance, the firm was non-compliant with AS 1105, *Audit Evidence*.

- In the audit reviewed, the firm did not make a required communication to the audit committee related to the timing of the audit. In this instance, the firm was non-compliant with AS 1301, *Communications with Audit Committees*.

- In the audit reviewed, the firm communicated in writing to the audit committee that there were no significant deficiencies identified during the audit. In this instance, the firm was non-compliant with AS 1305, *Communications About Control Deficiencies in an Audit of Financial Statements*.

PART I.C: INDEPENDENCE

In the 2024 inspection, we did not identify, and the firm did not bring to our attention, any instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence. Although this section does not include any instances of potential non-compliance that we identified or the firm brought to our attention, there may be instances of non-compliance with SEC or PCAOB rules related to independence that were not identified through our procedures or the firm's monitoring activities.

While the firm did not bring to our attention any instances of potential non-compliance, the number, large or small, of firm-identified instances of potential non-compliance may be reflective of the size of the firm, including the number of associated firms; the design and effectiveness of the firm's independence monitoring activities; and the size and/or complexity of the issuers it audits, including the number of affiliates of those issuers. Therefore, we caution against making any comparison of firm-identified instances of potential non-compliance across firms.

PART II: OBSERVATIONS RELATED TO QUALITY CONTROL

Part II of our report discusses criticisms of, and potential defects in, the firm's system of quality control.

We include deficiencies in Part II if an analysis of the inspection results, including the results of the reviews of individual audits, indicates that the firm's system of quality control does not provide reasonable assurance that firm personnel will comply with applicable professional standards and requirements. Generally, the report's description of quality control criticisms is based on observations from our inspection procedures.

This report does not reflect changes or improvements to the firm's system of quality control that the firm may have made subsequent to the period covered by our inspection. The Board does consider such changes or improvements in assessing whether the firm has satisfactorily addressed the quality control criticisms or defects no later than 12 months after the issuance of this report.

When we issue our reports, we do not make public criticisms of, and potential defects in, the firm's system of quality control, to the extent any are identified. If a firm does not address to the Board's satisfaction any criticism of, or potential defect in, the firm's system of quality control within 12 months after the issuance of our report, we will make public any such deficiency.

A. Substantive Analytical Procedures

The inspection results indicate that the firm's system of quality control does not provide reasonable assurance that the work performed by the firm's personnel with respect to substantive analytical procedures will meet the requirements of AS 1105 and AS 2305. (QC 20.03 and .17)

In one audit,[2] which is included in Part I.A, the inspection team identified deficiencies related to the firm's substantive analytical procedures.

B. Fraud Procedures

The inspection results indicate that the firm's system of quality control does not provide reasonable assurance that the firm's personnel will perform the procedures necessary to comply with AS 1105 and AS 2401 related to journal entries. (QC 20.03 and .17)

In one audit,[3] which is included in Part I.A and Part I.B, the inspection team identified deficiencies related to the firm's fraud procedures with respect to testing journal entries.

[2] Issuer A

[3] Issuer A

C. Use of an External Digital Confirmation Platform

The inspection results indicate that the firm's system of quality control does not provide reasonable assurance that the work performed by engagement personnel who use an external digital platform to communicate audit confirmation requests and obtain responses will meet the requirements of AS 2310 related to maintaining control over confirmation requests and responses. (QC 20.03 and .17)

The firm did not perform any procedures to support reliance on this digital platform's ability to maintain control over the confirmation requests and responses. The firm used this platform in two audits, including one audit[4] that was reviewed by the inspection team.

[4] Issuer A

APPENDIX A: FIRM'S RESPONSE TO THE DRAFT INSPECTION REPORT

Pursuant to Section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(a), the Board provided the firm an opportunity to review and comment on a draft of this report. The firm did not provide a written response.

Kerber, Eck & Braeckel LLP

(Headquartered in Springfield, Illinois)

2024 Inspection Report

Issuer Reference Key

Reference	Issuer
Issuer A	First Trinity Financial Corporation