

ORIGINAL

BEFORE THE IOWA ACCOUNTANCY EXAMINING BOARD  
OF THE STATE OF IOWA

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IN THE MATTER OF:	)	Case No. 06-17
	)	
Bruce Frink, CPA	)	CONSENT ORDER
202 Central Avenue East	)	
P.O. Box 241	)	
Clarion, IA 50525	)	
	)	
Respondent.	)	

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The Iowa Accountancy Examining Board (Board), and Bruce Frink, CPA (Respondent) enter into this Consent Order (Order), pursuant to Iowa Code section 17A.10 (2007) and 193 Iowa Administrative Code 7.42:

1. The Board has jurisdiction of this matter pursuant to Iowa Code chapters 17A, 272C, and 542 (2007).
2. Respondent Bruce Frink was issued Iowa CPA certificate number O02989 on the 29<sup>th</sup> day of January, 1979. Respondent's CPA certificate is currently active and will next expire on the 30th day of June 30, 2008.
3. The Board charged Respondent with failing to comply with applicable auditing standards when developing, issuing, and documenting a governmental and single audit involving the June 30, 2004 audit of the Boone Community School District, in violation of Iowa Code sections 272C.3(2)(b), 272C.10(2) and (3), 542.10(1)(b), (d), and (j) (2005, 2007), and 193A Iowa Administrative Code 13.2(1), 13.4(1)-(5), and 14.2(1), (5), and (8).
4. Respondent does not admit all allegations in the Statement of Charges, but does agree to the entry of this Consent Order as the resolution of a disputed matter. Respondent has a right to a hearing on the charges, but waives their right to hearing and all attendant rights by freely and voluntarily entering into this Order. This Consent Order is the final agency order in a disciplinary contested case.
5. Respondent agrees the State's counsel may present this Order to the Board and may have ex parte communications with the Board while presenting it.
6. This Order shall be part of the permanent record of Respondent and shall be considered by the Board in determining the nature and severity of any disciplinary action to be imposed in the event of any future violations.
7. This Order, the Notice of Hearing and Statement of Charges, and the previously confidential Statement of Matters Asserted are public records available for inspection and copying in accordance with the requirements of Iowa Code chapter 22 (2007).

8. Failure to comply with the provisions of this Order shall be grounds for disciplinary action pursuant to Iowa Code section 272C.3(2)(a) (2007). However, no action may be taken against Respondent for violations of these provisions without a hearing, or waiver of hearing.

9. This Order is subject to approval of the Board:

(a) If the Board fails to approve this Order, it shall be of no force or effect on any party, and it shall not be admissible for any purpose in further proceedings in this matter.

(b) If the Board approves this Order, it shall fully dispose of all issues in this case.

**IT IS THEREFORE ORDERED:**

**A. Reprimand**

Respondent is reprimanded for failing to adhere to applicable standards in his audit practice.

**B. Probation and Desk Review**

1. Respondent's CPA certificate shall be placed on indefinite probationary status (subject to para. B(3) below) effective the day this Order is executed by all parties.

2. Respondent agrees to retain within 30 days of the date of this Order and at his own expense, an Iowa certified public accountant, who shall be preapproved by the Board for the purpose of reviewing school audits completed by Respondent and his CPA firm following the date this Order is executed by all parties. The following terms shall apply to Respondent's probation:

a. Respondent's desk reviewer shall review the first five school audits performed by Respondent and shall additionally review all subsequent Single Audits performed by Respondent until Respondent is released from probation.

b. Effective immediately, Respondent agrees not to bid on any audits where there is an ongoing and/or continuing Single Audit requirement. It is understood, however, that if Respondent commences performance of an audit and then learns of a Single Audit requirement after having commenced performance of such audit, Respondent will proceed with such audit, but in such circumstance, Respondent will have the report and associated audit documentation for such an audit reviewed by his approved desk reviewer prior to release of the report. Additionally, during the time that Respondent is on probation, Respondent may bid on audits of school districts that have a one-time Single Audit requirement so long as any report by Respondent for such an audit is reviewed by his approved desk reviewer prior to its release.

c. Respondent shall supply the Board with the engagement letter with his desk reviewer in advance of implementing the agreement. If not submitted to the Board by June 1, 2008, Respondent shall file a written verification with the Board that neither he nor his CPA firm is performing audit services.

d. In addition to pre-release review of the five audits referenced above, Respondent's pre-approved desk reviewer shall prepare a more general report for the Board and shall submit it to the Board no later than October 15, 2008. The report shall follow an on-site review (in the nature of a peer review) of Respondents' audit procedures, and shall include a review of the firm's policies and procedures, library and other resources, checklist procedures, work paper documentation and verification practices, and internal quality control systems, as such resources, procedures and systems relate to the firm's audit practice, with particular emphasis on governmental and non-profit audits, and Respondents' compliance with single audit standards and OMB Circular A-133.

e. Respondent shall submit to his preapproved desk reviewer for pre-release review all workpapers, reports, and related documents for the five audits referenced in subparagraph B(2)(a) above that are completed on or after this Order is signed by all parties.

f. Desk reviewer shall perform desk review of the workpapers, reports, and related documents for the five audits referenced in subparagraph B(2)(a) above. The review shall be for facial compliance with minimum accounting and auditing standards. To aid the desk reviewer, Respondent shall supply to the reviewer all correspondence Respondent has received from the Iowa State Auditor's office in the past five years that in any way comment upon or critique Respondents' audit practices. Desk reviewer shall not perform field work or warrant the accuracy of Respondent's work product, but will review workpapers, reports, internal control systems, and such additional documents as are reasonably needed.

g. Desk reviewer shall prepare written comments on each of the reviewed five audits and shall provide reviewer's comments, workpapers, and notes simultaneously to Respondent and to the Board. Respondent shall attempt to address, and to the extent deemed appropriate by Respondent, incorporate the reviewer's comments in any audit report Respondent issues subsequent to Respondent's receipt of the desk reviewer's written comments. Respondent shall have no such obligation as to any reports that have been issued prior to Respondent's receipt of the desk reviewer's comments.

h. Desk reviewer's recommended revisions or corrections, if any, shall be incorporated into each final audit prior to the releasing of the report to the client or any third party. Respondent shall, as needed, submit a revised version of each report to the desk reviewer for final approval prior to such release. Respondent shall then share the reviewer's final comments with the Board. If Respondent disagrees with a recommended revision by the desk reviewer, he shall notify the Board in writing of the recommendation, the response, and the nature of the dispute.

i. Within ten days of the issuance of each audit report, Respondent shall provide the Board a copy of the audit report. Respondent is not required to routinely provide the Board workpapers or other supporting documents, but will do so within ten days of the Board's written request, via mail, e-mail, or fax. The preliminary and final reviewer's comments, report, and workpapers do not need to be received by the Board prior to issuance of an audit report.

3. Upon completion of the review of the five audits, Respondent may file an application for release from probation. Respondent shall provide the Board with such access to firm records as is reasonably necessary to verify compliance with this Order, including, but not limited to, all audit reports, workpapers and associated records, and desk reviews of Single Audits as provided in subparagraphs B(2)(a) and (b).

4. Respondent's application for release from probation shall comply with 193A Iowa Administrative Code 16.5 and 193 Iowa Administrative Code 7.38. The Board recognizes that 193 Iowa Administrative Code § 7.30(3) is not applicable to this situation.

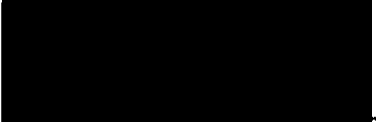
5. The Board shall release Respondents from probation if he demonstrates full compliance with this Order; the general review report verifies that appropriate policies and procedures are in place to address the allegations contained within the Statement of Charges and the correspondence sent to the Respondent by the Iowa State Auditor's office; and the audits released by Respondent demonstrate compliance with applicable accounting and auditing standards. The Board may rely upon the report from and/or written comments prepared by the desk reviewer or the Board may conduct its own inspection of records as may be reasonably required to assure future practices compliant with professional standards.

6. Subject to Paragraph 5 above, the Board retains full discretion on whether and when to release Respondent from probation. With notice to and an opportunity for Respondent to object, the Board may modify the terms of probation upon a demonstrated basis for such action.

7. This settlement and final Order shall not preclude the Board from filing additional charges if one or more of the audits subject to desk review demonstrate probable cause to take such action. The Order shall also not preclude the Board from taking appropriate action in the event the Board receives any further complaint against the Respondent.

**AGREED AND ACCEPTED:**

**The Respondents**



By: Bruce Frink, CPA

4/30/08  
Date

**The Iowa Accountancy Examining Board**



By: *Telford A. Lodden*  
Telford A. Lodden, CPA, Chair

7/21/08  
Date

BEFORE THE IOWA ACCOUNTANCY EXAMINING BOARD

IN THE MATTER OF:

Bruce Frink, CPA

Respondent.

Case No. 06-17

**Addendum to Consent Order**

Signature, Executive Officer

The Board and Respondent amend the July 21, 2008 Consent Order:

1. Respondent shall remain on probation until released by the Board.
2. Respondent shall submit two additional Single Audits to his pre-approved desk reviewer by March 1, 2010. Respondent shall submit to the Board no later than June 30, 2010:
  - a. the audit reports in the draft form submitted to desk review;
  - b. the desk reviewer's written comments;
  - c. the final audit reports submitted to the client; and,
  - d. work papers for each audit.
3. Respondent shall submit to the Board within 14 days of Respondent's receipt, his CPA firm's final peer review report issued following the peer review to be completed in the spring of 2010.
4. Respondent has informed the Board that the Auditor of State plans to review two audit reports in the spring of 2010. Within 10 days of the completion of the Auditor's review, Respondent shall provide the Board:
  - a. the Auditor's comments on the two audit reports;
  - b. Respondent's response to the Auditor;
  - c. the Auditor's reply to Respondent; and,
  - d. the audit reports reviewed, with work papers.
5. Upon Respondent's compliance with paragraphs 2 - 4 of this Addendum, he may apply to be released from probation and desk review as provided in paragraphs B(4) and (5) of the July 21, 2008 Consent Order.

Agreed and Accepted:

The Respondent

Bruce Frink, CPA

Date

10/19/09

The Iowa Accountancy Examining Board

By Telford A. Lodden, CPA, Chair

Date

10/20/09