

IOWA BOARD OF ACCOUNTANCY

90-18

IN THE MATTER OF)
HERBERT J. MULLINS)
IOWA CPA CERTIFICATE) STIPULATION
NO. 503)
RESPONDENT)

WHEREAS, certain matters have come to the attention of the Iowa Board of Accountancy which indicate that Herbert J. Mullins failed to use generally accepted auditing standards and generally accepted accounting principles in the performance of financial statements for Private Stock Winery, Inc., for the year ended in March 31, 1980; and

WHEREAS, the Iowa Board of Accountancy has caused this matter to be investigated by a certified public accountant who is independent of the Board; and

WHEREAS, following the investigation, Herbert J. Mullins was given the opportunity to appear voluntarily with legal counsel before the Board's Committee on Ethics and Enforcement to be appraised of the results of the investigation and to orally present additional data, views, and comments at an informal conference held on September 11, 1980; and

WHEREAS, Herbert J. Mullins with full knowledge of the character of the investigation, its potential legal consequences, the right to counsel, and the right to formal adjudicatory proceedings under section 116.23 of the Code of Iowa, did appear voluntarily;

NOW THEREFORE, the Iowa Board of Accountancy and Herbert J. Mullins do hereby stipulate and agree as follows:

1. Herbert J. Mullins admits the jurisdiction of the Iowa Board of Accountancy over the persons and subject matter of this action.

2. To impose a period of probation by which Herbert J. Mullins agrees to the following conditions:

A. To implement a system of quality control for his firm which is to be supported by written documentation and consistent with Statement on Auditing Standards No. 4. A copy of the written documentation is to be furnished to the Board not later than forty-five (45) days following the date of this stipulation.

B. To cause a firm of certified public accountants, approved by the Iowa Board of Accountancy and holding a current permit to practice public accounting in the state of Iowa, to perform a quality control review of Herbert J. Mullins. The objective of the review is to identify the quality control policies and procedures set forth in Statement on

Auditing Standards No. 4 issued by the American Institute of Certified Public Accountants (designed to provide a firm with reasonable assurance of conforming with generally accepted auditing standards) being utilized by Herbert J. Mullins at the time of the review. This review and report thereon shall be completed within a reasonable time, but no later than January 31, 1981. The reviewing firm shall forward directly to the Board of Accountancy a copy of the written report that sets forth their findings together with their recommendations as to how all noted deficiencies can be corrected so that Herbert J. Mullins shall be in substantial compliance with the provisions of Statement on Auditing Standards No. 4.

C. To cause a firm of certified public accountants, approved by the Iowa Board of Accountancy and holding a current permit to practice public accounting in the state of Iowa, to perform a follow-up quality control review for the purposes of reporting on the extent to which the deficiencies, if any, noted in the report resulting from the first quality control review have been corrected. The reviewing firm shall forward a copy of their written report directly to the Iowa Board of Accountancy by January 31, 1982.

D. To pay all costs of both the initial quality control review and the follow-up quality control review.

E. In the event the Board does not receive the report of the initial quality control review, as described in paragraph B above, by January 31, 1981, the period of probation shall continue and the Board shall proceed to set a date for a formal hearing on charges to be contained in the Notice of Hearing. However, should the board receive documentation from Herbert J. Mullins that he has taken every step necessary to comply with this requirement in a timely manner, and that such delay is entirely beyond Respondent's control, such report shall be submitted on a date set by the Board but no formal hearing shall be scheduled until after the filing deadline, as extended, has expired.

F. Upon receipt of the follow-up quality control report, the Iowa Board of Accountancy shall review the report and determine if Herbert J. Mullins was in substantial compliance with the provisions of Statement on Auditing Standards No. 4 as of the date of the report and if so, shall repeal the probation on January 31, 1982. If the report indicates substantial noncompliance with the provisions of Statement on Auditing Standards No. 4, the Board shall proceed to set a date for a formal hearing on charges to be contained in the Notice of Hearing.

G. To pay a fine of \$250 to the Iowa Board of Accountancy within ten days of the date of this stipulation.

3. To require Herbert J. Mullins to complete a minimum of twenty (20) hours of continuing education courses, in addition to that required by Board of Accountancy rule 10.3, no later than December 31, 1980. Mr. Herbert J. Mullins is also to complete a minimum of twenty (20) hours of continuing education courses, in addition to that required by Board of Accountancy rule 10.3, between January 1, 1981 and December 31, 1981. These continuing education courses are to be directed toward the subjects of auditing, accounting, and financial statement disclosure. A written plan for completion of this continuing education in 1980 is to be received by November 1, 1980. A written plan for completion of this education in 1981 is to be received by April 1, 1981.

4. Mr. Herbert J. Mullins has been informed that as a part of this stipulation his name and a summary description of the sanctions imposed on him will be published in the Iowa Board of Accountancy Newsletter and that failure to fully execute the provisions of the stipulation shall result in the Board setting a date for a formal hearing on charges to be contained in the Notice of Hearing.

5. This stipulation is entered into by Herbert J. Mullins voluntarily and without coercion or threat of any kind by any person or body and Herbert J. Mullins fully realized the legal consequences of this stipulation.

Dated this 28 day of October 1980.



Member, Iowa Board of Accountancy



Herbert J. Mullins, Respondent
Iowa CPA Certificate No. 503



Attorney for Respondent or Witness