

**BEFORE THE ACCOUNTANCY EXAMINING BOARD
OF THE STATE OF IOWA**

IN THE MATTER OF:

Dennis L. Renner
Certificate #003491
Mason City, IA

and

RENNER & BIRCHEM, PC
Permit # 2017-0040
Mason City, IA

Respondent(s).

Case No. 18-04

**COMBINED STATEMENT OF
CHARGES AND SETTLEMENT
AGREEMENT**

A. Statement of Charges

1. The Iowa Accountancy Examining Board (“**Board**”) has jurisdiction of this disciplinary matter pursuant to Iowa Code chapters 17A, 272C, and 542 (2017).

2. Respondent, Dennis L. Renner, was issued Iowa CPA certificate number O03491 on the 4th day of August, 1980. Respondent’s CPA certificate is currently active and will next expire the 30th day of June, 2018.

3. Respondent, RENNER & BIRCHEM, PC, was issued Iowa CPA permit number 2017-0040 on the 20th day of September, 2017. Respondent’s CPA permit is currently active and will next expire the 30th day of June, 2019.

4. In April of 2018, the Board was notified by the American Institute of Certified Public Accountants (“**AICPA**”) of a settlement agreement (“**AICPA Settlement Agreement**”)¹ entered between AICPA and Respondent Renner as a result of concerns surrounding Respondent Renner’s, through his firm RENNER & BIRCHEM, PC, audit of the financial statements of an employee benefit plan. The AICPA’s review found prima facie evidence of violations of applicable auditing standards and rules of professional conduct.

5. Based on the foregoing, the Board charges Respondents with failing to comply with applicable auditing standards when developing, issuing, and documenting audits and other applicable rules of professional conduct in violation of Iowa Code section 542.10(1)(d) and

¹ <https://www.aicpa.org/forthepublic/disciplinaryactions/2018/renner-dennis-l.html>.

193A Iowa Administrative Code rules 13.1(2); 13.4(1); and 14.2(2) and 14.3(7)(a).

6. The Board and Respondents have agreed to fully resolve these charges through the following Settlement Agreement, rather than proceed to contested case hearing.

B. Settlement Agreement

1. Respondents do not admit the above referenced allegations as set forth in the Statement of Charges, but do agree to the entry of this Settlement Agreement as the resolution of a disputed matter.

2. Respondents have a right to a hearing on the charges, but waives Respondents' rights to hearing and all attendant rights, including the right to seek judicial review, by freely and voluntarily entering into this Settlement Agreement. This Settlement Agreement constitutes discipline against Respondents, and is the final agency order in the contested case, pursuant to Iowa Code section 17A.10 and 193 Iowa Administrative Code 7.4. Respondents acknowledge that Respondents had an opportunity to review this Settlement Agreement with legal counsel before signing the same.

3. This Settlement Agreement shall be part of the permanent record of Respondents and shall be considered by the Board in determining the nature and severity of any future disciplinary action to be imposed in the event of any future violations.

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

5. This Settlement Agreement shall also not preclude the Board from taking appropriate action in the event the Board receives any further complaints or information against Respondents.

6. This Settlement Agreement is a public record available for inspection and copying in accordance with the requirements of Iowa Code chapter 22.

7. Respondents agree to provide to the Board any and all information, written correspondence, reports, notices, or any and all other similar documentation provided by Respondent Renner, directly or indirectly, to the AICPA in connection with Respondent Renner's compliance with the AICPA Settlement Agreement, including but not limited to any and all information, written correspondence, reports, notices, or any and all other similar documentation created or provided by a peer reviewer performing a pre-issuance review in connection with the AICPA Settlement Agreement.

8. Notwithstanding anything in this Settlement Agreement to the contrary, this Settlement Agreement shall not preclude the Board from filing additional charges if one or more of the audits subject to desk review, including but not limited to those under Section C (Practice

Restriction) or Section D (Probation and Desk Review), or any other information obtained or reviewed by the Board, directly or indirectly, in connection with this Settlement Agreement, demonstrates probable cause to take such action.

9. Respondents agree the State's counsel may present this Settlement Agreement to the Board and may have ex parte communications with the Board while presenting it.

10. This Settlement Agreement is subject to approval of the Board:

- a. If the Board fails to approve this Settlement Agreement, it shall be of no force or effect on either party, and it shall not be admissible for any purpose in further proceedings in this matter; and
- b. If the Board approves this Settlement Agreement, it shall fully dispose of all issues in this case.

IT IS THEREFORE ORDERED:

- A. **Reprimand.** Respondents are reprimanded for failing to adhere to applicable auditing standards and rules of professional conduct in their audit practice. Respondents agree to comply with applicable auditing standards when developing, issuing, and documenting audits and all other applicable rules of professional conduct going forward.
- B. **Civil Penalty.** Respondents shall each pay separate civil penalties of \$1,000 within thirty (30) days from the date this Settlement Agreement is signed by all parties.
- C. **Practice Restriction.** Respondents are indefinitely prohibited from performing audits of employee benefit plans covered under the Employee Retirement Income Security Act of 1974 ("**Covered Audits**") ("**Practice Restriction**"), unless and until further order of the Board entered following Respondents' successful completion of the requirements further outlined in this Section C (Practice Restriction). The following terms and conditions shall apply as it pertains to this Practice Restriction:
 1. Respondents shall provide an attestation to the Board immediately, and then every six (6) months for a period of three (3) years thereafter, that Respondents no longer perform Covered Audits. Following expiration of the three (3) year period, Respondents shall not be required to affirmatively attest to the Board that Respondents are not performing Covered Audits, but shall remain prohibited from performing Covered Audits, unless and until further order of the Board following Respondents' successful completion of the requirements further outlined in this Section C (Practice Restriction).
 2. If Respondents wish to return to performing Covered Audits, Respondents

agree to provide the Board with prior written notice of Respondents' intent to do so, and shall comply with the following requirements before/in the course of doing so, as applicable:

- a. Prior to performing any Covered Audit, Respondent Renner and all professional staff at Respondent RENNER & BIRCHEM, PC's firm will complete the twenty-two (22) hours of professional education required of Respondent Renner by Section(i)(i) of the AICPA Settlement Agreement.
- b. Prior to performing any Covered Audit, Respondents shall hire, at their sole expense, an outside party, approved by the Board ("**Approved Desk Reviewer**"), to perform a pre-issuance review of the reports, financial statements, and working papers on all Covered Audits for a period of no-less-than one (1) year from the date the Approved Desk Reviewer has been approved by the Board. For purposes of lifting/removing the Practice Restriction, an Approved Desk Reviewer shall mean:
 1. A Board-approved Iowa CPA and CPA firm; or
 2. The outside party approved by the AICPA pursuant to Section (i) of the AICPA Settlement Agreement.

The Approved Desk Reviewer shall report quarterly to the Board on Respondents' progress in complying with this Settlement Agreement and the AICPA Settlement Agreement. The first report is due 120 days after the Approved Desk Reviewer has been approved with all subsequent reports due every ninety (90) days thereafter. At least three (3) Covered Audits must be reviewed as part of this process before the Board will consider lifting/removing the Practice Restriction.

3. Respondents' application for release from the Practice Restriction shall comply with 193A Iowa Administrative Code rule 16.5 and 193 Iowa Administrative Code rule 7.38.
4. The Board may release Respondents from the Practice Restriction if Respondents demonstrate full compliance with this Section C (Practice Restriction) and the pre-issuance reviews demonstrate substantial compliance with applicable auditing standards when developing, issuing, and documenting audits and all other applicable rules of professional conduct.
5. Notwithstanding the foregoing, the Board retains full discretion on whether and when to release Respondents from the Practice Restriction. With notice and an opportunity for Respondents to object, the Board may modify the terms of the Practice Restriction upon a demonstrated basis for such action, including but not limited to extending the period of time for and number of engagements subject to pre-issuance review under paragraph 2, above, if there

are deficiencies.

D. Probation and Desk Review.

1. To comply with the requirements of Section A (Reprimand) as it applies to Respondents' audit practice generally, Respondents agree to hire, at their sole expense, an outside party, approved by the Board ("**Approved Desk Reviewer**"), to perform a pre-issuance review of the reports, financial statements, and working papers on at least three (3) audits during the one-and-a-half year period from the date the Approved Desk Reviewer has been approved by the Board. For purposes of this Section D (Probation and Desk Review), an Approved Desk Reviewer shall mean:
 - a. A Board-approved Iowa CPA and CPA firm; or
 - b. The outside party approved by the AICPA pursuant to Section (g) of the AICPA Settlement Agreement.
2. The Approved Desk Reviewer shall report quarterly to the Board on Respondents' progress in complying with this Section D (Probation and Desk Review). The first report is due 120 days after the Approved Desk Reviewer has been approved by the Board with all subsequent reports due every ninety (90) days thereafter.
3. With notice to and an opportunity for Respondents to object, the Board may modify the terms of this Section D (Probation and Desk Review) upon a demonstrated basis for such action, including but not limited to extending the period of time for and number of engagements subject to pre-issuance review under paragraphs 1, above, if there are deficiencies.

E. Education. Respondent Renner has agreed to complete thirty (30) hours of continuing professional education ("**CPE**") courses in connection with the AICPA Settlement Agreement. These CPE courses include:

1. Internal Control and Risk Assessment: Key Factors in a Successful Audit;
2. Audit Workpapers: Documenting and Reviewing Fieldwork; and
3. GAAS: A Comprehensive Review for Auditors).

Respondent Renner shall provide the Board with evidence of such completion. In addition, all professional staff at Respondent RENNER & BIRCHEM, PC's firm will complete the same thirty (30) hours of professional education identified in this Section (Education).

F. Submission of Peer Review Report.

1. Respondent shall submit to the Board Respondents' most recent peer review report issued pursuant to Iowa Administrative Code chapter 11. *See also id.* 193A—11.6 ("The subject of a peer review may voluntarily submit the final peer review report directly to the board.").
2. With notice to and an opportunity for Respondents to object, the Board may modify the scope or terms of this Settlement Agreement if Respondents' most recent peer review report reveals any issues with Respondents' practice. If Respondents' most recent peer review report reveals any issues, in assessing whether and how to modify the scope or terms of this Settlement Agreement, the Board may require Respondents to supply the Board with work-papers, reports, and related documents for up to two (2) additional engagements (including but not limited to audits, reviews, compilations, other) as may be randomly selected by the Board from Respondents' work logs, which the Board, or the Board's designated peer reviewer, may review to assure compliance with the laws, rules, and professional standards administered by the Board. Respondents shall provide the Board with such access to records as is necessary to verify compliance with this Section (Submission of Peer Review Report).

G. Incorporation by Reference. The AICPA Settlement Agreement is incorporated by reference as if fully set forth herein. The terms, conditions, and requirements of the AICPA Settlement Agreement shall be in addition to the terms, conditions, and requirements of this Settlement Agreement. Respondent Renner's failure to comply with, or Respondent RENNER & BIRCHEM, PC's failure to oversee and ensure Respondent Renner's compliance with, the terms, conditions, or requirements of the AICPA Settlement Agreement shall constitute a failure to comply with the provisions of this Settlement Agreement and shall be grounds for further disciplinary action pursuant to Iowa Code section 272C.3(2)(a).

AGREED AND ACCEPTED:

The Respondents

Dennis L. Renner, CPA, individual:

Iowa Accountancy Examining Board


By: _____

06/14/2018
Date


By: Dirk Dixon, LPA, Chair

8/9/18
Date

RENNER & BIRCHEM, PC, firm:

Dennis L. Renner
By:

06/14/2018
Date



