

BEFORE THE IOWA ACCOUNTANCY EXAMINING BOARD
OF THE STATE OF IOWA

Department of Commerce
Professional Licensing Bureau

FILED 9.30.09 (Date)
Accountancy

IN THE MATTER OF:)

Case No. 05-29

Doyle & Keenan, P.C.)

908 West 35th Street)

Davenport, IA 52806-5826)

Respondent.)

STATEMENT OF CHARGES AND
CONSENT ORDER

Signature, Executive Officer

The Iowa Accountancy Examining Board (Board), and Doyle & Keenan, P.C. (Respondent) enter into this Consent Order (Order), pursuant to Iowa Code section 17A.10 (2009) and 193 Iowa Administrative Code 7.4:

1. The Board has jurisdiction of this matter pursuant to Iowa Code chapters 17A, 272C, and 542.

2. Respondent is a CPA firm with an active permit to practice in Iowa, CPA firm No. 2009-324. Respondent's CPA firm permit to practice will next expire on June 30, 2010.

3. Respondent started preparing audit reports for the Quad City Garage Policy Group a number of years ago, and prepared audit reports for the fiscal 2002 and 2003 years. The audited entity is a 28E entity that includes the City of Davenport. Audit reports were required to be prepared in accordance with Iowa Code chapter 11 and Government Auditing Standards. Copies of audit reports were required to be submitted to the Auditor of State. Instead, Respondent did not prepare audit reports in compliance with Iowa Code chapter 11 or Governmental Auditing Standards and did not submit a copy of the reports to the Auditor of State. Nor did the Respondent timely inform the Auditor of State that substantial sums were embezzled by an employee of the entity. Respondent evaluated the entity as at maximum risk, but did not take appropriate steps in sampling size or procedures (such as special scrutiny of both sides of all checks), particularly when it was evident that bank statements had been opened.

4. The issues arising in the 2002 and 2003 audit reports of Quad City Garage Policy Group do not appear to reflect systemic concerns with the firm's audit practice. The Auditor of State notes that the firm submits other reports to the Auditor. No referrals of any other audits have been made to the Board by the Auditor or anyone else. If anything, the experience has caused the firm to be especially skeptical in its current audit practice.

5. The Board charges Respondent with failing to comply with applicable auditing standards in connection with the 2002 and 2003 audit reports described above, in violation of Iowa Code section 542.10(1)(d) (2001, 2003)¹, and 193A Iowa Administrative Code 13.2(1), 13.4(1), (4), (5), and 14.2 (5).

¹ This section was effective July 1, 2002.

6. Respondent does not admit the 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 its right to hearing and all attendant rights by freely and voluntarily entering into this Order. The Respondent has cooperated fully in response to all phases of the Board's investigation. This Consent Order is the final agency order in a disciplinary contested case.

7. 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.

8. 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.

9. This Statement of Charges and Consent Order is a public record available for inspection and copying in accordance with the requirements of Iowa Code chapter 22 (2009).

10. Failure to comply with the provisions of this Order shall be grounds for disciplinary action pursuant to Iowa Code section 272C.3(2)(a) (2009). However, no action may be taken against Respondent for violations of these provisions without a hearing, or waiver of hearing.

11. 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 auditing standards in connection with its 2002 and 2003 audits of Quad City Garage Policy Group.

B. Civil Penalty

Respondent shall pay a civil penalty of \$1,000 to the Board within 30 days of the date this Order is signed by all parties.

C. Education

Respondent shall provide verification to the Board no later than September 1, 2010 that each of its audit partners and audit CPA practitioners have taken at least 12 hours of continuing education in the area of fraud detection and risk analysis in an audit practice, preferably

associated with governmental audits. Respondent shall seek preapproval of all suggested courses and may, as an alternative to arranging participation in existing course, arrange for an on-site training session at the firm that would qualify for continuing education credit under the standards set by Board rules.

D. Future Compliance

Respondent and its partners and employees shall in the future comply with all applicable auditing standards, including those mandated by the Auditor of State under Iowa Code chapter 11 and generally accepted government auditing standards (GAGAS).


AGREED AND ACCEPTED:

The Respondent

 C.
CPA

September 28, 2009
Date

The Iowa Accountancy Examining Board


By: Telford A. Lodden, CPA, Chair

10/1/09
Date