

FILED 8/30/12 (Date)  
IA Accountancy Ex Board  
Board / Commission  
Signature, Executive Officer

BEFORE THE IOWA ACCOUNTANCY EXAMINING BOARD  
OF THE STATE OF IOWA

IN THE MATTER OF:	)	Case No. 12-15
	)	
Bruce Frink, CPA	)	CONSENT ORDER
202 Central Avenue East	)	
P.O. Box 241	)	
Clarion, IA 50525	)	
	)	
Respondent.	)	

The Iowa Accountancy Examining Board (Board), and Bruce Frink, CPA (Respondent) enter into this Consent Order (Order), pursuant to Iowa Code section 17A.10 (2011) and 193 Iowa Administrative Code 7.42:

1. The Board has jurisdiction of this matter pursuant to Iowa Code chapters 17A, 272C, and 542 (2011).
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, 2013.
3. In July 2008, the Board and Mr. Frink entered into a Consent Order (Case No. 06-17) in which the Board charged Mr. Frink with violating applicable audit standards in connection with his audit of the Boone Community School District for the fiscal year ending June 30, 2004. Mr. Frink was placed on probation and ordered to subject his next five school audits and all single audits (involving federal funding) to pre-release review. Given the continuing nature of the issues revealed in the desk review, the Board and Mr. Frink agreed in October 2009 to an Addendum to the Consent Order in which Frink was ordered to subject two additional single audits to pre-release review. Mr. Frink's CPA certificate continues on probationary status to the current day.
4. The Auditor of State made three referrals to the Board in 2011 and 2012, concerning the fiscal year June 30, 2008 audit report for the Colo-Nesco Community School District and the fiscal year June 30, 2010 audit reports for the Southeast Webster-Grand Community School District and the Waverly-Shell Rock Community School District.
5. On August 2, 2012, the Board charged Mr. Frink with repeatedly failing to comply with applicable auditing standards when developing, issuing, and documenting governmental school audits, in violation of Iowa Code sections 272C.10(3) and 542.10(1) (d) and (j) (2011); and 193A Iowa Administrative Code 13.4(2), 13.4(3), 13.4(5), 13.6(8), 14.3(2), 14.3(7), and 14.3(8).
6. The Board also charged Mr. Frink with failure to demonstrate the qualifications necessary to assure the residents of Iowa a high standard of professional care, as provided in

Iowa Code section 272C.3(2)(b) and Iowa Administrative Rule 14.3(2)(f) and 14.3(5)(f). The Board interprets the grounds for discipline found in section 272C.3(2)(b) in light of the legislative intent underlying the regulation of certified public accountants set forth in Iowa Code section 542.2. See also, 193A Iowa Administrative Code 14.2.

7. Contested case hearing is set for September 20, 2012.

8. 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 his 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.

9. Respondent agrees he shall not perform audit services in the future, effective the day this Consent Order is signed by all parties, except as expressly provided in this Consent Order.

a. Respondent has informed the Board he has commenced field work on ten (10) Iowa school district audits and has scheduled field work through October 1, 2012 with twelve (12) additional Iowa school districts, all for fiscal year June 30, 2012 audits. Respondent has assured the Board he does not otherwise perform audit services in Iowa or for a client with an Iowa home office.

b. Within ten (10) calendar days of the date this Consent Order is fully executed, Respondent shall provide each of the 22 school districts described in subparagraph "a" with a copy of this fully executed Consent Order and shall provide, in writing, each school district the opportunity to terminate its contract with Respondent's CPA firm. Respondent and his CPA firm shall cease performing audit services for any school district that elects to contract with a successor CPA firm or the Auditor of State. Respondent may continue performing audit services for these 22 school districts for the fiscal year June 30, 2012, at the election of each school district. Respondent shall not provide any further audit services to these school districts and shall include that disclosure in his written notification.

c. Within ten (10) calendar days of the date this Consent Order is fully executed, Respondent shall notify any school district with which his CPA firm has a contract for the June 30, 2012 audit, other than the 22 described above, that he is no longer authorized to perform audit services and that the school district will need to arrange for alternative services. Respondent shall cooperate with the successor CPA firm or Auditor of State in compliance with applicable professional standards to assure a smooth transition.

10. 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.

11. 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.

12. This Consent Order and the Notice of Hearing and Statement of Charges are public records available for inspection and copying in accordance with the requirements of Iowa Code chapter 22 (2011).

13. Failure to comply with the provisions of this Order shall be grounds for disciplinary action pursuant to Iowa Code section 272C.3(2)(a) (2011). However, no action may be taken against Respondent for violations of these provisions without a hearing, or waiver of hearing.

14. 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. Practice Restriction**

1. Except as expressly provided in this Consent Order, Respondent shall not supervise audit services, or sign or authorize someone to sign the auditor's report on financial statements on behalf of a CPA firm, or otherwise perform audit services in Iowa or for a client with a home office in Iowa, including but not limited to school district audits.

2. This practice restriction shall not otherwise restrict the public accounting services that may be performed by Respondent or Respondent's CPA firm.

**B. Client Notification**

Respondent shall notify all school district clients of the practice restriction, as provided in paragraph 9 on page 2 of this Consent Order.

**C. Report to Board**

1. No later than October 15, 2012, Respondent shall file a report with the Board that:

- a. provides verification of the client notification required in section B;
- b. lists each school district for which he will be completing the fiscal year June 30, 2012 audit;
- c. identifies which pre-approved, pre-release desk reviewer, as described in section E, shall be assigned to which school district audit; and,
- d. verifies completion of the continuing education described in section D.

2. Alternatively, Respondent may file a report with the Board no later than October 15, 2012, that confirms he will perform no further audit services for any Iowa school district for fiscal year June 30, 2012.

3. Respondent shall immediately notify the Board if circumstances change after he submits the report described in this section and he will no longer be performing audit services for a school district listed in the submitted report.

4. The report will be shared with the Auditor of State and shall be treated by the Board as a public record available for public examination under Iowa Code chapter 22.

**D. Continuing Education**

1. If Respondent will complete one or more fiscal year June 30, 2012 school district audits, he shall complete at least twenty (20) hours of continuing education, pre-approved by the Board, on testing for control and work paper documentation as such topics relate to governmental auditing standards.

2. Respondent shall complete the continuing education by October 15, 2012. The continuing education may be taken in person or otherwise as long as the course work satisfies the requirements of 193A Iowa Administrative Code chapter 10.

3. This continuing education will count toward the continuing education required for renewal.

4. If, as a result of the continuing education or otherwise, Respondent determines that the field work he previously completed for a fiscal year June 30, 2012 audit is insufficient to satisfy applicable auditing standards, he shall make arrangements with the affected school district(s) to perform additional field work.

**E. Pre-Release Review**

1. Respondent shall subject ALL audit reports and associated work papers to pre-release review by one or more certified public accountants pre-approved by the Board. The Board approves David Ellis, Respondent's prior desk reviewer. Each approved reviewer shall review no more than 12 audits. Respondent is solely responsible for all costs associated with the pre-release review process.

2. Respondent shall secure Board approval for all reviewers in advance of filing the report described in section C.

3. Respondent shall not issue an audit report to a client or other third party, or file an audit report with the Auditor of State until provided written approval from the reviewer assigned to that specific audit.

4. Before a reviewer, including David Ellis, performs any services for Respondent under this Consent Order, Respondent shall provide the reviewer a copy of the communications Respondent received from the Auditor of State concerning the fiscal year June 30, 2008 audit for

the Colo-Nesco Community School District and the fiscal year June 30, 2010 audits for the Southeast Webster-Grand Community School District and the Waverly-Shell Rock Community School District. These communications highlight specific areas of concern primarily, although not exclusively, with field work, test of control, and work paper documentation.

5. Each reviewer shall review all work papers, reports, and associated documents provided by Respondent in draft form. The review shall be for facial compliance with applicable accounting and auditing standards. The reviewer is not required to perform independent field work or warrant the accuracy of Respondent's work product, but shall assess whether the report and work paper documentation comply with all applicable standards, and especially with the standards raised as issues by the Auditor of State in the communications described in paragraph 4 above.

6. The reviewer shall provide Respondent a written review of the draft work papers, reports, and associated documents. Respondent shall conform his work product to the reviewer's comments and shall resubmit documents to the reviewer as necessary to assure the required changes were made. The review and revision process shall be repeated as deemed necessary by the reviewer. As noted in paragraph 3 above, Respondent shall secure written approval from the reviewer before issuing the audit report to the client or other third party, or filing the audit report with the Auditor of State.

7. The reviewer shall forward to the Board each preliminary written review and each final written approval for issuance of an audit report within ten (10) days of the final written approval. If the reviewer declines to approve the issuance of an audit report, the reviewer shall notify the Board within five (5) calendar days of the reviewer's refusal to approve.

8. Respondent shall provide the Board a copy of all issued audit reports within ten (10) calendar days of issuance. Respondent shall not be required to routinely send the Board work papers or other supporting documents, but shall do so within ten (10) calendar days of the Board's written request.

9. If a reviewer declines to approve the issuance of an audit report, Respondent shall immediately, and in no event later than ten (10) calendar days of notification by the reviewer, file a written explanation with the Board and the Auditor of State, which outlines the Respondent's plan for assuring the affected school district will be able to timely comply with the statutory requirement for a June 30, 2012 audit. It is not feasible to describe in this Consent Order the details of any such plan, but Respondent agrees that if necessary he will work with the school district and another CPA firm to assure the satisfactory completion of all statutory requirements.

**F. Release from Probation**

1. The Board shall release Respondent from probation if he has fully complied with this Consent Order as soon as he either files a report indicating he will not be performing any

further audit services as provided in section C, paragraph 2, or upon the satisfactory completion of all audit services authorized under this Consent Order. Respondent shall, if requested by the Board, file a final report outlining his compliance with the Consent Order or addressing any questions the Board may have about that compliance.

2. This Consent Order shall not preclude the Board from taking appropriate action in the event the Board receives any further complaint against Respondent or Respondent's CPA firm or if any of the audit services performed under this Consent Order demonstrate probable cause for disciplinary investigation or proceeding.

**AGREED AND ACCEPTED:**

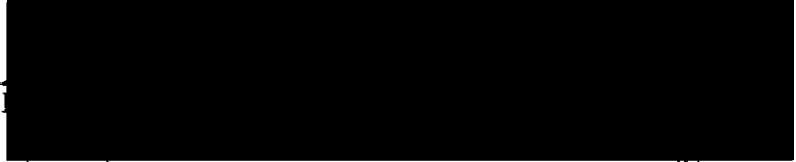
**The Respondents**



**By: Bruce Frink, CPA**

8/29/2012  
Date

**The Iowa Accountancy Examining Board**



8/30/12  
Date

FILED 4/22/13 (Date)

*Iowa Accountancy Exam Board*

Board / Commission

*Toni A. Bright*

Signature, Executive Officer

BEFORE THE ACCOUNTANCY EXAMINING BOARD  
OF THE STATE OF IOWA

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IN THE MATTER OF:	)	Case No. 12-15
	)	
Bruce Frink	)	ORDER RELEASING PROBATION
CPA # 002989	)	

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At its meeting on April 18, 2013, the Board voted to release Bruce Frink from probation because he has fully satisfied all terms and conditions of his Consent Order. All practice restrictions contained within the consent order apply.

The Respondent is accordingly released from probation and Case No. 12-15 is closed.

Issued this 22<sup>nd</sup> day of April, 2013.

*Toni A. Bright*

Toni Bright

Executive Officer for the Iowa Accountancy Examining Board

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