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FILE COPY

STATE OF WISCONSIN
BEFORE THE ACCOUNTING EXAMINING BOARD

IN THE MATTER OF DISCIPLINARY	:	
PROCEEDINGS AGAINST	:	FINAL DECISION
	:	AND ORDER
CAROL S. MORRISON,	:	LS9205041ACC
RESPONDENT.	:	

The State of Wisconsin, Accounting Examining Board, having considered the above-captioned matter and having reviewed the record and the Proposed Decision of the Administrative Law Judge, makes the following:

ORDER

NOW, THEREFORE, it is hereby ordered that the Proposed Decision annexed hereto, filed by the Administrative Law Judge, shall be and hereby is made and ordered the Final Decision of the State of Wisconsin, Accounting Examining Board.

The Division of Enforcement and Administrative Law Judge are hereby directed to file their affidavits of costs, and mail a copy thereof to respondent or his or her representative, within 15 days of this decision.

Respondent or his or her representative shall mail any objections to the affidavit of costs filed pursuant to the foregoing paragraph within 30 days of this decision, and mail a copy thereof to the Division of Enforcement and Administrative Law Judge.

The rights of a party aggrieved by this Decision to petition the board for rehearing and the petition for judicial review are set forth on the attached "Notice of Appeal Information."

Dated this 15th day of September, 1992.

James A. Barlow

STATE OF WISCONSIN
BEFORE THE ACCOUNTING EXAMINING BOARD

IN THE MATTER OF THE DISCIPLINARY
PROCEEDINGS AGAINST

CAROL S. MORRISON,
RESPONDENT.

:
:
:
:
:

PROPOSED DECISION
LS9205041ACC

The parties to this proceeding for the purposes of Wis. Stats.,
sec. 227.53 are:

Carol S. Morrison
P.O. Box 620672
Littleton, CO 80162

Accounting Examining Board
P.O. Box 8935
Madison, Wisconsin 53708

Department of Regulation & Licensing
Division of Enforcement
P.O. Box 8935
Madison, Wisconsin 53708

A hearing was held in the above-captioned matter on June 10, 1992. Henry E. Sanders, Attorney at Law, appeared on behalf of the Department of Regulation and Licensing, Division of Enforcement. The respondent, Carol S. Morrison did not appear at the hearing.

Based upon the record herein, the Administrative Law Judge recommends that the Accounting Examining Board adopt as its final decision in this matter the following Findings of Fact, Conclusions of Law and Order.

FINDINGS OF FACT

1. Carol S. Morrison, respondent herein, P.O. Box 620672, Littleton, CO 80162, was at all times material to the complaint filed in this matter holder of a certificate and license to practice as a Certified Public Accountant in the State of Wisconsin pursuant to ch. 442 Wis. Stats. Respondent's certificate and license, #9442, were granted on or about June 3, 1985.

2. Respondent's license to practice as a certified public accountant expired on or about December 31, 1989, and has not been renewed. Respondent retains a certificate which allows for licensure as a C.P.A.

3. On or about September 29, 1989, the U.S. Department of Housing and Urban Development ("HUD") issued a Final Determination which contained an order debarring respondent, pursuant to Title 24, Code of Federal Regulations, Section 24.305 (b), (d) and (f), from participation in primary covered transactions and lower tier covered transactions as either a participant or principal at HUD and throughout the Executive Branch of the Federal Government and from participating in procurement contracts with HUD for an indefinite period of time beginning on August 15, 1989.

4. The Final Determination issued by HUD in September, 1989 was based upon the agency's sample review of audits of 184 housing authorities performed by respondent during the time period between October 1, 1986 and January 30, 1989. HUD found that eight audits which it reviewed deviated significantly from applicable standards. The audits were required to be performed in accordance with the Office of Management and Budget (OMB) Circular No. A-128, Audits of State and Local Governments. Paragraphs 5e and 6a of Circular A-128 provide for audits to be conducted in accordance with the General Accounting Office Standards for Audits of Governmental Organizations, Programs, Activities and Functions (GAO Standards). Section A, Chapter V of the GAO Standards adopts and incorporates the American Institute of Certified Public Accountants (AICPA) Statements on Auditing Standards for field work and reporting, which are periodically published in the AICPA's "Codification of Statements on Auditing Standards".

5. On or about August 8, 1989, the Colorado State Board of Accountancy filed a disciplinary action against respondent based upon its investigation of her conduct in performing audits of the housing authorities referred to in paragraph #4 above. The Notice of Charges filed by the Colorado Board refers to several audits performed by respondent, including but not limited to, audits performed in 1988 for the Beaver County Housing Authority and the Housing Authority of the City of Clay Center. Statements in the Notice relating to Beaver County and Clay Center can be summarized as follows:

- Respondent represented that she would perform the audits in accordance with GAAS and the auditing and reporting provisions of the applicable HUD Audit Guide and OMB Circular A-128, and sufficient in scope to enable her to express an opinion on the financial statements of the housing authorities in the form of an audit report.
- Respondent issued audit reports to the housing authorities in which she stated that her examination was made in accordance with generally accepted auditing standards and expressed an opinion that the audited financial statements presented fairly the assets, liabilities and surplus of the authorities and the results of operations and changes in surplus for the year examined.
- Respondent failed to obtain sufficient evidential matter to form an opinion on the reasonableness of the financial statements of the housing authorities.
- There were significant deficiencies in the disclosures required in financial statements by generally accepted accounting principles as more fully set forth below.
- The five-year period spread of long-term debt maturities were not disclosed.
- There were no disclosures of the maturity, interest rate, method of repayment and collateral for long-term debt.
- The Schedules of Federal Financial Assistance were incomplete.
- The balances of major classes of depreciable assets were not disclosed.

- A \$700,000 claim by HUD, noted in the October 14, 1987 minutes of the Beaver County Board of Directors was not resolved or disclosed.
- In the Beaver County audit report the footnotes to the financial statements did not define the entity or reflect the proper account balances.
- Respondent's failure to comply with generally accepted accounting principles was sufficiently material to prevent respondent from issuing an unqualified opinion on the Beaver County financial statements.

6. On or about October 16, 1989, pursuant to a Stipulation and Final Agency Order, respondent's certificate to practice as a certified public accountant in the State of Colorado was suspended by the Colorado State Board of Accountancy for a period of 5 years. As a condition of reinstatement of respondent's certificate, she was ordered to sit for and pass the auditing portion of the written examination required under Colorado law for new applicants. The Stipulation and Final Agency Order contained the following facts, which were admitted by respondent:

- a. Respondent did not timely return accounting records given to her by the Housing Authority, City of Marfa, Texas in 1986.
- b. Respondent performed an audit and issued an audit report for the Housing Authority of the City of Little Rock, Arkansas for the 24 month period ending September 30, 1985. She did not fully support her audit conclusions in her work papers.
- c. Respondent performed an audit and issued an audit report for the Humboldt Housing Authority, Tennessee for the 24-months ending December 31, 1986. She did not fully support her audit conclusions in her work papers.
- d. Respondent performed an audit and issued an audit report for the Housing Authority of the County of Beaver, Pennsylvania, for the 12 months ending June 30, 1988. She did not fully support her audit conclusions in her work papers.
- e. Respondent performed an audit and issued an audit report for Clay Center Housing Authority, State of Nebraska for the 24 months ending March 31, 1988. She did not fully support her audit conclusions in her work papers.
- f. Respondent performed an audit and issued an audit report in the State of Nebraska without a permit to practice as required by Nebraska law.
- g. Respondent was debarred from further participation in transactions as a participant or principal throughout the Executive Branch of the Federal Government and from participation in procurement contracts with HUD for improper conduct and willful violations of the regulations of a federal agency.

7. On or about October 30, 1989, respondent's C.P.A. certificate was revoked by the Nebraska Board of Public Accountancy for violations of the Nebraska Public Accountancy Act and Board regulations. The Board's Findings of Fact, Conclusions of Law and Order includes, in part, the following:

- II. That on May 30, 1989, the U.S. Department of Housing and Urban Development filed a complaint with the Nebraska State Board of Public Accountancy and five other states, alleging that respondent CAROL S. MORRISON performed audit work which contained significant departures from generally accepted auditing standards and from the requirements of the Office of Management and Budget Circular A-128 (Audits of State and Local Governments), regarding which allegations respondent CAROL S. MORRISON has failed and refused to respond.
- III. That in the materials provided by the U.S. Department of Housing and Urban Development in support of their complaint against respondent CAROL S. MORRISON, there was additional information which indicated that respondent CAROL S. MORRISON had performed audit services and had issued audit reports on the Oxford, Nebraska Housing Authority (report dated December 3, 1987), the Clay Center, Nebraska Housing Authority (report dated June 18, 1988), and the Scotts Bluff County, Nebraska Housing Authority (report dated August 1, 1988).
- IV. That the audit report for the Oxford, Nebraska Housing Authority was issued by respondent CAROL S. MORRISON on December 3, 1987, prior to the date upon which the respondent obtained a permit to practice public accountancy in the State of Nebraska.
- V. That the audit report for the Scotts Bluff County, Nebraska Housing Authority was issued by respondent CAROL S. MORRISON on August 1, 1988, after her permit to practice public accountancy in the State of Nebraska had expired on June 20, 1988.
- XV. That the Colorado State Board of Accountancy acted, on June 28, 1989, after an investigation into the charges filed by the U.S. Department of Housing and Urban Development, to suspend the Colorado CPA Certificate and Colorado permit to practice of CAROL S. MORRISON.
- XVI. That respondent MORRISON, by the performance of auditing services when she did not have a permit to practice in the State of Nebraska, by the issuance of audit reports which contained significant departures from generally accepted auditing standards and the requirement of the Office of Management and Budget Circular A-128 (Audits of State and Local Governments), by failing and refusing to reply to correspondence addressed to her regarding the deficiencies and instances identified by the U.S. Department of Housing and Urban Development as significant departures from generally accepted auditing standards, and by the suspension of her Colorado CPA Certificate and permit, has violated the above cited sections of the Public Accountancy Act and the Board's regulations.

8. On or about July 27, 1990, the Iowa Accountancy Examining Board revoked respondent's C.P.A. Certificate. The Board's Findings of Fact, Conclusions of Law and Order includes, but is not limited to, the following findings:

3. On May 30, 1989, the Assistant Inspector General for Audit from the U.S. Department of Housing and Urban Development (HUD) wrote to the Executive Secretary of the Board and enclosed a copy of the Complaint HUD had filed with the American Institute of Certified Public Accountants. The Complaint alleged that Respondent had performed substandard work in audits of housing authorities in six states. The Complaint also listed audits performed by Respondent in Iowa from December 3, 1986 to August 3, 1988.
4. On September 29, 1989 Respondent was debarred for an indefinite period of time from participation in primary covered transactions and lower tier covered transactions as either a participant or principal at HUD and throughout the Executive Branch of the Federal Government and from participating in procurement contracts with HUD.
5. On October 30, 1989 the Board of Accountancy of the State of Nebraska issued a Findings of Fact, Conclusions of Law and Order to Respondent which revoked her Nebraska C.P.A. certificate. The Nebraska Board found that Respondent 1) performed auditing services when she did not have a permit to practice in the State of Nebraska; 2) issued audit reports which contained significant departures from generally accepted auditing standards and the requirements of the Office of Management and Budget Circular A-128 (Audits of State and Local Governments); 3) failed and refused to reply to correspondence addressed to her regarding the deficiencies and instances identified by HUD; and 4) had her Colorado CPA certificate and permit suspended.

9. A copy of the Notice of Hearing and Complaint filed by the Department of Regulation and Licensing, Division of Enforcement, dated April 28, 1992, was served on respondent by certified mail on May 4, 1992. A United States Postal Service domestic return receipt evidencing delivery of the certified mail bears the signature "Carol S. Morrison" and shows a delivery date of "6/1/92".

10. Respondent did not file an Answer to the Notice of Hearing and Complaint filed in the above-captioned matter, and did not appear at the hearing held in this matter on June 10, 1992.

CONCLUSIONS OF LAW

1. The Accounting Examining Board has jurisdiction in this matter pursuant to s. 442.12 (2) Wis. Stats.

2. Respondent's conduct as described in Findings of Fact #3 and #4 herein constitutes violations of ss. Accy 1.201 (1) (a) (b) and (d); 1.202 (1) and 1.401 (1) Wis. Adm. Code and s. 442.12 (2) Wis. Stats.

3. Respondent's conduct as described in Findings of Fact #5 herein constitutes violations of ss. Accy 1.201 (1)(a)(b) and (d); 1.202 (1), 1.203 (1) and 1.401 (1) Wis. Adm. Code and s. 442.12 (2) Wis. Stats.

4. Respondent's conduct as described in Findings of Fact #6 herein constitutes violations of ss. Accy 1.201 (1)(a)(b) and (d); 1.202 (1) and 1.401 (1) Wis. Adm. Code and s. 442.12 (2) Wis. Stats.

5. Respondent's conduct as described in Findings of Fact #7 herein constitutes violations of s. Accy 1.401 (1) Wis. Adm. Code and s. 442.12 (2) Wis. Stats.

6. Respondent's conduct as described in Findings of Fact #8 herein constitutes violations of s. Accy 1.401 (1) Wis. Adm. Code and s. 442.12 (2) Wis. Stats.

7. Respondent, by failing to file an answer to the Notice of Hearing and Complaint filed in the above-captioned matter and by failing to appear at the hearing held on June 10, 1992 is in default, pursuant to s. RL 2.14 Wis. Adm. Code.

ORDER

NOW, THEREFORE, IT IS ORDERED that the certificate and license granted to respondent, Carol S. Morrison on or about June 3, 1985, to practice as a certified public accountant, be and hereby is, **REVOKED**.

IT IS FURTHER ORDERED that:

1. Pursuant to s. RL 2.14 Wis. Adm. Code, complainant's motion for default, be and hereby is, **GRANTED**.

2. Pursuant to s. 440.22 Wis. Stats., the cost of this proceeding shall be assessed against respondent, and shall be payable by respondent to the Department of Regulation and Licensing.

This order is effective on the date on which it is signed by the Accounting Examining Board or its designee.

OPINION

I. Analysis of Evidence

A hearing was held in the above-captioned matter on June 10, 1992. Henry E. Sanders, Attorney at Law appeared on behalf of the Department of Regulation and Licensing, Division of Enforcement. The respondent, Carol S. Morrison did not appear at the hearing. Pursuant to s. RL 2.14 Wis. Adm. Code, complainant moved for an order granting default.

The evidence establishes that the respondent violated ss. Accy 1.201 (1), 1.202 (1), 1.203 (1) and 1.401 (1) Wis. Adm. Code and s. 442.12 (2) Stats., by engaging in the conduct described in proposed Findings of Fact #3-8.

The evidence describes several types of conduct which HUD and numerous state licensing boards found that the respondent engaged in while conducting audits of housing authorities during the time period between October 1, 1986 and January 30, 1989.

At some point in time prior to October, 1986, respondent contracted to perform audits of at least 184 housing authorities in 22 states. The audits were required to be performed in accordance with the Office of Management and Budget Circular No. A-128, Audits of State and Local Governments, which adopts and incorporates via the General Accounting Office Standards, the American Institute of Certified Public Accountants, Statements on Auditing Standards. Based upon HUD's sample review of the 184 audits performed by respondent, at least eight of the audits significantly deviated from applicable standards.

Although the Final Determination issued by HUD on or about September 29, 1989, does not identify the specific provisions of the standards which respondent "significantly deviated from" when performing the audits in question, the agency's August 15, 1989 correspondence to respondent does contain references to provisions in the Statements on Auditing Standards and the GAO standards. The letter states and cites on page 2, paragraph #1 that: "The numerous deficiencies are evidence that you did not exercise due professional care in performing the audits and issuing your reports. (AU Sections 150 and 230 and GAO Standards, Section C, Chapter IV.)".

Additional conduct described by the agency on page 2, paragraph #2 of the letter indicates that respondent performed an audit of the Flint Housing Commission in which she reported that except for minor problems, the Commission was in compliance with HUD requirements. The letter also states that HUD's Office of Inspector General performed an audit of the Flint Housing Commission for the same time period and issued an audit report noting serious deficiencies with the Commission's Housing Quality Standards Inspection Program, administration of the tenant selection process and internal controls over Section 8 Housing Assistance payments. The letter further noted that the "Office of Inspector General's findings are evidence of a lack of due professional care on your part in the performance of the audit of the Flint Housing Commission".

In reference to actions taken by other state licensing boards, all of the determinations stem from respondent's performance of audits of the housing authorities which HUD reviewed and described in its August 15, 1989 letter to respondent. The state board determinations relating to respondent's conduct can be summarized as follows:

- 1) performing auditing work which contained significant departures from generally accepted auditing standards and from the requirements of the Office of Management and Budget Circular A-128, Audits of State and Local Governments (State Boards of Colorado/Nebraska/Iowa);
- 2) having been suspended by HUD and barred from further participation in HUD/federal related transactions (Colorado/Nebraska/Iowa State Boards);
- 3) practicing as a C.P.A. without a permit (Nebraska and Colorado);
- 4) failing to timely return accounting records (Colorado);
- 5) performing audits and issuing audit reports in which audit conclusions were not fully supported in the work papers (Colorado);
- 6) failing to reply to correspondence from HUD regarding deficiencies noted (Nebraska/Iowa), and
- 7) having another state board take action against respondent's C.P.A. license/certificate (Nebraska and Iowa).

It should also be noted that the determination made by the Colorado State Board of Accountancy was based upon a stipulation signed by respondent in which she admitted failing to timely return accounting records; performing audits and issuing audit reports in which audit conclusions were not fully supported in her work papers; practicing in Nebraska without a permit, and having been debarred by HUD for improper conduct and willful violation of the regulations of a federal agency (Findings of Fact #5 and #6).

II. Discipline

Having found that the respondent violated Wisconsin statutes and rules as set forth in the Conclusions of Law, a determination must be made regarding whether discipline should be imposed and if so, what discipline is appropriate.

The Accounting Examining Board is authorized under s. 442.12 (2) Wis. Stats., to revoke, limit or suspend for a definite period any certificate or license or officially reprimand the holder, if it finds that the holder has violated ch. 442 Stats., or any duly promulgated standard or rule of practice or for any other sufficient cause.

The purposes of discipline by occupational licensing boards are to protect the public, deter other licensees from engaging in similar misconduct, and to promote the rehabilitation of the licensee. State v. Aldrich, 71 Wis. 2d 206 (1976). Punishment of the licensee is not a proper consideration. State v. MacIntyre, 41 Wis. 2d 481 (1969).

Based upon the evidence presented, the Administrative Law Judge recommends that the respondent's license and certificate to practice as a certified public accountant be revoked. This measure is designed primarily to insure protection of the public and to deter other licensees from engaging in similar misconduct.

The evidence presented raises serious questions relating to respondent's professional competence. It is clear that the respondent contracted to complete a major project, but did not have the knowledge and/or experience required to complete the undertaking. Section Accy 1.201 (1)(a) Wis. Adm. Code was promulgated to provide protection to the public by assuring that a licensee undertakes only those engagements which the licensee can reasonably expect to complete with professional competence. That section has been interpreted to mean that if a licensee is unable to gain sufficient competence either through additional research or consultation, the licensee should suggest, in fairness to her client and the public, that the client engage someone competent to perform the needed services, either independently or as an associate.

There is no evidence that respondent completed additional research, consulted with a competent person regarding the engagement or that she suggested to her clients that they engage the services of another person to perform the audits in question.

Numerous examples of respondent's lack of competence to complete the audit engagements are found in the Notice of Charges issued by the Colorado State Board of Accountancy in August 8, 1989 (Exhibits #2 and #3). Several examples described in the Notice are included in proposed Findings of Fact #5. Additional examples, include but are not limited to the following:

I. LITTLE ROCK HOUSING AUTHORITY

15. The working papers prepared by respondent are not in accordance with generally accepted auditing standards as more fully set forth below.
16. The working papers do not include documentation showing the audit was adequately planned and supervised, and do not substantially support that an audit was performed in accordance with generally accepted auditing standards.
17. The internal control questionnaire used was not appropriate for the entity audited, did not show the date prepared or the sources of the information, and did not support the requirement that no cash was accepted by the Housing Authority.
18. Respondent did not adequately test cash receipts to assure that the Housing Authority complied with established internal control procedures and to evidence that sufficient competent evidential matter was obtained.

19. The working papers do not indicate sufficient competent evidential matter was obtained and tested in support of the tests of disbursements, including accounting for voided checks, review of invoices, analyzation of payments for proper coding to accounts or adequate testing of Housing Assistance Payments. Such evidential matter is necessary in order to form an opinion on the reasonableness of the financial statements.
20. The working papers do not indicate that sufficient competent evidential matter was obtained and tested for the compliance aspects of the audit to form a basis for the positive assurance as to compliance with applicable laws and regulations.
21. There was no support in the working papers for any review of statutory and regulatory requirements such as political activity, the Davis-Bacon Act, civil rights, cash management and relocation assistance and real property acquisition.
22. The working papers did not include documentation of any testing by respondent of Little Rock Housing Authority's compliance with the requirement of the Comprehensive Improvement Assistance Program.
23. The working papers failed to document any testing of the Housing Authority's compliance with the Section 8 Housing Assistance Payment Programs.
24. Respondent failed to obtain sufficient evidential matter to form an opinion on the reasonableness of the Little Rock financial statements.

II. HUMBOLDT HOUSING AUTHORITY

32. Respondent failed to comply with auditing standards as represented, as more fully set forth below.
33. The audit report itself contained various errors, including use of the plural "we" rather than "I", appropriate for her proprietorship; use of "Housing Authority of the City of Moundsville" rather than Humboldt Housing Authority; reference to the period covered as 1 year rather than the correct 2 years; and failure to address the other supplemental information listed in the table of contents.
34. Respondent failed to document explanations and conclusions in her work papers regarding significant account fluctuations.
35. Respondent failed to document adequate revenue testing and compliance with HUD revenue policies and procedures in the work papers.
36. The working papers do not document the sampling methodology used for testing revenues and disbursements, and whether the sample was representative of the population tested.

37. The audit working papers do not document that sufficient evidential matter was examined to test disbursements.
38. Respondent issued a Report on Internal Control with the Audit Report in which she stated "our study and evaluation disclosed no conditions that we believe to be a material weaknesses (sic)".
39. The working papers do not adequately document that internal and administrative controls were tested for compliance with HUD policies and procedures.
40. Although the work papers document inadequate segregation of duties over cash receipts and disbursements, respondent failed to document how this weakness affected her substantive audit procedures and failed to include it in her report as a material weakness.
41. Respondent failed to obtain sufficient evidential matter to form an opinion on the reasonableness of the Humboldt Housing Authority financial statements.

III. BEAVER COUNTY HOUSING AUTHORITY

47. The working papers do not adequately document that all appropriate audit procedures were performed.
48. The audit performed by respondent was not in conformity with GAAS as more fully set forth below.
49. The working papers do not indicate who performed the audit procedures, if any, or when the work was performed.
50. The working papers do not account for the trial balances amounts shown in the financial statements being different from the amounts supplied by Beaver County.
51. Respondent did not document a conclusion as to the extent the internal controls could be relied on. Such a conclusion is required in order to determine other necessary auditing procedures.
52. Respondent did not adequately test cash receipts and failed to document that the sample selected was representative of the population.
53. Respondent issued a Report on Internal Control with the audit report stating that she had studied various significant accounting and administrative controls, but the working papers did not support that representation.
54. Respondent failed to perform appropriate audit procedures regarding the issue of related parties.

55. Respondent did not assess audit risk and materiality.
56. Respondent failed to communicate with the predecessor auditor.
57. Respondent failed to obtain sufficient competent evidence regarding third party confirmations and investigations of discrepancies prior to issuance of the report.
58. Respondent failed to obtain complete written client representations regarding federal financial assistance and compliance with laws and regulations.
59. Respondent conducted an incomplete subsequent events review.
60. Respondent failed to use report and disclosure checklists.
61. The Report on Internal Control did not disclose the percentage of major versus non-major programs.
62. Respondent failed to obtain sufficient evidential matter to form an opinion on the reasonableness of the Beaver County financial statements.

IV. CLAY CENTER HOUSING AUTHORITY

76. The audit performed by respondent was not in conformity with GAAS as more fully set forth below.
78. The working papers do not adequately document that all appropriate audit procedures were performed.
79. The working papers do not indicate who performed the audit procedures, if any, or when the work was performed.
80. Respondent did not document a conclusion as to the extent the internal controls of Clay Center could be relied upon. Such a conclusion is required in order to determine other necessary auditing procedures.
81. Respondent did not adequately test cash receipts, including inadequate sampling, and failure to investigate and resolve identified errors.
82. Respondent issued a Report on Internal Control with the audit report stating that she had studied various significant accounting and administrative controls, but the working papers did not support that representation.
83. Respondent failed to adequately address the lack of segregation of duties.
84. Respondent failed to perform appropriate audit procedures regarding the issue of related parties.

85. Respondent did not assess audit risk and materiality.
86. Respondent failed to communicate with the predecessor auditor.
87. Respondent failed to obtain sufficient competent evidential matter regarding third party confirmations and investigation of discrepancies prior to issuance of the report.
88. Respondent failed to obtain complete written client representation regarding federal financial assistance and compliance with laws and regulations.
89. Respondent conducted an incomplete subsequent events review.
90. Respondent failed to use report and disclosure checklists.
91. The audit report included only 12 months ending March 31, 1988 rather than 24 months as agreed.
92. The Report on Internal Control did not disclose the percentage of major versus non-major programs.
93. Respondent failed to obtain sufficient evidential matter to form an opinion on the reasonableness of the Clay Center financial statements.

The evidence establishes that the respondent lacked professional competence to perform the housing authority audits in accordance with applicable standards. Respondent did not consult with a competent person regarding the engagement and did not suggest to her clients that they engage the services of another person to perform the audits. Although the evidence presented relates to a sample of the 184 audits performed by the respondent, it establishes that she lacks the minimum competence required to practice as a certified public accountant.

Based upon the evidence presented and the discussions set forth herein, the Administrative Law Judge recommends that the Accounting Examining Board adopt as its final decision in this matter, the proposed Findings of Fact, Conclusions of Law and Order as set forth herein.

Dated at Madison, Wisconsin, this 27th day of August, 1992.

Respectfully submitted,

Ruby Jefferson-Moore
Ruby Jefferson-Moore
Administrative Law Judge

NOTICE OF APPEAL INFORMATION

**(Notice of Rights for Rehearing or Judicial Review,
the times allowed for each, and the identification
of the party to be named as respondent)**

The following notice is served on you as part of the final decision:

1. Rehearing.

Any person aggrieved by this order may petition for a rehearing within 20 days of the service of this decision, as provided in section 227.49 of the Wisconsin Statutes, a copy of which is attached. The 20 day period commences the day after personal service or mailing of this decision. (The date of mailing of this decision is shown below.) The petition for rehearing should be filed with the State of Wisconsin Accounting Examining Board

A petition for rehearing is not a prerequisite for appeal directly to circuit court through a petition for judicial review.

2. Judicial Review.

Any person aggrieved by this decision has a right to petition for judicial review of this decision as provided in section 227.53 of the Wisconsin Statutes, a copy of which is attached. The petition should be filed in circuit court and served upon the State of Wisconsin Accounting Examining Board,

within 30 days of service of this decision if there has been no petition for rehearing, or within 30 days of service of the order finally disposing of the petition for rehearing, or within 30 days after the final disposition by operation of law of any petition for rehearing.

The 30 day period commences the day after personal service or mailing of the decision or order, or the day after the final disposition by operation of the law of any petition for rehearing. (The date of mailing of this decision is shown below.) A petition for judicial review should be served upon, and name as the respondent, the following: the State of Wisconsin Accounting Examining Board.

The date of mailing of this decision is September, 28 1992.

STATE OF WISCONSIN
BEFORE THE ACCOUNTING EXAMINING BOARD

IN THE MATTER OF DISCIPLINARY
PROCEEDINGS AGAINST

CAROL S. MORRISON,
RESPONDENT.

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:
:
:

AFFIDAVIT OF COSTS
LS9205041ACC

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

Ruby Jefferson-Moore, being first duly sworn on oath deposes and states:

1. That affiant is an attorney licensed to practice law in the State of Wisconsin, and employed by the Wisconsin Department of Regulation and Licensing, Office of Board Legal Services to provide legal services.
2. That in the course of her employment, she was appointed administrative law judge in the above-captioned matter. That to the best of affiant's knowledge and belief the costs for services provided by the Office of Board Legal Services are as follows:

<u>DATE</u>	<u>ACTIVITY</u>	<u>TIME</u>
6/09/92	Review of file/preparation for hearing	2 hrs.
6/10/92	Preparation/conduct of hearing	30 min.
8/21/92	Review of record/draft decision	2 1/2 hrs.
8/24/92	Review of record/draft decision	6 hrs.
8/27/92	Review of record/draft decision	2 hrs.

Total costs for Administrative Law Judge: \$247.00.

3. That upon information and belief the costs for court reporting services provided by Magne-Script are as follows: \$101.30.

Total costs for Office of Board Legal Services: \$348.30.

Ruby Jefferson-Moore
Ruby Jefferson-Moore

Sworn to and subscribed to before me
this 20th day of October, 1992.

Daniel R. Riel
Notary Public
My Commission is permanent

STATE OF WISCONSIN
BEFORE THE ACCOUNTING EXAMINING BOARD

IN THE MATTER OF THE DISCIPLINARY	:	
PROCEEDINGS AGAINST	:	AFFIDAVIT IN SUPPORT
	:	OF MOTION FOR COSTS
CARROLL S. MORRISON,	:	DIVISION OF ENFORCEMENT
RESPONDENT.	:	

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

Henry E. Sanders, being duly sworn, deposes and states as follows:

1. That he is an attorney licensed in the state of Wisconsin and is employed by the Wisconsin Department of Regulation and Licensing, Division of Enforcement:

2. That in the course of those duties he was assigned as a prosecutor in the above-captioned matter; and

3. That set out below are the costs of the proceeding accrued to the Division of Enforcement in this matter, based upon Division of Enforcement records compiled in the regular course of agency business in the above-captioned matter.

PROSECUTING ATTORNEY EXPENSE

<u>Date</u>	<u>Activity</u>	<u>Time Spent</u>
7/19/89	Screened/opened informal complaint	45 minutes
9/28/89	File Review	30 minutes
10/18/89	Received/reviewed HUD documentation	10 minutes
3/15/90	Received/reviewed related documentation	20 minutes
3/28/91	Reviewed file/requested investigator for additional documentation	20 minutes
4/25/91	Primary investigation completed (PIC) review/record check	1 hour
5/1/91	Consultation with attorney supervisor; PIC review; Piced	20 minutes

4/13/92	Complaint drafting	2.5 hours
4/14/92	Complaint drafting	45 minutes
4/16/92	Complaint drafting	30 minutes
4/20/92	Complaint drafted to Word Processing Center	2 hours
4/22/92	Proofed complaint draft; back to WPC; Copy to attorney supervisor	1 hour
4/24/92	Received hearing date; proofed final complaint draft; executed final complaint	1.5 hours
5/4/92	Filed/served complaint, notice of hearing	1 hour
6/9/92	Hearing preparation	3 hours
6/10/92	Default hearing	1 hour
6/24/92	Received/reviewed hearing transcript	30 minutes
8/31/92	Received/reviewed Proposed Decision & Order	45 minutes
9/28/92	Received/reviewed Final Decision & Order	5 minutes
10/12-13/92	Preparation for/prepared Affidavit of Cost; finalized affidavit, served affidavit	3 hours

Total attorney expense for Henry E. Sanders.

21 hours and _____ minutes at \$30.00 per hour based upon average salary and
benefits equals: \$ 630.00

Total Hours 21 hrs & Minutes
Total Costs: \$ 630.00

INVESTIGATOR EXPENSE FOR JOHN KITSLAAR

<u>Date</u>	<u>Activity</u>	<u>Time Spent</u>
1/1/91	Letter to Complainant re certified documents	1 hour
1/20/91	Received/reviewed certified documents	45 minutes
1/23/91	Teleconference with Colorado State Board of Accountancy; prepared file memo	45 minutes

1/23/91	Teleconference with Iowa State Board of Accountancy; file memo	15 minutes
1/28/91	Letter to Colorado State Board of Accountancy	1 hour
1/28/91	Received/reviewed documentation from Colorado Board of Accountancy	45 minutes
4/1/91	Teleconference with Federal Office of Inspector General	30 minutes
4/24/91	Received/reviewed HUDS documentation	30 minutes
4/26/91	Met with Board/case advisor; reviewed files	1 hour
5/4/92	Executed/signed complaint	30 minutes

Total investigator expense for John Kitslaar.

7 hours and _____ minutes at \$18.00 per hour based upon average salary and benefits equals: \$ 126.00

Total Hours 21 hrs & Minutes
Total Costs: \$ 630.00

Henry E. Sanders
Henry E. Sanders, Attorney
Division of Enforcement

Subscribed and sworn to before me this 14 day of October, 1992.

William C. Lulche
Notary Public
My Commission is Permanent.

HES:skv
ATY-2242