

WISCONSIN DEPARTMENT OF REGULATION & LICENSING



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STATE OF WISCONSIN
BEFORE THE ACCOUNTING EXAMINING BOARD

IN THE MATTER OF THE DISCIPLINARY :
PROCEEDINGS AGAINST :
 : FINAL DECISION
CHARLES G. SCHWEIGER : AND ORDER
RESPONDENT : LS0208162ACC

The parties to this action for the purpose of Wis. Stats. Sec. 227.53 are:

Charles G. Schweiger
N71W25977 Camelot Ct.
Sussex, WI 53089

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

Department of Regulation and Licensing
Division of Enforcement
P.O. Box 8935
Madison, WI 53708-8935

The parties in this matter agree to the terms and conditions of the attached Stipulation as the final disposition of this matter, subject to the approval of the Board. The Board has reviewed this Stipulation and considers it acceptable.

Accordingly, the Board in this matter adopts the attached Stipulation and makes the following:

FINDINGS OF FACT

1. **Charles G. Schweiger** ("Schweiger"), date of birth 9/20/49, received his certified public accountant certificate and license to practice as a Certified Public Accountant on or about September 25, 1979. His license # is 1 6238. Schweiger's most recent address on file with the Department of Regulation and Licensing is N71W25977 Camelot Ct., Sussex, WI 53089.

2. At all times relevant hereto, Schweiger was a Certified Public Accountant for Robert B. Craine & Co., located at 17100 W. Capital Dr., Brookfield, WI 53005.

3. On or about November 30, 1999, Schweiger completed a Compliance Audit (Attestation Engagement) for the year ended June 30, 1999, for the Student Financial Aid Programs administered by Spectral Inc. d/b/a Business and Banking Institute in Milwaukee, WI. Specific programs examined were Federal Pell Grant Program, Federal Supplemental Educational Opportunity Grant Program and Federal Family Education Loan Program. A copy of the arrangement letter between Schweiger and Spectral Inc. d/b/a Business & Banking Institute is attached as **Exhibit 1** and is incorporated herein by reference. A copy of the June 30, 1999, and 1998 Spectral Inc. Financial Statements including the auditor's reports on the financial statements, on internal control and on compliance with laws and regulations is attached as **Exhibit 2** and is incorporated herein by reference.

4. A review of the Compliance Audit (Attestation Engagement) revealed that the audit was not conducted in complete accordance with the American Institute of Certified Public Accountant's (AICPA) Attestation Standards, Government Auditing Standards (GAS), or the prescribed audit guide, U.S. Department of Education Audit Guide (July 1997 Update) Compliance Audits (Attestation Engagements) of Federal Student Financial Assistance Programs in the following areas:

(a) The auditor failed to obtain and review a copy of the Great Lakes Higher Education (who was a third party services) audit report while performing this compliance attestation engagement (SAS 70, as amended by SAS 78, AU Section 324, Government Auditing Standards, 1994 revision, chapter 4, paragraphs 4.34 through 4.37, U.S. Department of Education Audit Guide, July 1997 update, Compliance Audits (Attestation Engagements) of Federal Student Financial Assistance Programs at Participating Institutions and Institutions Servicers, Page I-5).

(b) The following tests of reporting requirements performed were not adequately documented (Government Auditing Standards, 1994 Revision, paragraphs 4.34 and 4.35, U.S. Department of Education Audit Guide, July 1997 update, Compliance Audits (Attestation Engagements) of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers, pages II-8 and 10, procedures a, d1, d2 and e1).

1. Review, evaluate and document the Institution's procedures relating to completing and submitting to guarantee agencies or NSLDS, any SSCR's within thirty days.

2. Obtain a sample of SSCR's and test that the Institution correctly reported student status and returned the SSCR to the appropriate party within thirty days of receipt.

3. Inquire of management to determine if the institution is entitled to receive credit or reimbursement for any Pell grant awards that were not previously recognized by the U.S. Department of Education. If so, report as finding.

(c) The following tests of disbursements performed were not adequately documented (Government Auditing Standards, 1994 Revision, paragraphs 4.34 and 4.35 U.S. Department of Education Audit Guide, July 1997 update, Compliance Audits (Attestation Engagements) of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers, pages II-17 and 18, procedures a, b1, f and b2f).

1. Review, evaluate and document procedures for:

- a. Completing loan applications.
 - b. Recording all financial transactions.
 - c. Disbursing funds by payment periods and within required time frames and restrictions.
 - d. Conducting entrance/exit counseling.
 - e. Identifying credit balances in student accounts.
2. Determine the institution did NOT request, for FFELP proceeds transmitted by EFT or master check, the funds earlier than, as appropriate the 27 and 13 day restrictions.
 3. Determine that the institution completed and documented (if applicable), default requirements in an ED approved default management plan or 34 CFR 5668 App. D. (ED was unable to determine if it was applicable from the working papers.)

(d) The following tests of cash management performed were not adequately documented (Government Auditing Standards, 1994 Revision, paragraphs 4.34 and 4.35 U.S. Department of Education Audit Guide, July 1997 update, Compliance Audits (Attestation Engagements) of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers, page II-24, procedures a, b1, b2, c1, C2 and 3).

1. Review, evaluate and document the institution's procedures for forecasting cash needs, drawing SFA funds from the U.S. Treasury, and disbursing SFA funds within three working days.
2. Obtain and inspect bank statements for Federal Accounts to determine:
 - a. Interest earnings in excess of \$250.00 were returned to ED and
 - b. The propriety of debit and credit memorandum entries.
3. Obtain and inspect draws from the Treasury:
 - a. Test a sample of draws to determine if SFA funds were disbursed within three working days.
 - b. For funds not spent within three working days, if applicable, determine the institution's excess cash tolerances were not exceeded and were eliminated in the next seven days.

- c. Test SFA disbursement for property to ensure SFA funds were not used for investments, or for institutional/personal financing activities.

CONCLUSIONS OF LAW

1. The Wisconsin Accounting Examining Board has jurisdiction to act in this matter pursuant to Wis. Stats. Sec. 442.12.
2. The Wisconsin Accounting Examining Board is authorized to enter into the attached Stipulation pursuant to Wis. Stats. Sec. 227.44(5).
3. Respondent **Charles G. Schweiger** has violated:
 - a. Wis. Stats. Section 442.12(2) and Wis. Adm. Code section Accy 1.201(1)(a) and Wis. Adm. Code section Accy 1.201(1)(b) by undertaking an engagement that he could not reasonably expect to complete with professional competence and by failing to complete that engagement with due professional care.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that the attached Stipulation is hereby accepted.

IT IS FURTHER ORDERED, that Respondent **Charles G. Schweiger**, license #1 6238, be, and hereby is, **REPRIMANDED**.

IT IS FURTHER ORDERED, that Respondent **Charles G. Schweiger**, pay **PARTIAL COSTS** in this matter in the amount of a \$500.00, within 30 days of the date of this Order by making payment of the same to the Department of Regulation and Licensing, P.O. 8935, Madison, WI 53708-8935.

IT IS FURTHER ORDERED, that in the event Respondent **Charles G. Schweiger** fails to pay the \$500.00 partial costs within the time and in the manner as set forth above, then and in that event, and without further notice to the Respondent **Charles G. Schweiger**, his Certified Public Accountant's license shall be suspended without further hearing and without further Order of the Board, and said suspension shall continue until the full amount of said partial costs have been paid to the Department of Regulation and Licensing and his failure to pay the partial costs shall be considered a violation of this Order by the Board.

IT IS FURTHER ORDERED, that **Charles G. Schweiger** license # 1 6238 be and hereby is limited for two years in that effective the date of this Order he shall not conduct audits in accordance with Government Auditing Standards. Failure to comply with this limitation shall be considered a violation of this Order by the Board.

IT IF FURTHER ORDERED, that file 01 ACC 008 be, and hereby is, CLOSED.

Dated this 16th day of August, 2002.

WISCONSIN ACCOUNTING EXAMINING BOARD

Frank Probst

A Member of the Board