

WISCONSIN DEPARTMENT OF REGULATION & LICENSING



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STATE OF WISCONSIN
BEFORE THE ACCOUNTING EXAMINING BOARD

IN THE MATTER OF	:	
DISCIPLINARY PROCEEDINGS AGAINST	:	FINAL DECISION AND ORDER
	:	
JEFFREY L. COHEN,	:	LS0903188ACC
RESPONDENT	:	

Division of Enforcement Case File # 06 ACC 015

The parties to this action for the purpose of Wis. Stat. § 227.53 are:

Jeffrey L. Cohen
1540 Brookshire Dr.
Plover, WI 54467

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

PROCEDURAL HISTORY

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 Wisconsin Accounting Examining Board (Board). The Board has reviewed this Stipulation and considers it acceptable. Accordingly, the Board adopts the attached Stipulation in this matter and makes the following Findings of Fact, Conclusions of Law, and Order:

FINDINGS OF FACT

1. Jeffrey L. Cohen is licensed in the State of Wisconsin as a Certified Public Accountant, with license number 1-6413. This license was first granted to him on March 28, 1980 and is current through December 14, 2009.
2. Mr. Cohen's most recent address on file with the Department of Regulation and Licensing (Department) is 1540 Brookshire Dr., Plover, WI 54467.
3. In 2006, Mr. Cohen was disciplined by the American Institute of Certified Public Accountants (AICPA) for various violations of the AICPA and the Wisconsin Institute of Certified Public Accountants (WICPA) Codes of Professional Conduct as follows:

Rule 201 – General Standards B. Due Professional Care

1. For the 1999 audit, the auditor failed to note there were two schedules titled "Schedule of Expenditures of Federal and State Awards" of which the basis of

presentation for each schedule and Federal Expenditures identified as “memo only” were not adequately described in the notes to the schedules.

2. For the 1997 audit, the auditor failed to identify CFDA 93658/Foster Care-Title IV-E, CFDA 93.667/Social Services Block Grant, CFDA 93.558/TANF, and CFDA 93.563/Child Support as major programs in the Single Audit, Section I – Summary of the Auditor’s Results. For the listed programs other than CFDA 93.558, the auditor indicated the programs were tested as major but there was an error in the preparation of the report. For CFDA 93.558/TANF, the auditor’s mistakenly identified the program as non-major. However, the dollar amount used to make this determination does not agree to the amount reported in the SEFA. (OMB A-133 Section .320 Report Submission and SAS 74 as amended by SAS 75, AU Section 801.10)

3. For the 1998 audit, the auditor failed to identify CFDA 93.558/TANF as a major program in the 1998 Single Audit, Section I – Summary of the Auditor’s Results. The auditor indicated the program was tested as major but there was an error in the preparation of the report. (OMB A-133 Section .320 Report Submission and SAS 74 as amended by SAS 75, AU Section 801.10)

Rule 202 – Compliance with Standards

1. For the 1999 audit, the auditor did not obtain sufficient competent evidential matter to support the presentation of fixed assets as of December 31, 1999, and that the changes therein were fairly presented. (SAS 31, AU Section 326)

2. For the 1999 audit, the auditor did not obtain the audit report for a joint venture with another County to substantiate the equity recorded on the balance sheet. (SAS 31, AU Section 326 and SAS 1 & 64, AU Section 543.14)

3. For the 1999 audit, the auditor failed to perform procedures to ensure the fair presentation of accounting and note disclosure for a joint venture. (SAS 31, AU Section 326)

4. For the 1999 audit, the auditor failed to perform sufficient audit procedures regarding the amounts and disclosures made for the Employee Retirement Plans. (SAS 31, AU Section 326)

5. For the 1997 audit, the auditor failed to comply with GAGAS 5.26 and OMB A-133 paragraph .510 by not disclosing a reportable condition as one of the findings in the Schedule of Findings & Questioned Costs. The deficiency in internal control was instead reported in the management letter and described therein as a reportable condition that was not a material weakness. (SAS 74 & 75, AU Section 801.10)

6. For the 1999 and 1998 audits, the auditor did not include the appropriate restricted use language as required by SAS No. 87 in the audit reports. (SAS 87, AU Section 532)

7. For the 1999 audit, the auditor did not adequately plan when determining major programs, failing to audit CFDA 93.558/TANF, CFDA 93.658/Foster Care, and CFDA 93.667/Social Services Block Grant as major programs. (SAS 22, AU Section 311, OMB Circular A-133, paragraph .520(c))

8. For the 1999 audit, the client representation letter was dated prior to the end of field work. (SAS 85, AU Section 333.09)

9. For the 1999 audit, the auditor failed to perform audit procedures to confirm that the CFDA 10.551/Food Stamp Program was administered exclusively by the State and therefore no testing was required at the local level. (SAS 31, AU Section 326)

10. For the 1999 audit, the auditor failed to adhere to GAGAS 4.35 in that the working papers did not contain sufficient information to enable an experienced auditor having no previous connection with the audit to ascertain from them the evidence that supports the auditors’ significant conclusions and judgments. Furthermore, Mr. Cohen failed to adhere to AU 339 in that the documentation did not show the work had been adequately planned, that a sufficient understanding of the internal control had been

obtained to plan the audit and to determine the nature, timing, and extent of tests to be performed and to demonstrate that the auditor obtained sufficient competent evidential matter. Examples supporting this violation are as follows:

- a. Unable to identify the source of the responses to questions documented on the Governmental Audit Planning Form.
 - b. The audit working papers failed to document the auditor's consideration of the appropriate reporting of the wrongful death law suit against the county.
 - c. The auditor was unable to provide additional documentation or explain his understanding of the internal control environment for the Cash Disbursement and Payroll Tests. In addition, the documentation provided as the Cash Disbursements and Payroll Tests did not demonstrate the balance being tested, the source of the data, sample size calculation, or internal control risk assessment.
 - d. The auditor failed to document the disposition of the exception in the Government Audit Planning Form (GCX-9o) in the area of Disaster Recovery/Contingency Planning. The client did not have off-premises storage for master files, transaction files, and overall systems documentation and programs.
 - e. The auditor failed to accurately determine the major program determination.
 - f. The auditor was unable to provide audit documentation demonstrating single audit materiality for CFDA 93.667/Social Services Block Grant. The auditor computed materiality based on prior year major program amounts.
 - g. The auditor failed to document the purpose of working paper RE 50 which appears to be the confirmation of all state of Wisconsin payments to the County which includes all pass through federal and state grant awards.
11. The auditor failed to modify the audit reports for 1999, 1998, and 1997 for the departures from Generally Accepted Accounting Principles noted under Rule 203 violations below. (SAS 58, AU Section 508.20)

Rule 203 – Accounting Principles

1. The 1999 cash and cash equivalents presented on the statement of cash flows incorrectly includes restricted investments. (GASB 9, Section 2450.105)
2. For the 1999, 1998, and 1997 financial statements, the auditor failed to ensure adequate disclosure of the nature of the prior period adjustment. Furthermore, the adjustment in question was a normal and recurring correction in each of the three years financial statements and therefore does not qualify as a prior period adjustment. The prior period adjustment was material to the fund. (APB 20 & FAS 16)
3. The 1999, 1998, and 1997 financial statements did not include disclosures of the Due to/Due from Other Governments. (GASB Codification Section 2300)
4. For the 1999, 1998, and 1997 financial statements, there was inadequate note disclosure for a joint venture. (GASB Codification J50.106 to .108)

4. Mr. Cohen's agreement with AICPA provided for a two year suspension from his AICPA and WICPA membership and 90 hours of education. The agreement also provided for a two year restriction from signing audit reports unless Mr. Cohen provided a list of audit reports signed by him to a committee who would pick one for review.

CONCLUSIONS OF LAW

1. The Accounting Examining Board has jurisdiction to act in this matter pursuant to Wis. Stat. § 442.12 and is authorized to enter into the attached Stipulation pursuant to Wis. Stat. § 227.44 (5).
2. Wis. Admin. Code § Accy 1.201(1)(b) provides that a certified public accountant shall exercise due professional care

in the performance of an engagement.

3. By the conduct described in paragraph 3 of the Findings of Fact, Mr. Cohen has violated Wis. Admin. Code § Accy 1.201(1)(b).
4. Wis. Stat. § 442.12(1)(b) provides that the Board may revoke, limit, or suspend for a definite period any certificate, license, or practice privilege, or officially reprimand the holder, if it finds that the holder has violated this chapter or any duly promulgated standard or rule of practice or for any other sufficient cause.
5. Because Mr. Cohen violated Wis. Admin. Code § Accy 1.201(1)(b), Mr. Cohen is subject to discipline.

ORDER

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

IT IS FURTHER ORDERED that Jeffrey L. Cohen (license # 1-6413) is hereby REPRIMANDED.

IT IS FURTHER ORDERED that Jeffrey L. Cohen shall provide proof to the Department that he completed the 90 hours of education required by the AICPA and WICPA. Mr. Cohen must provide proof that he completed the 90 hours of education within six (6) months of the date of this order.

IT IS FURTHER ORDERED that Jeffrey L. Cohen shall pay COSTS in the amount of SEVEN HUNDRED DOLLARS (\$700.00) within 90 days of the date of this Order.

Payments shall be made by *certified check or money order*, payable to the Wisconsin Department of Regulation and Licensing. Payments and proof of education shall be sent to:

Department Monitor
Division of Enforcement
P.O. Box 8935
Madison, WI 53708-8935
Telephone (608) 267-3817
Fax (608) 266-2264

In the event that Jeffrey L. Cohen fails to timely submit payment of the costs set forth above or fails to submit proof of education, his license (# 1-6413) **SHALL BE SUSPENDED**, without further hearing and without further Order of the Board, and said suspension shall continue until the full amount of the costs have been paid and proof of completion of education has been submitted to the Department of Regulation and Licensing.

IT IS FURTHER ORDERED that file 06 ACC 015 be closed.

Dated this 18th day of March, 2009.

WISCONSIN ACCOUNTING EXAMINING BOARD

By: Thomas Kilkenney
A member of the Board