

STATE OF MINNESOTA
BOARD OF ACCOUNTANCY

In the Matter of
Dennis Lee Rick
CPA Certificate No. 09484

STIPULATION AND
CONSENT ORDER
Board File 2019-347

The Minnesota Board of Accountancy ("Board") is authorized pursuant to Minn. Stat. §§ 214.10, 326A.02, subds. 4, 6, and 326A.08, subd. 1 (2018) to review complaints against certified public accountants and to take disciplinary action whenever appropriate.

The Board received information concerning Dennis Lee Rick, 1018 Fourth Ave, Post Office Box 216, Worthington, Minnesota 56187 ("Respondent"). The Board's Complaint Committee ("Committee") reviewed that information.

It is hereby stipulated and agreed by Respondent and the Committee that without trial or adjudication:

1. For the purpose of this stipulation and consent order, Respondent waives all procedures and proceedings before the Board to which Respondent may be entitled under the United States and Minnesota constitutions, statutes, or the rules of the Board, including the right to dispute the allegations against Respondent and to dispute the appropriateness of discipline in a contested case hearing pursuant to Minn. Stat. ch. 14 (2018), and to dispute any civil penalty imposed by this stipulation and consent order. Respondent agrees that upon the *ex parte* application of the Committee, without notice to or appearance by Respondent, the Board may order the remedy specified in paragraph 7 below. Respondent waives the right to any judicial review of the order by appeal, by writ of certiorari, petition for review, or otherwise.

2. This stipulation shall constitute the entire record of the proceedings herein upon which the consent order is based.

3. In the event the Board in its discretion does not approve this stipulation and consent order or propose a lesser remedy than specified herein, this stipulation and consent order shall be null and void and shall not be used for any purpose by either party. If this stipulation and consent order is not approved and the Committee initiates a contested case hearing pursuant to Minn. Stat. ch. 14 (2018), Respondent agrees not to object to the Board hearing the case on the basis that the Board has become disqualified because of its review and consideration of this stipulation and consent order or of any records relating hereto.

FACTS

4. This stipulation and consent order is based upon the following facts. Respondent admits the facts referred to below and grants that the Board may, for the purpose of reviewing the record in paragraph 2 above, consider the following as true:

- a. The Board issued a certified public accountant certificate to Respondent on April 16, 1987; Respondent currently holds an active certified public accountant certificate from the Board. Respondent is subject to the jurisdiction of the Board with respect to the matters referred to in this stipulation and consent order.
- b. Respondent was disciplined by the American Institute of Certified Public Accountants ("AICPA") on April 2, 2018, for failing to comply with professional standards on an audit of financial statements of a local government for the year ended December 31, 2014. Specifically, the AICPA found prima facie evidence of violation of the AICPA *Code of Professional Conduct*, section 1.310.001 Compliance with Standards, and section 1.320.001 Accounting Principles.

- c. The AICPA found Respondent to be in violation of the *AICPA Code of Professional Conduct* section 1.310.001 Compliance with Standards, as he failed to appropriately modify his opinion when all funds were not reported in accordance with the cash special purpose framework. The Respondent also failed to appropriately report on the opinion units of the entity, and inappropriately included SAS 120 verbiage related to required supplementary information.
- d. The AICPA found Respondent to be in violation of the *AICPA Code of Professional Conduct* section 1.320.001 Accounting Principles, as the notes did not adequately disclose that capital assets were not divided into major classes of capital assets, and did not disclose a rollforward of capital asset activity presenting beginning and end of year balances with accumulated depreciation presented separately from historical cost, capital acquisitions and sales or other dispositions.
- e. Respondent failed to report the disciplinary action to the Board as required by Minnesota Rule 1105.5600, subpart 1.E. (2017).

5. Respondent admits that the facts and conduct specified in paragraph 4 above constitute grounds for discipline under Minn. Stat. § 326A.08, subds. 5 (a)(1), 5 (a)(6), and 5(a)(10) (2018) and Minn. R. 1105.5600, subp. 1.C.(6) and 1.E., and 1105.7800 A. (2017), and are sufficient grounds for the remedy specified in paragraph 7 below, and that proof at hearing of any one or more of the allegations set forth would empower the Board to take disciplinary action pursuant to Minn. Stat. § 326A.08 (2018).

6. This stipulation and consent order shall not limit the authority of the Board to proceed against Respondent by appropriate means on the basis of any conduct

justifying disciplinary action which occurred before or after the date of this stipulation and that is not directly related to the specific facts and circumstances set forth herein.

REMEDY

7. Upon this stipulation and record, as set forth in paragraphs 2 and 4 above, and without any further notice of proceedings, the Committee and Respondent agree that the Board may, in its discretion, issue an order to Respondent requiring compliance with the following:

- a. Respondent's certified public accountant certificate is **CENSURED** and **REPRIMANDED**.
- b. Respondent shall pay to the Board a **CIVIL PENALTY** of one thousand (\$1,000) dollars. Respondent shall submit to the Board payment of the civil penalty by check payable to the Board of Accountancy within sixty days of the Board's approval of this stipulation and consent order.
- c. Respondent **SHALL** remain in compliance with all remedial requirements outlined in the AICPA order dated April 2, 2018, which is attached and incorporated by reference.

8. Respondent hereby acknowledges that he has read, understands, and agrees to this stipulation and consent order and is voluntarily signing the stipulation without threat or promise by the Board or any of its members, employees, or agents. Respondent further acknowledges that he is aware that the stipulation and consent order must be approved by the Board. The Board may approve the stipulation and consent order as proposed, propose changes, or reject it. If the changes are unacceptable to Respondent or the Board rejects the stipulation, it will be of no effect except as specified herein.

9. Under the Minnesota Government Data Practices Act, this stipulation will be classified as public data upon its issuance by the Board. Minn. Stat. § 13.41, subd. 5 (2018). All documents in the record shall maintain the data classification to which they are entitled under the Minnesota Government Data Practices Act, Minn. Stat. ch. 13 (2018). They shall not, to the extent they are not already public documents, become public merely because they are referenced herein. A summary of this stipulation and consent order will appear in the Board's newsletter. A summary will also be sent to the national discipline data bank pertaining to the practice of public accounting.

10. This Stipulation contains the entire agreement between the parties. Respondent is not relying on any other agreement or representation of any kind, verbal or otherwise.

11. Respondent is aware that he may choose to be represented by legal counsel in this matter. Respondent knowingly waived legal representation.

12. If approved by the Board, a copy of this Stipulation and Consent Order shall be served personally or by first class mail on Respondent. The Order shall be effective and deemed issued when it is signed by the Board Chair or designee of the Chair.

13. Pursuant to Minnesota Statutes Section 16D.17 (2018), ninety days after the Board's approval of this Stipulation and Order, the Board may file and enforce any unpaid portion of the civil penalty imposed by this Order as a judgment against the Respondent in district court without further notice or additional proceedings.

CONSENT:

RESPONDENT

Dennis L. Rick

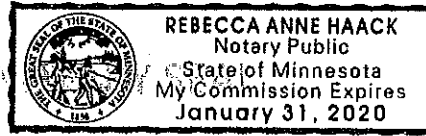
DENNIS LEE RICK, CPA

Dated: 11-4, 2019

SUBSCRIBED and sworn to before me on
this the 4th day of November, 2019.

Rebecca A. Haack

(Notary Public)



My Commission Expires: 1/31/2020

COMPLAINT COMMITTEE

Sharon A. Jensen

SHARON A. JENSEN, CPA

Chair

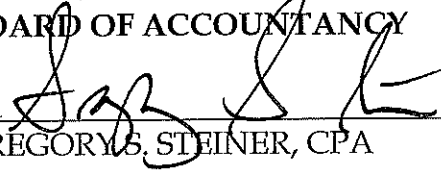
Dated: December 5, 2019

ORDER:

Upon consideration of the foregoing Stipulation and based upon all the files, records and proceedings, herein,

1. **IT IS HEREBY ORDERED** that all other terms of this Stipulation and Consent Order are adopted and implemented this 5 day of December, 2019.

STATE OF MINNESOTA
BOARD OF ACCOUNTANCY



GREGORY S. STEINER, CPA
Chair

**AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
DIVISION OF PROFESSIONAL ETHICS
NONNEGOTIABLE
SETTLEMENT AGREEMENT**

In the Matter of:

Dennis L. Rick, CPA

AUTHORITY

The Professional Ethics Executive Committee of the American Institute of Certified Public Accountants (AICPA) and the Minnesota Society of CPAs' and Texas Society of CPAs' Professional Ethics Committees, hereinafter called the Ethics Charging Authority (ECA), enter into this settlement agreement pursuant to the authority granted in the bylaws of the respective organizations.

FINDINGS OF FACT/JURISDICTION

1. Dennis L. Rick, CPA is a member of the AICPA, the Minnesota Society of CPAs and the Texas Society of CPAs, and the ECA has jurisdiction in this matter.
2. Mr. Rick's address on the records of the AICPA, the Minnesota Society of CPAs and the Texas Society of CPAs is:

Dennis L. Rick, Ltd.
P.O. Box 216
Worthington, MN 56187-0216

SPECIFIC CHARGES

1. The ECA opened an investigation of Mr. Rick's conduct in performing professional services on the audit of the City of Brewster as of and for the year ended December 31, 2014. Mr. Rick submitted this workproduct to comply with the directives of his letter of required corrective action dated June 24, 2014.
2. The ECA informed Mr. Rick: (1) of the rules of conduct that would be the subject of the investigation, (2) of his right to defer an investigation in the event the issues involved were concurrently the subject of litigation, (3) that information arising from an investigation may form the basis for charges to be made against him, and (4) that information regarding this settlement will be made available to the governmental agency or other authority that filed the complaint.
3. The ECA has reviewed Mr. Rick's responses to the ECA's findings as well as other relevant documents he submitted to support his response, including certain work papers, and other relevant correspondence.

4. Based on this information, there appears to be prima facie evidence of a violations by Mr. Rick of 1.310.001 Compliance with Standards (TSBPA 501.60); and 1.320.001 Accounting Principles (TSBPA 501.61) of the AICPA, the Minnesota Society of CPAs' and the Texas Society of CPAs' codes of professional conduct as follows:

1.310.001 Compliance with Standards - (TSBPA 501.60)

1. The auditor failed to appropriately modify his opinion when all funds were not reported in accordance with the cash special purpose framework. The special purpose framework was not consistently applied when proprietary fund statements were presented both on the cash basis, as presented in the Statement of Cash Receipts, Disbursements, Balances and Investments, and on a full accrual basis, as presented within the individual fund financial statements. Furthermore, the entity's basic financial statements did not conform to the financial statement presentation requirements of generally accepted accounting principles or communicate the substance of those requirements as required when using a special purpose framework. (AU-C §800.A34, AAG-SLV par. 15.03, AU-C §800)
2. The auditor failed to appropriately report on the opinion units of the entity. (AICPA Audit and Accounting Guide – State and Local Governments (“AAG-SLV”) par. 15.11)
3. The auditor's report inappropriately included SAS 120 verbiage related to required supplementary information. Because the financial statements were reported in accordance with a special purpose framework, such information was not required and should have been reported upon in accordance with SAS 118.

1.320.001 Accounting Principles - (TSBPA 501.61)

1. The notes did not adequately disclose the following related to capital assets held in proprietary funds (AU-C §800, GASB Cod §2300.117-.118):
 - a. Capital assets were not divided into major classes of capital assets as well as between assets that are not being depreciated and those that are being depreciated.
 - b. A rollforward of capital asset activity presenting beginning and end of year balances, with accumulated depreciation presented separately from historical cost, capital acquisitions and sales and/or other dispositions.

AGREEMENT

In consideration of the ECA forgoing further investigation of Mr. Rick's conduct as described above and in consideration of the ECA forgoing any further proceedings in the matter, Mr. Rick agrees as follows:

- a. To waive his rights to further investigation of this matter in accordance with the Joint Ethics Enforcement Program (JEEP) *Manual of Procedures*.
- b. To waive his rights to a hearing under AICPA bylaws section 7.4., the Minnesota Society of CPAs bylaws ARTICLE XIV Section 2.(b), and the Texas Society of CPAs' bylaws ARTICLE III (5).
- c. To neither admit nor deny the above specified charges.
- d. To his admonishment by the AICPA, Minnesota Society of CPAs and the Texas Society of CPAs.

- e. To comply immediately with professional standards applicable to the professional services he performs and to submit evidence of such compliance.
- f. To complete the following 31.5 hours of continuing professional education (CPE) courses within 6 months of the effective date of this agreement and provide evidence of such completion (e.g., attendance sheets, course completion certificates, etc.).

Alternatives to GAAP: Using Special Purpose Frameworks	9.5 hours
Governmental Accounting and Reporting	14.0 hours
A course specific to applying special purpose frameworks to governmental entities to be selected by the Mr. Rick and approved in advance by the ECA.	<u>8.0 hours</u>
Total	<u>31.5 hours</u>

- g. To comply with directive 1 above, he agrees to hire an outside party, acceptable to the ECA to perform a pre-issuance review of the reports, financial statements, and working papers on three audits subject to Government Auditing Standards and/or OMB Circular A-133 and/or 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance") performed by him for one year from the date the reviewer has been approved by the ECA or until completion of the CPE specified in directive f. above, if later. In addition, he must undergo a pre-issuance review on three (3) additional audits not subject to Government Auditing Standards and/or OMB Circular A-133 and/or Uniform Guidance performed by him that year. He must submit the names of the chosen reviewers to the ECA for approval no later than 30 days after the effective date of this agreement. Also, no later than 30 days after the effective date of this agreement, he must submit a list to the ECA of the highest level of engagements (audits, reviews and compilations with note disclosures) on which he expects to issue reports in the upcoming 12 months from which the audits not subject to Government Auditing Standards and/or OMB Circular A-133 and/or Uniform Guidance will be selected. The following information should be included regarding the engagements, listed:

- anticipated number of total hours to be spent on the engagement;
- level of professional services to be rendered;
- his role and his anticipated hours on each engagement;
- type of organization; and
- whether it will be an initial engagement.

He agrees to permit the outside party to report quarterly to the ECA on his progress in complying with this agreement as stated herein to comply with professional standards. The report should include:

- the reviewer's comments in detail for each engagement (a report that omits such detail will be unacceptable);
- description of the nature of the entity reviewed;

- the entity's year end; and
- the date of the review.

The first report is due 120 days after the reviewer has been approved by the ECA with subsequent reports due every 90 days thereafter. If none of the engagements selected for pre-issuance review were performed during a reporting period, he agrees to inform the ECA of such. He agrees to have this pre-issuance review performed at his expense. The ECA has the right to extend the period of time and number of engagements subject to pre-issuance review if there are deficiencies.

He agrees to inform the ECA of any changes in the composition of his practice, changes in his role or if he has not performed any audits subject to Government Auditing Standards and/or OMB Circular A-133 and/or Uniform Guidance during the period he is subject to the pre-issuance reviews. If his practice changes and he is no longer involved with audits subject to Government Auditing Standards and/or OMB Circular A-133 and/or Uniform Guidance, no longer act in a supervisory capacity on such engagements or he has not performed such engagements during the above specified period, he must inform the ECA of this change and the ECA may require that he attest every six months for three years as to the nature of his practice. If, during the three-year attestation period he returns to performing such engagements he must inform the ECA of this change and undergo the required pre-issuance reviews.

- h. To further comply with directive 1. above, submit six months after the completion of the pre-issuance reviews, a list of the highest level (audit, review, compilation with note disclosures) of engagements that he performed in the 6-month period following the date he completed the pre-issuance reviews. The following information should be included regarding the engagements listed:

- total hours spent on each engagement;
- his role and hours on each engagement;
- level of professional services rendered;
- type of report issued;
- type of organization; and
- whether it was an initial engagement.

The ECA will select one of these engagements for review. He will be informed of this selection and will be asked to submit information to include a copy of his report, the financial statements, and working papers related to that engagement for review by the ECA. The ECA may extend the period to select an engagement to ensure a suitable selection is available. A peer review undergone by his firm would not exempt him from this requirement.

He agrees to inform the ECA of any changes in the composition of his practice, changes in his role or if he has not performed any audits subject to Government Auditing Standards and/or OMB Circular A-133 and/or Uniform Guidance until a suitable work product is selected for review. If his practice changes and he is no longer involved with audits subject to Government Auditing Standards and/or OMB Circular A-133 and/or Uniform Guidance, no longer acts in a supervisory capacity on such engagements or he has not performed such engagements during the above specified period, he must inform the ECA of this change and the ECA may require that he attest

every six months for three years as to the nature of his practice. If, during the three-year attestation period he returns to performing such engagements he must inform the ECA of this change and the ECA will select a suitable work product for review.

After an initial review of such report, financial statements, and working papers, the ECA may decide he has substantially complied with professional standards and close this matter. Or, the ECA may decide that an ethics investigation of the engagement he submitted is warranted. If, at the conclusion of the investigation, the ECA finds that professional standards have in fact been violated, the ECA may refer the matter to the AICPA joint trial board for a hearing or take such other action as it deems appropriate.

- i. To be prohibited from performing peer reviews in any capacity until the above directives in this agreement have been completed. This prohibition will remain in effect until the ECA determines that the work product he submitted to comply with directive h. above substantially complies with professional standards. This prohibition will be communicated to his peer review oversight agency.

If he is currently a peer reviewer, please he should refer to peer review standards Interpretation 34-1 that provides that an individual may not serve as a peer reviewer if his or her ability to practice public accounting has been limited or restricted in any way by a regulatory body beginning on the date he or she is notified by the regulatory body of the limitation or restriction, until it has been removed. This interpretation will limit his ability to conduct peer reviews upon receipt of this letter. If he has questions about this standard, he can contact the peer review division at prptechnical@aicpa.org or 919-402-4502.

- j. To be prohibited from serving as a member of any ethics or peer review committee of the AICPA or the Minnesota Society of CPAs and Texas Society of CPAs until he has completed all directives in this agreement. This restriction will be communicated to those responsible for appointments to such committees. In addition, if he applies to join any other committee of the AICPA or the Minnesota Society of CPAs and Texas Society of CPAs, he must inform those responsible for such appointments of the results of this ethics investigation. This requirement shall remain in effect until the ECA determines that the work product submitted to comply with directive h. above substantially complies with professional standards.
- k. To be prohibited from teaching continuing professional education courses approved by the AICPA or the state CPA societies in auditing and accounting until he has completed all directives in this letter. This prohibition will be communicated to those responsible for engaging CPE instructors at the AICPA, the Minnesota Society of CPAs and the Texas Society of CPAs. This prohibition shall remain in effect until the ECA determines that the work product he submitted to comply with directive h. above substantially complies with professional standards.
- k. That the ECA shall provide a copy of this settlement agreement to the AICPA's Peer Review Division staff, his peer review administering entities and his firm's peer reviewer.
- l. That the ECA shall publish his name, the name of his current firm, the charges, and the terms of this settlement agreement.

- m. That the ECA shall monitor his compliance with the terms of this settlement agreement and initiate an investigation where the ECA finds there has been noncompliance.

EFFECTIVE DATE

This agreement is effective on the latest date shown on the last page of this agreement.

SIGNATURES

I, Dennis L. Rick, CPA, hereby consent and agree to the findings of fact, jurisdiction, terms, and conditions of the settlement agreement.

Signed _____
Dennis L. Rick, CPA
Date _____

FOR THE ETHICS CHARGING AUTHORITY

Signed *Don L. Baker* _____
For AICPA Professional Ethics Division
Date 10.4.2017

Signed _____
For Minnesota Society of CPAs
Date _____

Signed _____
For Texas Society of CPAs
Date _____

Signed *Mark A. Myle* _____
For AICPA Trial Board Division
Date 4.2.2018

SIGNATURES

I, Dennis L. Rick, CPA, hereby consent and agree to the findings of fact, jurisdiction, terms, and conditions of the settlement agreement.

Signed Dennis L. Rick 3/7/18
Dennis L. Rick, CPA Date

FOR THE ETHICS CHARGING AUTHORITY

Signed Don L. Burke 10.4.2017
For AICPA Professional Ethics Division Date

Signed _____
For Minnesota Society of CPAs Date

Signed John C. Jaine 2/7/2018
For Texas Society of CPAs Date

Signed _____
For AICPA Trial Board Division Date

AFFIDAVIT OF SERVICE BY MAIL


RE: Dennis Lee Rick; CPA Certificate No. 09484

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

Matt Kaehler, being first duly sworn, deposes and says:


That at the City of St. Paul, County of Ramsey and State of Minnesota, on this the 9th day of December, 2019, he served the attached Stipulation and Consent Order, by depositing in the United States mail at said city and state, a true and correct copy thereof, properly enveloped, with first class postage prepaid, and addressed to:

Dennis Lee Rick
1018 Fourth Ave
PO Box 216
Worthington, MN 56187



Matt Kaehler

Subscribed and sworn to before me on
this the 9 day of December, 2019.



(Notary Public)

