

**STATE OF MINNESOTA
BOARD OF ACCOUNTANCY**

In the Matter of
the CPA Certificate of
Thomas William Lewis,
Certificate No. 02179

**STIPULATION AND
CONSENT ORDER**
Board File Nos. 2021-406 and 2021-449

&

The CPA Firm Permit of
Thomas Lewis & Associates, P.A.,
Permit No. 00724

STIPULATION

Licensees Thomas Lewis ("Lewis") and Thomas Lewis & Associates, P.A. ("TLA") and the Minnesota Board of Accountancy's Complaint Committee stipulate that, subject to Board's review and discretionary approval, the Board may issue a consent order that imposes the following sanctions:

- A. Lewis's CPA certificate, No. 02179, and TLA's CPA firm permit, No. 00724, are CENSURED AND REPRIMANDED pursuant to Minn. Stat. § 326A.08 (2020).
- B. Lewis and TLA shall CEASE AND DESIST from performing work on any audit, review, or compilation engagements.
- C. Lewis shall PAY a civil penalty of \$5,000 to the Board within sixty days of the Board's approval of this Stipulation and Consent Order. TLA shall PAY a civil penalty of \$2,500 to the Board within sixty days of the Board's approval of this Stipulation and Consent Order.
- D. Lewis shall complete, at his own expense, the National Association of State Boards of Accountancy Center for Public Trust Ethics Training, with a required passing score of no less

than 80%. Lewis shall submit documentation of course completion to the Board within sixty days of the Board's approval of this Stipulation and Consent Order.

E. Lewis and TLA shall remain law abiding and comply with all statutes and rules within the Board's jurisdiction. *See* Minn. Stat. ch. 326A (2020) and Minn. R. ch. 1105 (2019).

F. Lewis and TLA shall report in writing within ten days any and all violations of this stipulation and consent order to the Board's Executive Director.

Lewis, TLA, and the Committee enter into this stipulation based on the following findings of fact, conclusions of law, and other stipulated provisions:

FINDINGS OF FACT

1. Lewis holds a CPA certificate, which expires on December 31, 2021. TLA holds a CPA firm permit, which expires on December 31, 2021.

2. The Board initially rejected TLA's firm permit renewal application in December 2020 due to incomplete peer review information for the period ended March 31, 2019. This information was due to the Board on June 30, 2020, but satisfactory information had not been received at the time TLA submitted its renewal application.

3. The peer review for the March 31, 2019 period resulted in a rating of "pass with deficiencies." The review identified three deficiencies:

a. "Firm leadership has not implemented policies and procedures to ensure consistent and clear actions and messages that emphasize the firm's commitment to quality. As a result, our peer review found instances of failure to comply with professional standards across several areas of the firm's quality control including timely updates of the firm's Quality Control Policies and Procedures manual; training in specialized industries

and areas, engagement performance and monitoring; continuing professional education (CPE); and effective quality control inspections.”

b. “The firm as required by its quality control policies and procedures for engagement performance utilizes a combination of industry approved standardized practice aids and firm developed materials to assist with complying with professional standards. Several current practice aids covering more recently required planning procedures such as independence evaluation and risk assessment have been substituted by the firm’s developed materials which appear to be incomplete and out-of-date. In our opinion, as a consequence, this contributed to audit engagements including those performed under Government Auditing Standards to not conform to professional standards in all material respects.”

c. “The firm’s remedial actions were insufficient in response to their prior peer review findings.”

4. TLA’s firm permit expired on December 31, 2020.

5. In February 2021, TLA hired an outside party to review the firm’s remediation of audit engagements identified in the peer review as non-conforming with professional standards and to review a copy of tis next monitoring report which describes the scope of the monitoring procedures (including testing of functional areas), the findings, and the corrective actions taken or to be taken on the finding noted and report to the MNCPA Peer Review Committee by March 31, 2021 the results. The report recommended further monitoring by the Peer Review Committee and recommended a post issuance review of the next audit engagement the firm performs based on the following determinations:

a. “While performing the procedures on the nonconforming HUD audit, we found the firm made improvements to the remediated workpapers but they still do not conform, in all material respects, to professional standards. The firm audit documentation in both the financial statement and compliance planning areas, including risk assessment, contained inconsistencies, missing information, and did not properly link risk assessment to audit programs and procedures performed.”

b. “On the other non-conforming audit, the firm remediated the non-attest independence documentation, but the documentation was not properly completed and now conflicts with other documentation in relation to independence on non-attest services. The firm did not remediate the other non-conforming workpapers including audit planning and risk assessment.”

c. “We also found the firm prepared a monitoring report on the functional areas but did not select and test a sample of engagements.”

6. Despite TLA’s expired firm permit, TLA continued to hold out as a CPA firm on its website by using the designation “Certified Public Accountants” during the expiration.

7. Lewis did not hold a sole proprietor firm permit while TLA’s firm permit was expired. Nevertheless, on March 15, 2021, Lewis issued an audit report.

8. On April; 1, 2021, the Board renewed TLA’s firm permit after TLA sought and received a peer review extension until May 3, 2021.

9. On May 2, 2021, TLA represented to the Board that it will “drop out of the audit business as of today and concentrate on tax and accounting”, and that it was “gone from the audit scene” and “no longer performing audit services.”

10. On May 3, 2021, TLA represented to the report acceptance body that it was no longer accepting audit engagements, but was finishing up two audits, then ending audit services.
11. On July 2, 2021, the Peer Review Committee agreed to accept TLA's peer review so long as TLA was no longer currently performing or engaged to perform any audit engagements and so long as TLA agreed to notify the Peer Review Committee and the administering entity immediately upon accepting an audit engagement.
12. On August 2, 2021, TLA agreed to the Peer Review Committee's conditions and represented to the Committee that it was no longer performing or engaged to perform any audit engagements.
13. On August 2, 2021, TLA's final peer review acceptance letter was issued by the report acceptance body.
14. On August 5, 2021, TLA submitted the final peer review acceptance letter to the Board.
15. As of the date of this order, TLA has not provided evidence of any post-issuance review as recommended by the February 4, 2021 report for any of the audits issued since the recommendation.

CONCLUSIONS OF LAW

1. The Board has authority to license and regulate certified public accountants and CPA firms and to take disciplinary action as appropriate. Minn. Stat. ch. 326A (2020).
2. Because Lewis did not possess a sole proprietor firm permit, he could not issue audit reports in an individual capacity. Minn. Stat. § 326A.10(j) (2020); Minn. R. 1105.4200(B) (2019). By issuing an audit report on March 15, 2021, Lewis violated that section.

3. By issuing an audit without undergoing the peer review requirements required for entities that issue audit reports, Lewis violated Minn. Stat. § 326A.05, subd. 8 (2020), and Minn. R. 1105.5600, subp. 1(C)(7) (2020).

4. By failing to file an application for a sole proprietor firm permit with the Board prior to issuing an audit report, Lewis violated Minn. R. 1105.7800(D) (2019).

5. By holding out as “Certified Public Accountants” on its website while its firm permit was expired, TLA violated Minn. Stat. § 326A.10(d) (2020) and Minn. R. 1105.4200(B) (2019).

6. By failing to comply with professional standards as to the attest or compilation competency requirement for those who supervise attest or compilation engagements and sign reports on financial statements resulting in the deficiencies in TLA’s peer review, TLA violated Minn. R. 1105.5600, subp. 1(C)(6) (2019).

7. By failing to report peer reviews as required by the Board, TLA violated Minn. Stat. § 326A.05, subd. 8 (2020); Minn. R. 1105.4800(A) (2019); Minn. R. 1105.5400(A) (2019); and Minn. R. 1105.5600, subp. 1(C)(7) (2019); and Minn. R. 1105.7800(C)–(D) (2019).

8. This stipulation and consent order is in the public interest.

OTHER STIPULATED PROVISIONS

1. This stipulation and consent order must be approved by the Board to become effective.

2. Lewis and TLA agree that the Committee may move the Board *ex parte*, with or without advance notice to the Lewis and TLA, to approve this stipulation and consent order. Lewis

and TLA understand that the Board may either approve the stipulation and consent order or not approve it. This stipulation and the files, records, and proceedings associated with this matter may be reviewed by the Board in its consideration of the Committee's motion.

3. If approved by the Board, this stipulation and consent order shall be classified as public data. Minn. Stat. § 13.41, subd. 5 (2020).

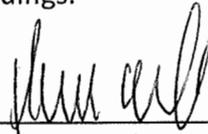
4. If the Board does not approve this stipulation and consent order, then the matter remains unresolved and the Committee may either seek to negotiate a revised stipulation and consent order with Lewis and TLA to present to the Board or issue an order commencing a contested-case hearing before an Administrative Law Judge at the Office of Administrative Hearings. See Minn. Stat. §§ 14.57–.62, 214.10, subd. 2 (2020) (describing administrative hearing process).

5. Lewis and TLA agree that if this case comes before the Board again after it reviews and discusses this stipulation and consent order, Lewis and TLA waive any claim that the Board was prejudiced by its review and discussion of this stipulation and consent order and any records relating to it.

6. Lewis and TLA acknowledge that they were advised by the Committee of their right to a contested-case hearing in this matter before an Administrative Law Judge, to file exceptions and make argument to the Board after the hearing, and to seek judicial review from any adverse decision rendered by the Board. Lewis and TLA hereby expressly waive those rights. Lewis and TLA were further advised by the Committee of their right to be represented by counsel and either knowingly waive that right or were so represented.

7. Lewis and TLA have read, understand, and agree to this stipulation and have voluntarily signed it. It is expressly understood that this stipulation contains the entire agreement between the parties, there being no other agreement of any kind, verbal or otherwise. If approved by the Board, a copy of the final stipulation and consent order shall be served personally or by first class mail on Lewis and TLA. The Board's order shall be effective when it is signed by the Chair of the Board or the Chair's designee.

8. Pursuant to Minn. Stat. § 16D.13 (2020), any civil penalty imposed by this stipulation and consent order shall begin to accrue simple interest in accordance with that section thirty days after the civil penalty is due. Pursuant to Minn. Stat. § 16D.17 (2020), thirty days after any civil penalty imposed by this stipulation and consent order is due, the Board may file and enforce any unpaid portion of the civil penalty as a judgment against Respondent in district court without further notice or additional proceedings.

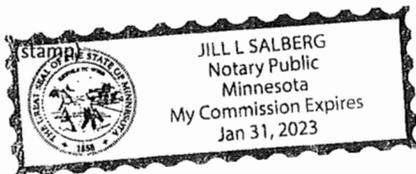


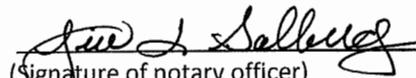
Thomas Lewis, on his own behalf and on behalf of Thomas Lewis & Associates, P.A.

STATE OF Minnesota

COUNTY OF Hennepin

This instrument was acknowledged before me on December 7, 2021 by Thomas Lewis.




(Signature of notary officer)

Administrative Assistant
Title

My commission expires: 1/31/23

Dated: December 7, 2021

Attorney [If represented by counsel]: _____ Dated: _____

Atty Reg. No. _____

COMPLAINT COMMITTEE



GREGORY S. STEINER, CPA
Chair

Dated: 1/11, 2022

CONSENT ORDER

Upon consideration of this stipulation and consent order, and based upon all the files, records, and proceedings herein, all terms of the stipulation and consent order are approved.

Accordingly, the Board orders as follows:

A. Lewis's CPA certificate, No. 02179, and TLA's CPA firm permit, No. 00724, are CENSURED AND REPRIMANDED pursuant to Minn. Stat. § 326A.08 (2020).

B. Lewis and TLA shall CEASE AND DESIST from performing work on any audit, review, or compilation engagements.

C. Lewis shall PAY a civil penalty of \$5,000 to the Board within sixty days of the Board's approval of this Stipulation and Consent Order. TLA shall PAY a civil penalty of \$2,500 to the Board within sixty days of the Board's approval of this Stipulation and Consent Order.

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E. Lewis and TLA shall remain law abiding and comply with all statutes and rules within the Board's jurisdiction. See Minn. Stat. ch. 326A (2020) and Minn. R. ch. 1105 (2019).

F. Lewis and TLA shall report in writing within ten days any and all violations of this stipulation and consent order to the Board's Executive Director.

Dated: 01/19, 2022

STATE OF MINNESOTA
BOARD OF ACCOUNTANCY

 CHARLES SELCER
BOARD SECRETARY

Charles Selcer, CPA
Chair

STATE OF MINNESOTA
MINNESOTA BOARD OF ACCOUNTANCY
85 East 7th Place, Suite 125
St. Paul, MN 55101

CERTIFICATE OF SERVICE BY U.S. MAIL

**Case Title: In the Matter of Thomas Lewis & Associates, P.A. and Thomas W. Lewis
Firm Permit No. 00724 and Certificate No. 02179
Board File Nos. 2021-406 and 2021-449**

I, Dillon Lang, verify by oath or affirmation that on the 28th day of January, 2022, at the City of St. Paul, in the county of Ramsey, in the State of Minnesota, served the Stipulation and Consent Order by depositing a true and correct copy in the United States mail, properly enveloped, with first class postage prepaid and addressed to the following named individual(s) or entities at the address indicated below.

Thomas Lewis & Associates, P.A.
Thomas W. Lewis
6800 France Ave. S., Suite 170
Edina, MN 55435


Dillon Lang