

**STATE OF MINNESOTA
BOARD OF ACCOUNTANCY**

**In the Matter of
Ryan, Hodgins & Associates, PA
CPA Firm Permit No. 00392**

**STIPULATION AND
CONSENT ORDER
Board File 2014-232**

The Minnesota Board of Accountancy ("Board") is authorized pursuant to Minnesota Statutes section 214.10 (2012); Minnesota Statutes section 326A.02, subdivisions 4 and 6 (2012); and Minnesota Statutes section 326A.08 (2012) to review complaints against Certified Public Accountants and CPA firms and to take disciplinary action whenever appropriate.

The Board received information concerning Ryan, Hodgins & Associates, PA, 7480 Market Place Drive, Minneapolis, Minnesota 55344 ("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 of any issue of fact or law and without any evidence or admission by any party with respect to any such issue:

1. For the purpose of this Stipulation, Respondent waives all procedures and proceedings before the Board to which Respondent may be entitled under the United States and Minnesota constitution, 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 Minnesota Statutes Chapter 14 (2012), and to dispute any civil penalty imposed by this Stipulation. 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. All documents in the Board's files shall

maintain the data classification to which they are entitled under the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13 (2012). They shall not, to the extent they are not already public documents, become public merely because they are referenced herein.

3. In the event the Board in its discretion does not approve this Stipulation or 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 is not approved and a contested case hearing is initiated by the Committee pursuant to Minnesota Statutes Chapter 14 (2012), Respondent agrees not to object to the Board's initiation of the hearing and it hearing the case on the basis that the Board has become disqualified because of its review and consideration of this Stipulation or of any records relating hereto.

FACTS

4. This Stipulation 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 without prejudice to the Respondent in any current or future proceeding of the Board with regard to these or other allegations:

a. The Board issued a Certified Public Accountant Firm Permit ("CPA Firm Permit") to Respondent on August 28, 1986; Respondent currently holds an active CPA Firm Permit from the Board. Respondent is subject to the jurisdiction of the Board with respect to the matters referred to in this Stipulation.

b. A system review of Respondent's accounting and auditing practice for the period ended December 31, 2010, resulted in a peer review rating of fail.

c. The reviewer's principal findings were:

- 1) Significant Deficiency - Firm policy and procedures require audit and accounting engagements to be properly planned, performed, supervised, reviewed and documented in

accordance with professional standards. The reviewer found that the firm tone at the top failed to reinforce those requirements. As a result, the reviewer noted numerous failures to adhere to audit, compilation and review services and accounting standards, both recently issued and established pronouncements. Areas included audit planning and performance, compilation and review reports and documentation, and failure to adhere to generally accepted accounting principles. An audit of a client in the not-for-profit industry failed to meet professional standards.

- 2) Significant Deficiency - Failure to annually perform inspection of engagements in years not covered by a peer review and failure to annually review the firm's functional areas of quality control; Failure to comply with the requirements of statements on Quality Control Standards. During the year preceding the review, the firm's procedures were ineffective.

d. It is alleged that Respondent failed to comply with the applicable quality review requirements as set out in Minnesota statutes and rules.

5. Respondent admits that the facts and conduct specified in paragraph 4 above constitute violations of Minnesota Statutes Chapter 326A (2012) and Minnesota Rules Chapter 1105 (2011), specifically Minnesota Statutes sections 326A.04, subdivision 10, 326A.05, subdivision 8 (a), 326A.08, subdivision 5 (a)(1) (2012) and Minnesota Rules Part 1105.5600, subpart 1.C (6) and 1.C (7) (2011), 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 against Respondent's CPA Firm Permit.

6. This Stipulation shall not in any way or manner limit or affect the authority of the Board to proceed against Respondent by initiating a contested case hearing or by other appropriate means on the basis of any act, conduct, or admission of Respondent 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 shall pay to the Board a **CIVIL PENALTY** of One Thousand Dollars (\$1,000.00). Respondent shall submit a Civil Penalty of One Thousand Dollars (\$1,000.00) by check to the Board within sixty (60) days of the Board's approval of this Stipulation and Order.

b. Respondent shall comply with all standard peer review requirements.

c. Respondent shall engage a peer reviewer to conduct a review of the firm's next audit engagement. Respondent shall provide the Board with documentation demonstrating the propriety of that engagement within thirty (30) days of completion of that review.

8. Any appropriate court may, upon application of the Board, enter its decree enforcing the order of the Board.

9. The undersigned authorized representative of Respondent, whose signature appears below, hereby acknowledges that he has read, understands, and agrees to this Stipulation and Consent Order and is freely and voluntarily signing the Stipulation without threat or promise by the Board or any of its members, employees, or agents. When signing the Stipulation, Respondent acknowledges that it is fully aware

that the Stipulation and Consent Order must be approved by the Board. The Board may approve the Stipulation and Consent Order as proposed, approve the order subject to specified change, 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.

10. Under the Minnesota Government Data Practices Act, this Stipulation is classified as public data upon its issuance by the Board. (Minnesota Statutes section 13.41, subdivision 5 (2012)). All documents in the record shall maintain the data classification to which they are entitled under the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13 (2012). They shall not, to the extent they are not already public documents, become public merely because they are referenced herein. A summary of this 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.

11. 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.

12. Respondent is aware that Respondent may choose to be represented by legal counsel in this matter. Respondent is represented by Michael J. Murphy, Esq.

13. 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.

CONSENT:

RESPONDENT

RYAN/HODGINS & ASSOCIATES, PA
By: [Signature]
Its: _____
Dated: 10/22, 2014



SUBSCRIBED and sworn to before me on this the 22nd day of October, 2014.

[Signature]
(Notary Public)

My Commission Expires:

01/31/18

COMPLAINT COMMITTEE

[Signature]
MICHAEL M. VEKICH, CPA
Chair

Dated: 12/5, 2014

ORDER:

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

1. IT IS HEREBY ORDERED that all the terms of this Stipulation and Consent Order are adopted and implemented this 5 day of December, 2014.

STATE OF MINNESOTA
BOARD OF ACCOUNTANCY

[Signature]
ROBERT P. SAUNDERS, CPA
Chair

