



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

October 15, 2024

Melissa Ruff, CPA, Board Chair
Nebraska Board of Public Accountancy
1526 K Street, Suite 410
Lincoln, NE 68508

Dear Ms. Ruff:

As you know, the Nebraska Auditor of Public Accounts (APA) has received concerns regarding Clarence Fred Weber, whose CPA license was reinstated by the Nebraska Board of Public Accountancy (Board) on March 15, 2024. Specifically, it is alleged that Mr. Weber improperly represented his former firm, among other significant issues. Responding to those concerns, the APA requested documentation from Mr. Weber and others to determine what effect, if any, the issues raised might have upon future political subdivision audits filed with this office.

The APA's review of the information submitted revealed several serious concerns, including an apparent lack of adherence to basic professional auditing standards. As a result, the APA notified Mr. Weber by letter on July 23, 2024, that we would not be accepting audit report filings from his firm, as authorized under Neb. Rev. Stat. § 84-305.01 (Cum. Supp. 2022). See **Attachment A** herein for a copy of the APA's letter to Mr. Weber. As the letter summarizes, the APA had requested working papers for two recent audits (Village of Winside and City of Tekamah) performed by Mr. Weber; however, the APA has yet to receive the City of Tekamah working papers, among other issues.

During the course of our review, the APA noted the following issues, which merit review by the Board.

Loup Basin Public Health Department

On June 13, 2024, the APA was contacted by representatives of Porter & Co., CPA Firm (Porter & Co.), alleging that Mr. Weber had improperly submitted the Loup Basin Public Health Department (LBPHD) audit report to the APA and the Federal Audit Clearinghouse (FAC), as he was no longer working for the firm when the audit report was submitted. Mr. Weber had worked as an auditor for Porter & Co. for several years prior to his departure on or around December 6, 2023. In addition to affirming that Porter & Co. did not issue the audit report, it was alleged that Mr. Weber improperly used that CPA firm's signature when filing the report.

The APA has included the LBPHD electronic audit submission from Mr. Weber on February 12, 2024, below:

From: no-reply@nicusa.com <no-reply@nicusa.com>

Sent: Monday, February 12, 2024 10:20 AM


To: Audits, APA <apa.audits@nebraska.gov>; apa-budget-notify@egov.com

Subject: Loup_Basin_Public_Health_Department

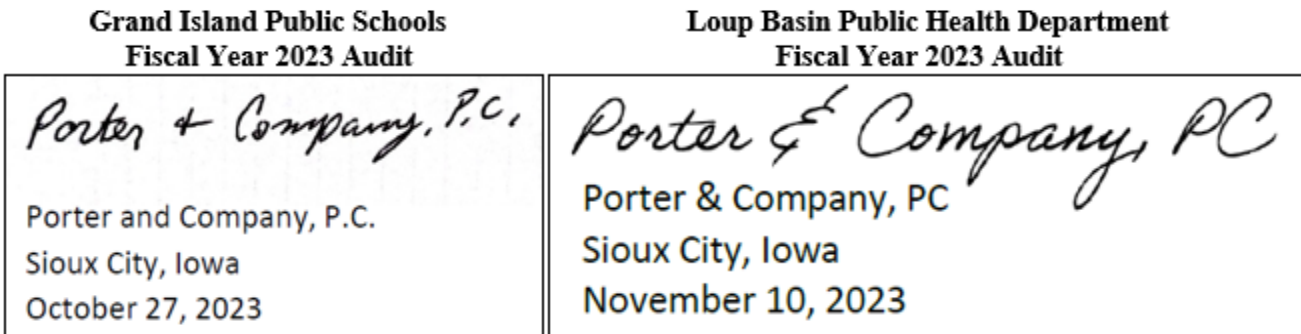
There is a new audit submission (type: Original Filing) for you to review from Fred Weber fweber@webertaxes.com for Loup_Basin_Public_Health_Department

Comments:Single Audit Reports

The APA has also included the original February 15, 2024, filing information from the Federal Audit Clearinghouse, below:

| | |
|---|---------------------------------------|
|  MENU | |
| <h2>Single audit summary</h2> | |
| <h3>Loup Basin Public Health Department</h3> | |
| <h4>UEI: MGM5UU61CBV5</h4> | |
| Report ID: 2023-06-GSAFAC-0000024633 | SF-SAC |
| FAC acceptance date: Feb. 15, 2024 | Single audit report |
| Fiscal Year: July 1, 2022 to June 30, 2023 | |
| <h3>Auditor</h3> | |
| Contact Name: Fred Weber | Contact title: Manager |
| Email: fweber@webertaxes.com | Phone: 7122390536 |
| Address: 4111 Floyd Blvd | City and state: Sioux City, IA |
| Zip code: 51108 | Secondary Auditors? N |

Porter & Co. representatives affirmed to the APA that their firm had not issued or given any authorization for issuance of this report, nor was the firm’s standard signature included on this report. As shown below, there are clear differences between the signatures used for the LBPHD audit submitted by Mr. Weber and the firm signature used for other audits filed by Porter & Co.:



The APA questions not only the submission of the LBPHD audit by Mr. Weber, but also the Porter & Co. firm signature used. Based on these allegations, the APA discussed with Mr. Weber the issuance and submissions of the LBPHD audit report. Mr. Weber admitted that he should not have submitted the audit to the FAC or the APA, but he denied issuing it on his own or improperly adding an unauthorized CPA firm's signature to the report. However, the evidence does not appear to support those assertions.

Porter & Co. had originally been engaged to conduct the Single-Uniform Guidance audit of LBPHD. However, shortly after Mr. Weber's departure, on approximately December 11, 2023, Porter & Co. decided to communicate to LBPHD that the firm would not be conducting the audit, and LBPHD should consider the previous engagement letter null and void. Porter & Co. acknowledged that, at the time of his disengagement with LBPHD, Mr. Weber had started some audit procedures for LBPHD; however, the working papers were never completed or reviewed by the firm's CPA. The APA obtained from Porter & Co. the corresponding working papers, which were incomplete at best. The APA observed one audit program, a few working papers with LBPHD in the headings, but all were either fully blank or significantly incomplete of any documentation.

Due to the questionable submission of the audit report and incomplete working papers, the APA inquired with the LBPHD Executive Director regarding the fiscal year June 30, 2023, audit. In our discussions with her, she explained that Mr. Weber had emailed her an audit report on November 12, 2023. The APA has included a copy of that email below:

From: fred@rdporter.com <fred@rdporter.com>
Sent: Sunday, November 12, 2023 11:09 PM
To: Amanda Jeffres <ajeffres@lbphd.ne.gov>; Stephanie Gideon <sgideon@lbphd.ne.gov>
Subject: RE: Engagement Letter, SEFA Worksheet

Amanda:

Attached is the audit report for 6-30-23.

Also, please find the management representation letter. Please print out, the first page goes on your letterhead, then read and sign. With every audit management directly and indirectly provide representations regarding the internal controls, compliance and the amounts that will go into the Schedule of Expenditures of Federal Awards.

Please sign and email back to me.

Thank you

Fred Weber
Porter & Company, PC
4111 Floyd Blvd
Phone: (712) 239-2345
Fax: (712) 239-0536

The audit report attached to the email message was the only report LBPHD ever received from Mr. Weber. The email correspondence did not state whether the attached report was a draft or final version; however, the fact that Mr. Weber's email was still asking for the management representations to be provided indicates that the report should not have been a final version at the time. The Independent Auditors Report had a date of November 10, 2023, but the firm's signature was **not included**.

On November 13, 2023, the Executive Director for LBPHD emailed the management representation letter back to Mr. Weber, adding the following:

Thank you for meeting our deadline and getting this to me! I've put the letter on our letterhead and signed it. Please let me know if you need anything further from us! You can either mail or email the invoice.

The management representation letter returned to Mr. Weber contained a date of **November 13, 2023**, next to the Executive Director's signature. After receipt of the management representation letter, however, Mr. Weber continued to email the Executive Director to request receipts, expenditures, and the report's supporting documentation, along with other inquires, as shown below:

From: fred@rdporter.com <fred@rdporter.com>
Sent: Monday, November 13, 2023 9:41 AM
To: 'Amanda Jeffres' <ajeffres@lbphd.ne.gov>
Subject: RE: Engagement Letter, SEFA Worksheet

Amanda:

I was just putting together some final questions. Again, it gets pretty hectic in September and October and first part of November with the school audits we do, we have 26 that all have to be done by 11/5/23 and we cant start them until middle of September. I appreciate your patience. I will send that list here shortly of the questions and items I need for my file.

Thank you

Fred Weber
Porter & Company, PC
4111 Floyd Blvd
Phone: (712) 239-2345
Fax: (712) 239-0536

Mr. Weber emailed the Executive Director again shortly thereafter with the following listing of items needed:

This program was the major federal program in fact really the only one the organization had.

- 1. The highlighted receipts I will need to see the support. Support for the receipt of money (ACH, bank statement with deposit highlight, check receipt stub from organization that sent the money, etc), essentially what ever you have that supports those funds being received and deposited.*
- 2. I will also need to see the worksheets or documentation you used to determine the amount of that draw down of funds. If you have QB printouts that support that number or spreadsheets etc.*
- 3. The expenditures listed was \$581,523.75, please provide from QB the detailed general ledger that agrees to that amount. It should list all expenditure transactions classified to the program (class) in QB. For all transaction totals greater than \$10,000 please provide the support for that transaction. If there is payroll, I will pick a few employees and will need to see there approved rates (salary and hourly), job titles and how their work fits into this program and if their time is split between programs the allocation of their time and support for that allocation.*
- 4. Any other reports submitted to document the progress of this program to the grantor or pass-through agency. I will need to see all submitted.*
- 5. Are you aware of any noncompliance with the program requirements related to this program.*
- 6. Any other compliance requirements you are aware of that you believe are material to the program.*

Thank you

Mr. Weber obviously continued to request additional information and documentation after providing his report, dated November 10, to LBPHD, as well as after receiving Management's representations. Later in the day on November 13, the Executive Director presented the unsigned audit report at the LBPHD Board Meeting. It is unclear what, if any, correspondence there was between November 13 and the December 2023 call from Porter & Co. to the Executive Director to inform her that the firm would not be able to provide LBPHD's Single Audit. However, shortly after that call, the Executive Director requested a disengagement letter from Porter & Co. When the APA asked the Executive Director about the sequence of events between receiving an unsigned audit report and Porter & Co. disengaging from the audit, she assumed there must have been some type of confusion or misunderstanding. Porter & Co. provided the APA with a copy of the letter mailed to LBPHD; however, she claimed this was not received. The APA also inquired to whom LBPHD made payment for the audit, and she confirmed that LBPHD neither received a billing invoice nor paid anyone. According to Porter & Co., no billing invoice was sent to LBPHD, as the firm had not completed the audit and had communicated its disengagement.

The APA also questions the Schedule of Expenditures of Federal Awards (SEFA) that was submitted to both our office and the Federal Audit Clearinghouse, as prior fiscal year amounts appear to have been included therein. The audit report was intended to be for fiscal year June 30, 2023, and while the report's cover page and Independent Auditor's Report indicated FYE June 30, 2023, the SEFA within the report was actually titled "For the Year Ended June 30, **2022**" (Emphasis added.). The SEFA included was almost identical to LBPHD's previous year's SEFA, which had been included in the issued FYE June 30, 2022, Single-Uniform Guidance audit.

The APA obtained an August 23, 2023, email from the Executive Director to Mr. Weber, which included an attached file labeled "22-23 LBPHD Schedule of Expenditures of Federal Award" and said the following:

We've attached the 22-23 Schedule of Expenditures for Federal Awards. Please let us know what else we need to provide.

The Federal expenditure information in this attachment from the Executive Director closely resembles the possible draft SEFA that had been included within the very limited workpapers obtained from Porter & Co., as referenced earlier in this letter. However, this information was significantly different from the many Federal Assistance Listing numbers and dollar expenditure amounts that were included in the SEFA that Mr. Weber included in the report submitted. **An incorrect SEFA appears to have been included in the report that Mr. Weber provided to the LBPHD and subsequently submitted to the FAC and APA.**

The allegedly improper use of the firm's signature, as well as submitting an incomplete audit on behalf of a firm for which Mr. Weber no longer worked, gives rise to both serious ethical concerns and possible violations of Nebraska law.

To start, Neb. Rev. Stat. § 28-603 (Reissue 2016) provides the following:

(1) Whoever, with intent to deceive or harm, falsely makes, completes, endorses, alters, or utters any written instrument which is or purports to be, or which is calculated to become or to represent if completed, a written instrument which does or may evidence, create, transfer, terminate, or otherwise affect a legal right, interest, obligation, or status, commits forgery in the second degree.

* * * *

(5) Forgery in the second degree is a Class II misdemeanor when the face value, or purported face value, or the amount of any proceeds wrongfully procured or intended to be procured by the use of such instrument, is less than five hundred dollars.

Additionally, Neb. Rev. Stat. § 28-604 (Reissue 2016) says the following:

(1) Whoever, with knowledge that it is forged and with intent to deceive or harm, possesses any forged instrument covered by section 28-602 or 28-603 commits criminal possession of a forged instrument.

* * * *

(6) Criminal possession of a forged instrument prohibited by section 28-603, the amount or value of which is less than five hundred dollars, is a Class III misdemeanor.

Neb. Rev. Stat. § 28-601(7) (Reissue 2016) defines a "forged instrument" as follows:

Forged instrument shall mean a written instrument which has been falsely made, completed, endorsed or altered. The terms forgery and counterfeit and their variants are intended to be synonymous in legal effect as used in this article;

Furthermore, Neb. Rev. Stat. § 28-606 (Reissue 2016) states the following:

(1) A person commits a criminal simulation when:

(a) With intent to deceive or harm, he makes, alters, or represents an object in such fashion that it appears to have an antiquity, rarity, source or authorship, ingredient, or composition which it does not in fact have; or

(b) With knowledge of its true character and with intent to use to deceive or harm, he utters, misrepresents, or possesses any object so simulated.

(2) Criminal simulation is a Class III misdemeanor.

(Emphasis added.) While Mr. Weber does not appear to have been compensated for his actions, Neb. Rev. Stat. § 28-638 (Reissue 2016) provides the following:

(1) A person commits the crime of criminal impersonation if he or she:

(a) Pretends to be a representative of some person or organization and does an act in his or her fictitious capacity with the intent to gain a pecuniary benefit for himself, herself, or another and to deceive or harm another;

* * * *

(2)(d) Criminal impersonation, as described in subdivisions (1)(a) and (1)(b) of this section, is a Class II misdemeanor if no credit, money, goods, services, or other thing of value was gained or was attempted to be gained, or if the credit, money, goods, services, or other thing of value that was gained or was attempted to be gained was less than five hundred dollars. Any second conviction under this subdivision is a Class I misdemeanor, and any third or subsequent conviction under this subdivision is a Class IV felony.

Winside and Tekamah Municipalities

As referenced in **Attachment A** herein, Mr. Weber submitted to the APA other audit reports issued by him. Examples of such audit reports are for the Village of Winside and the City of Tekamah. Both reports can be accessed through the following links, respectively:

https://auditors.nebraska.gov/Audits_Filed/2023/Winside_FY2023.pdf

https://auditors.nebraska.gov/Audits_Filed/2023/Tekamah_FY2023.pdf

As can be seen clearly from even the most cursory examination of either report, a professional standard of work was not performed or presented. While Mr. Weber's Independent Auditor's Report opinion for both of these reports stated "Unmodified" (also known as "Clean") opinions on the financial statements, the following are but a few of the subpar and unprofessional items to note.

Village of Winside:

- A Government Wide Statement of Net Position was **not** included with the report, although the table of contents indicated that the statement had been included.
- Two separate Statement of Receipts, Disbursements, and Changes in Fund Balances (located sporadically within the report) were included. One of those contained, for wholly unknown reasons, what appeared to be "Scratch Marks" consisting of multiple handwritten checkmarks, X's, and dollar amounts next to the Statement's financial amounts.
- Another page was essentially blank, containing nothing but what appeared to be "Scratch Marks," such as "utilities," "meter deposit," etc.
- While possibly less concerning, though still very confusing, the report pages were completely in disarray and out of sequence.

The following images of the audit report's contents illustrate many of the above-mentioned concerns:

Village of Winside, Nebraska
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
 BALANCE - GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2023

| | | General | |
|-------------------------|--------|----------------|--|
| CASH RECEIPTS | | | |
| Personal & property tax | | \$ X 100,802 ✓ | |
| Interest | | 9,090 ✓ | |
| State receipts | 63,770 | X 99,120 ✓ | |
| Licenses and fees | | 1,837 ✓ | |
| Rental fees | | 4,075 ✓ | |
| Grants & contributions | | 7,545 ✓ | |
| Other receipts | | 61,441 ✓ | |
| Total cash receipts | | 283,910 | |

| | | |
|-------|---------|---------------|
| WC 13 | 329,236 | Utilities |
| | 294,421 | Gener |
| | 9,312 | Meter Deposit |
| | 686 | Amd |
| | 339,654 | |

City of Tekamah:

- Variances of over \$427,000 between two different statements' fund balances were presented; however, those amounts should have been the same. Even the most perfunctory review should have detected the following significant differences: The Statement of Assets and Fund Balances Governmental Funds presented Total Net Position of \$(72,848) and \$1,038,394 for the General Fund and Debt Service Fund, respectively. However, the Statement of Cash Receipts, Disbursements and Changes in Fund Balances Governmental Funds presented End of Year Fund Balances of \$354,862 and \$610,684 for the General Fund and Debt Service Fund, respectively, as shown below:

City of Tekamah, Nebraska
 STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
 GOVERNMENTAL FUNDS
 September 30, 2023

| | | | | |
|--------------------------------------|--------------|--------------|--------------|--|
| FUND BALANCES | | | | |
| Unassigned | \$ (216,972) | \$ - | \$ (216,972) | |
| Assigned to: | | | | |
| Community betterment | 53,906 | - | 53,906 | |
| Restricted to: | | | | |
| Debt service | - | 1,038,394 | 1,038,394 | |
| Tax increment financing | 90,218 | - | 90,218 | |
| Total Net Position/ Fund Balances | \$ (72,848) | \$ 1,038,394 | \$ 965,546 | |

City of Tekamah, Nebraska
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
 BALANCE - GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2023

| | | | |
|----------------------------------|-------------------|-------------------|-------------------|
| Fund Balances, beginning of year | 204,488 | 504,674 | 709,162 |
| Fund Balances, end of year | <u>\$ 354,862</u> | <u>\$ 610,684</u> | <u>\$ 965,546</u> |

Additionally, both of these Independent Auditor’s Reports omitted in several places required statements that the audits were conducted in accordance with Generally Accepted Government Auditing Standards.

As demonstrated by the contents of this letter, the reports submitted for official filing with the FAC and APA, along with other audit work performed by Mr. Weber, demonstrate a blatant failure to comply with basic professional standards, which this office cannot condone. Consequently, as previously noted, the APA will continue to reject any audits performed by Mr. Weber that a political subdivision may attempt to file with us.

Nevertheless, even after our July 23, 2024, communication to Mr. Weber regarding not accepting his audits, he engaged with the City of Crofton for that municipality’s fiscal year 2024 audit. Not until the APA reached out to them, however, did the City of Crofton and other municipalities learn that audits performed by Mr. Weber were no longer being accepted by this office.

This communication is intended solely for the information and use by the Nebraska Board of Public Accountancy and its management. It is not intended to be, and should not be, used by any other party. However, this letter is a matter of public record, and its distribution is not limited.

If you have any questions regarding the above information, please contact our office.

Sincerely,



Mark Avery, CPA
 Assistant Deputy Auditor

FRED WEBER
APA Letter to Mr. Fred Weber
July 23, 2024

Attachment A



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

July 23, 2024

Fred Weber
P.O. Box 354
Hinton, IA 51024

This letter is to notify the firm of Fred Weber, CPA, that as authorized within Neb. Rev. Stat. § 84-305.01 (Cum. Supp. 2022), the Nebraska Auditor of Public Accounts (APA), from this date forward will not be accepting audit report filings from this firm, for political subdivision/entities that are required to file their audits with the APA.

The APA recently received three audit reports on March 31, 2024, and one audit report on April 8, 2024, issued by Fred Weber, CPA. All four Independent Auditor's Reports were dated March 29, 2024. These were the first audit reports submitted to the APA, issued by Fred Weber, CPA. The APA then inquired with the Nebraska State Board of Public Accountancy (Board) to determine if this firm had a Permit to Practice in the State of Nebraska. The Board informed the APA that Clarence Fred Weber had recently been given a Permit to Practice effective March 15, 2024.

Due to the extreme shortness in the time period between the Permit to Practice's effective date and the date of the Independent Auditor's Reports, and after initial desk reviews of the audit reports, along with some documentation obtained from those audited entities, the APA requested from you on May 15, 2024, full audit working papers supporting the cities of Tekamah and Crofton fiscal year ended 2023 audits, pursuant to Section § 84-305.01. The request indicated this information was to be provided no later than the end of the day May 22, 2024. The APA provided you a secured ShareFile link in order for files to be uploaded.

On May 16, 2024, you responded via email to the APA that you were in receipt of the request and asked for an extension until June 5, 2024, to provide the information requested, with reasoning that you would soon be on a vacation from May 18th to the 28th and stated, "I also have a new audit system I am using I need to figure out how to make this into a format that you can all access and view." The APA then asked what audit system/software you were using, and to please work diligently over the next couple of days to provide those working papers to us prior to the vacation, and any workpapers not provided prior to vacation, should be uploaded and provided by the end of day May 31, 2024. On May 30, 2024, the APA sent a reminder that the full audit working papers for the requested audits should be uploaded to the ShareFile folder by end of the following day, May 31, 2024.

You emailed our office on June 3, 2024, stating, among other things, the following (Emphasis added):

I am using AdvanceFlow and checkpoint engage for my audit software but it was not fully functional at the time I performed the audits. I had performed the audits and took notes and created workpapers with the intention of putting everything in AdvanceFlow

I did upload most of my workpapers for Crofton. I am still in the process of getting workpapers cleaned up and put into Advance flow for Crofton and I have not been able to start Tekamah yet

FRED WEBER
APA Letter to Mr. Fred Weber
July 23, 2024

Attachment A

On June 3, 2024, you uploaded to the ShareFile folder, 14 files regarding the City of Crofton and **nothing regarding the City of Tekamah. Following June 3, 2024, to the date of this letter, nothing further has been provided.**

The APA reviewed the limited workpapers that were provided, along with some documentation obtained directly from those audited entities. Several items of concern arose, as described below.

First, as referenced in the request for working papers, Neb. Rev. Stat. § 84-305.01 provides the following (Emphasis added):

(1) The Auditor of Public Accounts shall have unrestricted access to the working papers and audit files for any audit report required to be filed with office of the Auditor of Public Accounts

*(2) Upon receipt of a written request by the Auditor of Public Accounts for access to working papers and audit files, the auditor or auditing firm responsible for preparing such audit report shall provide to the Auditor of Public Accounts as soon as is practicable and without delay, but not more than three business days after receipt of such request, either (a) access to all of the requested materials or (b) a written explanation, including the earliest practicable date for fulfilling the request and an opportunity for the Auditor of Public Accounts to modify or prioritize the items within the request, if the entire request cannot with reasonable, good faith efforts be fulfilled within three business days after actual receipt of the request due to the significant difficulty or extensiveness of fulfilling the request. **No delay due to the significant difficulty or extensiveness of any request for access to working papers and audit files shall exceed three calendar weeks after receipt of the written request from the Auditor of Public Accounts.** The three business days shall be computed by excluding the day the request is received, after which the designated period of time begins to run. Business day does not include a Saturday, a Sunday, or any of the days enumerated in section 25-2221 or declared by law or proclamation of the President of the United States or Governor to be holidays.*

(3) If the auditor or auditing firm responsible for preparing such audit report fails to comply timely and fully with a request for access to working papers and audit files, the Auditor of Public Accounts may:

(b) Refuse to accept any audit report prepared by the auditor or auditing firm for a period of three calendar years from the date that the notification described in subdivision (3)(a) of this section is received by such auditor or auditing firm.

(4) Any deficiency noted by the Auditor of Public Accounts in reviewing the working papers and audit files may be forwarded to the Nebraska State Board of Public Accountancy for its consideration. The Auditor of Public Accounts may make any information or documents required to investigate such deficiency available to the board.

The APA's written request for working papers was made on May 15, 2024; **therefore, the full audit working papers supporting the cities of Tekamah and Crofton fiscal year ended 2023 audits, were required to be provided no later than June 6, 2024 (three calendar weeks after the APA request).** As of the date of this letter, nothing for the City of Tekamah has ever been provided, and as you alluded in your June 3, 2024, email, not all of the City of Crofton information was uploaded.

Secondly, American Institute of Certified Public Accountants (AICPA) Professional Standards AU-C 230 provides the following (Emphasis added):

Definitions

.06 For purposes of GAAS, the following terms have the meanings attributed as follows:

***Documentation completion date.** The date, no later than 60 days following the report release date, on which the auditor has assembled for retention a complete and final set of documentation in an audit file.*

FRED WEBER
APA Letter to Mr. Fred Weber
July 23, 2024

Attachment A

Report release date. The date the auditor grants the entity permission to use the auditor's report in connection with the financial statements.

.15 The auditor should document the report release date in the audit documentation.

.16 The auditor should assemble the audit documentation in an audit file and complete the administrative process of assembling the final audit file on a timely basis, no later than 60 days following the report release date.

The Crofton and Tekamah Independent Auditor's Reports dates were both March 29, 2024, and both audits were electronically submitted by you, to the APA on March 31, 2024. **Therefore, the final documentation completion date of these audit files should have been, no later than May 30, 2024** (60 days following the report release); with all workpapers and "notes" supporting the audit documentation assembled for the final audit file and, therefore, readily able to be provided to the APA.

Additionally, other items noted are as follows. AICPA Professional Standards provide the following (Emphasis added):

AU-C 210

.03 The objective of the auditor is to accept an audit engagement for a new or existing audit client only when the basis upon which it is to be performed has been agreed upon through[:]

b. confirming that a common understanding of the terms of the audit engagement exists between the auditor and management, and when appropriate, those changed with governance.

.06 In order to establish whether the preconditions for an audit are present, the auditor should [:]

b. obtain the agreement of management that it acknowledges and understands its responsibility

.10 The agreed-upon terms of the audit engagement should be documented in an audit engagement letter or other suitable form of written agreement.

.12 . . . the auditor should inquire of the predecessor auditor about matters that will assist the auditor . . . including a. identified or suspected fraud . . . b. matters involving noncompliance or suspected noncompliance . . . that came to the predecessor auditor's attention during the audit . . .

*.A23 Both management and the auditor have an interest in **documenting the agreed-upon terms of the audit engagement before the commencement of the audit** to help avoid misunderstandings with respect to the audit. . . .*

FRED WEBER
APA Letter to Mr. Fred Weber
July 23, 2024

Attachment A

AU-C 580

.20 The date of the written representations should be as of the date of the auditor's report on the financial statements. The written representations should be for all financial statements and period(s) referred to in the auditor's report.

.21 The written representations should be in the form of a representation letter addressed to the auditor.

.A23 Because written representations are necessary audit evidence, the auditor's opinion cannot be expressed, and the auditor's report cannot be dated, before the date of the written representations. Furthermore, because the auditor is concerned with events occurring up to the date of the auditor's report that may require adjustment to, or disclosure in, the financial statements, the written representations are dated as of the date of the auditor's report on the financial statements.

As previously noted, the City of Crofton's audit report date was March 29, 2024. However, email communications, as shown below, between you and the City of Crofton, **clearly indicate that Management Representations had not been made to you until after that date, and at a minimum, not until at least April 3, 2024.** In fact, you had already submitted this audit to the APA on March 31, 2024.

Additionally, the email shows that you did not provide an Engagement Letter to the City of Crofton until the conclusion of the audit, again not obtaining the City's acknowledgement of their audit responsibilities, until the Engagement Letter was signed and dated by the City Chairman on April 3, 2024, after the audit had been submitted to the APA.

Furthermore, the APA was the City's predecessor auditor, and the APA received no inquiry or request of information from you as the current auditor.

Below is email correspondence between you (Fred Weber) and the City of Crofton:

From: Shauntel Tramp <stramp@croftonpa.com>
Sent: Wednesday, April 3, 2024 9:45 AM
To: Fred Weber <fweber@weberatax.com>
Subject: Re: Engagement Letter and Management Representations Letter

We have a meeting tonight at 8. I will have Larry sign them and get both to you first thing tomorrow.

From: Fred Weber <fweber@weberatax.com>
Sent: Monday, March 25, 2024 8:29 AM
To: Shauntel Tramp <stramp@croftonpa.com>
Subject: Engagement Letter and Management Representation Letter

Shauntel,

Attached please find the engagement letter. The fee is similar to the past agreements. Please have the board chairperson sign and return to me.

Also, attached is the Management Representation letter. Please print out and copy the first page on the City letterhead and you sign and the board chairperson sign and return to me.

Please email me the signed letters.

I will have the audit report emailed to you today or by end of business tomorrow at the latest. I will submit the audit report to the State Auditor by Friday March 29, 2024.

I am using Fred Weber, CPA, which is my sole proprietorship for my audits. The Weber Accounting & Tax Services, LLC will be for my accounting and tax work that I will do.

Thank you

Fred Weber
Weber Accounting & Tax Services, LLC
PO Box 354
115 W Main St
Horton, IA 51024
Phone: 712-647-1000

Below is from the City of Crofton's signed Engagement Letter, dated April 3, 2024:

RESPONSE:

This letter correctly sets forth the understanding of City of Crofton, Nebraska.

Management signature: Shauntel Stamp

Title: City Treasurer

Date: _____

Governance signature: Lamy Lutz

Title: Co-Chairman

Date: 4-3-24

Further, our review of the City of Crofton workpapers for fiscal year 2023 you did provide, discovered, as an example, an "AP-20: General Auditing and Completion Procedures" audit program which included audit steps such as: to perform procedures for related parties and transactions, to perform procedures for significant unusual transactions to determine if they relate to fraud, and to document the sufficiency and appropriateness of the audit evidence including engagement quality control in accordance with firm policies. For the over 100 audit step procedures included in this audit program you provided, only two had any type of a reference to a workpaper (neither of which were for any of the example steps noted just above), while none of the steps had any indication of actually being performed, or by whom and when. Additionally, no specific workpapers documenting procedures being completed to address those steps from the audit program as noted above were identified in the information provided by you to the ShareFile folder.

Therefore, as noted in the first paragraph, because of the failure to comply with Neb. Rev. Stat. § 84-305.01 (Cum. Supp. 2022), along with other noted deficiencies of professional standards, from the date of this letter notification, the APA will not be accepting audit reports issued by you or your firm.

Sincerely,



Mark Avery, CPA
Assistant Deputy Auditor