BEFORE THE WEST VIRGINIA BOARD OF ACCOUNTANCY

WEST VIRGINIA BOARD OF ACCOUNTANCY,

Complainant,

West Virginia Board of Accountancy
JUN 14 2018
Received

v. **Case No. 2018-09**

JAMES L. TEED, C.P.A., and TEED & ASSOCIATES, PLLC, a West Virginia Professional Limited Liability Company,

Respondents.

CONSENT AGREEMENT AND ORDER

The West Virginia Board of Accountancy (the "**Board**") has received information suggesting that James L. Teed and Teed & Associates, PLLC,[1] may have failed to comply with one or more professional standards or rules of professional conduct in violation of W. Va. Code § 30-9-20 and W. Va. C.S.R. § 1-1-13. Respondents have entered into a settlement agreement (the "***Settlement Agreement***") with the American Institute of Certified Public Accountants (the "**AICPA**"), the Tennessee Society of CPAs (the "**TSCPA**"), and the West Virginia Society of CPAs (the "**WVSCPA**") that limits Respondents' professional activities and provides for rigorous monitoring. Respondents wish to waive all disciplinary procedures before the Board and to enter into this *Consent Agreement and Order* (this "***Order***") so that their compliance with the *Settlement Agreement* will satisfy their obligations to the Board. Now, in lieu of a hearing and other procedures, the parties agree to the entry of this *Order*.

[1] NOTE: According to the Secretary of State's website, this entity was terminated on November 1, 2016.

FINDINGS OF FACT

The Board adopts the following findings in this matter:

1. The Board is a state entity that regulates the practice of accounting. W. Va. Code §§ 30-9-1 and 30-9-4.

2. The Board has authority to suspend, revoke, limit, refuse to issue, and refuse to renew a licensee's license or practice privilege and authority to otherwise discipline him or her. W. Va. Code § 30-9-20.

3. James L. Teed holds a certificate from the Board that entitles him to practice as a certified public accountant in the State of West Virginia. From March 10, 2003, through June 30, 2016, Mr. Teed also held an authorization to perform attest and compilation services in the State of West Virginia. Teed & Associates, PLLC, is[2] a West Virginia professional limited liability company. Thus, Respondents are subject to the Board's jurisdiction and license requirements.

4. Until recently, Mr. Teed was a member of the AICPA, the TSCPA, and the WVSCPA. In or about 2017, their professional ethics committees—collectively referred to in the *Settlement Agreement* as the "**Ethics Charging Authority**" or "ECA"—accused Respondents of providing auditing services that did not conform to professional standards. These services were provided to two different government entities in or about 2012 and 2013.

5. After investigation, the Ethics Charging Authority found "prima facie evidence of violations of the rules of the AICPA, the Tennessee Society of CPAs and the West Virginia Society of CPA's codes of professional conduct[.]" This finding led to the *Settlement*

[2] Or it *was* until November 1, 2016.

Agreement, which Mr. Teed signed on September 11, 2017. A copy of the *Settlement Agreement* is attached as **Exhibit A** and incorporated by reference.

6. The *Settlement Agreement* suspends Mr. Teed's AICPA, TSCPA, and WVSCPA memberships for two years and imposes significant limits and obligations on Respondents and their professional activities.

7. The AICPA contacted the Board on or about January 17, 2018, to say that Mr. Teed had been disciplined and his AICPA membership suspended for two years. The Board contacted Mr. Teed by letter on January 25, 2018.

8. Mr. Teed replied on February 17, 2018. In his response, Mr. Teed provided additional information about the *Settlement Agreement* and the circumstances that led him to sign it. He advised that he was no longer performing audits, reviews, or compilations, and that he was complying with the *Settlement Agreement*.

9. Upon recommendation of the Complaint Committee, and after reviewing the *Settlement Agreement* and Mr. Teed's response, the Board voted unanimously at its April 27, 2018 regular meeting to enter into this *Order*.

CONCLUSIONS OF LAW

1. The Board has jurisdiction to discipline Respondents and authority to enter this *Order*. W. Va. Code § 30-9-20 and W. Va. C.S.R. § 1-1-13.

2. The *Settlement Agreement* alleges facts and circumstances that, if proven, would subject Respondents to discipline by the Board and to potential adverse action against their license or practice privileges. W. Va. Code § 30-9-20 and W. Va. C.S.R. § 1-1-13.

CONSENT OF RESPONDENTS

James L. Teed, for himself, and for Teed & Associates, PLLC, consents and agrees as follows:

1. That he has had opportunity to confer with counsel;

2. That he has signed this *Order* freely, voluntarily, without compulsion or duress, and while mindful of the consequences;

3. That, except as stated in this *Order*, no person or entity has made any threat, promise, or assurance or offered Respondents anything in order to induce him to sign this *Order*;

4. That he understands that Respondents are entitled to various procedural protections and that he is waiving those protections, including those protections described more specifically below;

5. That Respondents neither admit nor deny the allegations contained in the *Settlement Agreement*;

6. That the facts and circumstances alleged in the *Settlement Agreement*, if proven, could subject Respondents to discipline by the Board and to potential adverse action against their license or practice privileges.

7. That he waives Respondents' right to further investigation of the allegations contained in the *Settlement Agreement*;

8. That he waives Respondents' right to a finding of probable cause, to a hearing, to one or more appeals in a court of law, and to all of the other procedural protections that ordinarily apply to the Board's disciplinary activities;

9. That Respondents will comply in all respects with the terms and conditions contained in the *Settlement Agreement*;

10. That Respondents will promptly send the Board a copy of any attestation or other communication that Respondents send to the Ethics Charging Authority regarding the *Settlement Agreement*;

11. That any attestation, certification, or other representation that Respondents make to the Ethics Charging Authority will be deemed an attestation, certification, or representation made to the Board;

12. That Respondents will promptly send the Board copies of any communications that Respondents receive from the Ethics Charging Authority regarding Respondents' compliance with the *Settlement Agreement*;

13. That the Board may communicate with the Ethics Charging Authority, and the Ethics Charging Authority may communicate with the Board, about all matters related to (a) this *Order*, (b) Respondents' compliance with the *Settlement Agreement*, and (c) the facts and circumstances that led to the *Settlement Agreement*;

14. That the Board will publish Respondents' names, the charges against them, and this *Order* (or a description of its terms), including the attached *Settlement Agreement*;

15. That this *Order* will be reported to the NASBA's Accountancy License Database and reported on the Board's website but will not be considered an admission by Respondents of any statutory or rule violation;

16. That this *Order* is a "public record" as defined in W. Va. Code § 29B-1-2;

17. That no part of this *Order* is protected from disclosure under the *West Virginia Freedom of Information Act* (W. Va. Code § 29B-1-1 *et seq.*);

18. That the Board will provide a copy of this *Order*, including the attached *Settlement Agreement*, to the Ethics Charging Authority and to any other person who requests a copy;

19. That, if Respondents fail to comply with the *Settlement Agreement*:

a. The Board will be free to pursue all available remedies and disciplinary measures against Respondents for the alleged facts and circumstances that led to the *Settlement Agreement* and for any alleged facts or circumstances related to Respondents' failure to comply with the *Settlement Agreement*;

b. Respondents will be barred from asserting any statute of limitations, laches, estoppel, or other similar defense with respect to the alleged facts and circumstances that led to the *Settlement Agreement* or with respect to any alleged facts or circumstances related to Respondents' failure to comply with the *Settlement Agreement*; and

c. Respondents will be free, however, to demand a finding of probable cause, to demand a hearing, and to enjoy the procedural protections that ordinarily apply to the Board's disciplinary activities, including the right, if any, of appeal;

20. That Respondents presently have no authorization to perform attest or compilation services in the State of West Virginia;

21. That Respondents may not perform attest or compilation services in the State of West Virginia until they have duly applied for and received authorization to do so from the Board;

22. That Respondents may not apply for or receive an authorization to perform attest or compilation services in the State of West Virginia until they have discharged all of their obligations under the *Settlement Agreement*; provided, however, that, if Respondents must have an authorization from the Board in order to lawfully discharge their obligations under the *Settlement Agreement*, Respondents may apply to the Board for such an authorization, and the Board agrees to grant such authorization, *so long as* (a) Respondents are otherwise qualified to receive the authorization and (b) the authorization is expressly conditioned on Respondents' compliance with all of their obligations under the *Settlement Agreement*; and

23. That he is representing and warranting to the Board that he has all necessary authority to sign this *Order* for and on behalf of Teed & Associates, PLLC.

ORDER

Based on the foregoing, the Board **ORDERS** and **DECREES** as follows:

1. That Respondents shall comply in all respects with the terms and conditions contained in the *Settlement Agreement*;

2. That Respondents shall promptly send the Board a copy of any attestation or other communication that Respondents send to the Ethics Charging Authority regarding the *Settlement Agreement*;

3. That any attestation, certification, or other representation that Respondents make to the Ethics Charging Authority regarding the *Settlement Agreement* shall be deemed an attestation, certification, or representation made to the Board;

4. That Respondents shall promptly send the Board copies of any communications that Respondents receive from the Ethics Charging Authority regarding Respondents' compliance with the *Settlement Agreement*;

5. That the Board may communicate with the Ethics Charging Authority, and the Ethics Charging Authority may communicate with the Board, about all matters related to (a) this *Order*, (b) Respondents' compliance with the *Settlement Agreement*, and (c) the facts and circumstances that led to the *Settlement Agreement*;

6. That the Board shall publish Respondents' names, the charges against them, and this *Order* (or a description of its terms), including the attached *Settlement Agreement*;

7. That this *Order* shall be reported to the NASBA's Accountancy License Database and reported on the Board's website but shall not be considered an admission by Respondents of any statutory or rule violation;

8. That this *Order* is a "public record" as defined in W. Va. Code § 29B-1-2;

9. That no part of this *Order* is protected from disclosure under the *West Virginia Freedom of Information Act* (W. Va. Code § 29B-1-1 *et seq.*);

10. That the Board shall provide a copy of this *Order*, including the attached *Settlement Agreement*, to the Ethics Charging Authority and to any other person who requests a copy;

11. That—should Respondents fail to comply with the *Settlement Agreement*—the Board may pursue all available remedies and disciplinary measures against Respondents for the alleged facts and circumstances that led to the *Settlement Agreement* and for any alleged facts or circumstances related to Respondents' failure to comply with the *Settlement Agreement*;

12. That—should Respondents fail to comply with the *Settlement Agreement*—Respondents will be barred from asserting any statute of limitations, laches, estoppel, or other similar defense with respect to the alleged facts and circumstances that led to the *Settlement Agreement* or with respect to any alleged facts or circumstances related to Respondents' failure to comply with the *Settlement Agreement*;

13. That—should Respondents fail to comply with the *Settlement Agreement*—Respondents will be entitled to a finding of probable cause, to a hearing, and to the procedural protections that ordinarily apply to the Board's disciplinary activities, including the right, if any, of appeal;

14. That Respondents may not perform attest or compilation services in the State of West Virginia until they have duly applied for and received authorization to do so from the Board;

15. That Respondents may not apply for or receive an authorization to perform attest or compilation services in the State of West Virginia until they have discharged all of their obligations under the *Settlement Agreement*;

16. That, notwithstanding the immediately preceding paragraph 15, if Respondents must have an authorization from the Board in order to lawfully discharge their obligations under the *Settlement Agreement*, Respondents may apply to the Board for such an authorization;

17. That, if the immediately preceding paragraph 16 applies, the Board shall grant such authorization upon the following two conditions: (a) Respondents are otherwise qualified to receive the authorization and (b) the authorization is expressly conditioned on Respondents' compliance with all of their obligations under the *Settlement Agreement*; and

[This space was intentionally left blank.]

EXHIBIT A

Settlement Agreement

Attachment 1
January 17, 2018

On January 12, 2018, the attached details related to disciplinary action news releases were published:

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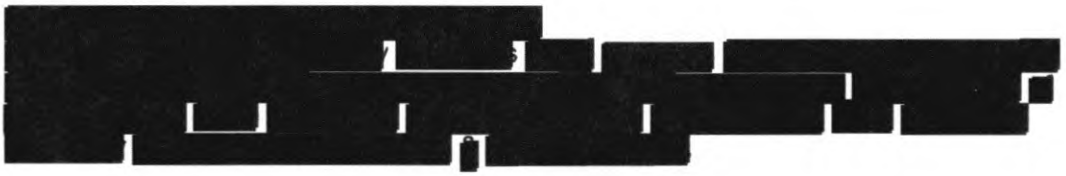
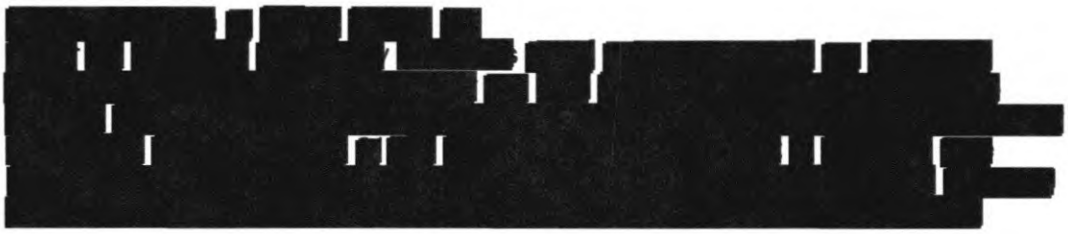
[redacted]
Teed, James, L. of Charleston, WV 23
[redacted]





[redacted]

[redacted] James, L. of Charleston, WV

As a result of an investigation of alleged violations of the codes of professional conduct of the AICPA, the Tennessee Society of CPAs and the West Virginia Society of CPAs, Mr. Teed, with the firm of Teed & Associates entered into a settlement agreement under the Joint Ethics Enforcement Program, effective September 11, 2017.

Information came to the attention of the Ethics Charging Authority (ECA) (comprised of the AICPA Professional Ethics Executive Committee, the Tennessee Society of CPAs' Professional Ethics Committee and the West Virginia Society of CPAs' Professional Ethics Committee) alleging a potential disciplinary matter with respect to Mr. Teed's performance of professional services on the audit of the financial statements of a government entity as of and for the fiscal year ended June 30, 2012 and separately on the audit of a government entity as of and for the fiscal year ended June 30, 2013.

The ECA reviewed the private complaint, the findings of the Department of Health & Human Services, Office of Inspector General and Mr. Teed's responses to such findings as well as other relevant documents Mr. Teed submitted to support his responses. Based on this information, there appears to be prima facie evidence of violations of the rules of the AICPA, Tennessee Society of CPAs and the West Virginia Society of CPAs' codes of professional conduct as follows:

Rule 202 – Compliance with Standards

With respect to the June 30, 2012 Audit:

1. The auditor's report did not include a statement that the auditor's opinion on the basic financial statements was not affected by the omission of management's discussion and analysis. (AU §558.07-.08; AICPA Audit Guide – State and Local Governments (AAG-SLV)14.68)
2. The restriction included in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards did not comply with the language required by professional standards. (AU Sec. 532.04, .13)
3. The introductory paragraph of the Independent Auditors' Report fails to identify the entity as a component unit of the Roane County Commission. (AAG-SLV 14.45)
4. The Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards fails to include a statement that the auditor did not audit the auditee's response to the finding and, accordingly, expresses no opinion on it. (AICPA Audit Guide – Government Auditing Standards and Circular A-133 Audits (AAG-SLA) 4.54)
5. The auditor failed to obtain sufficient appropriate audit evidence in the following areas:
   - Planning, risk assessment and internal control;
   - The procedures performed and the conclusions reached;
   - The audit sampling methodology employed;

- The tests of compliance with provisions of laws, regulations, contracts or grant agreements;
- Communication with those charged with governance;
- The failure to utilize audit programs;
- Support for the prior period adjustment and the accrued interest;
- The existence and valuation of equipment held for sale; and
- The completeness of liabilities other than long-term debt.
  (AU §326, 339, and GAGAS 4.15)

6. The auditor failed to comply with the continuing professional education requirements of Government Auditing Standards. (GAGAS 3.76)
7. The auditor failed to adequately evaluate whether there was substantial doubt about the entity's ability to continue as a going concern. (AU §341)

With respect to the June 30, 2013 Audit:

1. The original and revised auditor's report failed to comply with clarified standards. (AU-C 700)
2. The introductory and opinion paragraphs of the original and revised auditor's report inappropriately identified opinion units that were not included in the financial statements. (AU-C 700)
3. The original and revised auditor's report inappropriately reports on the introductory section, combining and individual nonmajor fund financial statements and statistical section supplementary information that is not included in the reporting package. (AU-C 725)
4. The auditor's report did not include an opinion modification while the fiduciary statements were labeled as unaudited in the original and revised financial statements. (AU-C 700, AU-C 705)
5. The introductory paragraph of the original and revised Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards inappropriately identified opinion units that were not included in the financial statements. (AU-C 700)
6. The original and revised Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards failed to (AU-C 265):
   - Include a statement that material weaknesses or significant deficiencies may exist that were not identified; and
   - Include a section and appropriate language regarding the entity's response to findings.
7. The original and revised Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133 inappropriately includes a reference to a material weakness that is identified as a financial statement finding on the Schedule of Findings and Questioned Costs. The report also failed to include a statement that material weaknesses may exist that may not have been identified. (AU-C 265)
8. The auditor initially failed to identify and audit all major programs. (AAG-SLA 8.18; OMB Circular A-133 §_.520)
9. The Schedule of Findings and Questioned Costs failed to include a corrective action plan for the material weakness identified. (GAGAS 5.32)

10. The auditor failed to comply with the continuing professional education requirements of Government Auditing Standards. (GAGAS 3.76)
11. The auditor failed to dual date the revised Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133. (AU-C 560)

Rule 203 – Accounting Principles

With respect to the June 30, 2012 Audit:

1. The financial statements failed to disclose the effect of the prior period adjustment on the change in net position of the immediately preceding period. (GASB Cod. Sec. 2250.125 & .152)
2. The financial statements failed to reclassify certain long-term liabilities as current when they were either immediately callable by the creditor or subject to foreclosure on the underlying asset. (GASB Cod. Sec. 1500.106)

With respect to June 30, 2013 Audit:

1. The notes to the original and revised financial statements failed to:
   - Include information about the valuation of investments (GASB Cod. §I50.129);
   - Indicate which governmental funds typically have been used to liquidate the long-term liabilities in prior years (GASB Cod §2300.120);
   - Disclose significant components of other receivables (GASB Cod. §2300.125);
   - Disclose the funding policy for the cost-sharing, multiple-employer defined benefit plan, including the required contributions for the entity, the percentage of that amount contributed for the current year and each of the two preceding years, and how the required contribution rate is determined (GASB Cod. §P20.117); and
   - Failed to disclose whether the OPEB (other postemployment benefits) plan issues a stand-alone financial report or is included in the report of another entity (GASB Cod. §P20.117).
2. The notes to the original and revised financial statement should include the principal and interest requirements to maturity for subsequent fiscal years and should not include current year principal and interest requirements. (GASB Cod. §1500.129)
3. The auditor's report incorrectly referenced the budgetary comparison schedules for funds other than the general fund as required supplementary information required by GASB rather than as supplementary information. (GASB Cod. §2400.120)
4. The amount of deferred revenue that is considered to be unavailable revenues for fund reporting and, therefore, removed from the government-wide statement inappropriately includes earmarked funds. (GASB 54)

Rule 501, Interpretation 501-5 – Failure to follow requirements of governmental bodies, commissions, or other regulatory agencies

1. The revised Schedule of Expenditures of Federal Awards does not list all federal programs by federal agency. (OMB Circular A-133 §_.310 (b)(1))
2. The notes to the original and revised Schedule of Expenditures of Federal Awards do not clearly describe the significant accounting policies used in preparing the schedule. (OMB Circular A-133 §_.310 (b)(4))

Agreement:

In consideration of the ECA forgoing further investigation of Mr. Teed's conduct as described above and in consideration of the ECA forgoing any further proceedings in the matter, Mr. Teed agreed 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 Tennessee Society of CPAs bylaw Article 6, and the West Virginia Society of CPAs Article 12.
c. To neither admit nor deny the above specified charges.
d. To his suspension from membership in the AICPA, the Tennessee Society of CPAs, and the West Virginia Society of CPAs for a period of two years from the effective date of this agreement. During the period of suspension, he is prohibited from representing himself as a member of the AICPA, the Tennessee Society of CPAs, and the West Virginia Society of CPAs and from using any AICPA credentials.
e. To comply immediately with professional standards applicable to the professional services he performs and to submit evidence of such compliance.
f. To complete 91 hours of continuing professional education (CPE) courses *(Applying the Risk Assessment Standards to Ensure a Quality Audit; Audit Workpapers: Documenting Fieldwork; Audit Workpapers: Reviewing Field Work Documentation; Internal Control and Risk Assessment: Key Factors in a Successful Audit; Yellow Book: Government Auditing Standards; Governmental Accounting and Reporting; Audits of State and Local Governments: What You Need to Know; Governmental and Not-for-Profit Annual Update; Governmental Accounting and Auditing Update; Upcoming Peer Review; Is Your Firm Ready?; Professional Ethics: The AICPA's Comprehensive Course; GASB Statement No. 68 – In-Depth Pension Accounting & Auditing Seminar)* within eighteen months of the effective date of this agreement and provide evidence of such completion (e.g., attendance sheets, course completion certificates, etc.).
g. To comply with directive e. 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 all audits subject to Government Auditing Standards performed by him for one year from the date the reviewer has been approved by the ECA, or until the completion of the CPE in f. above, whichever is later. He must submit the name of the chosen reviewer to the ECA for approval no later than 30 days after the effective date of this agreement.

   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 provide the reviewer's comments in detail for each engagement and should include a 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. He agrees to have this pre-issuance review performed at his expense. The ECA has the right to extend the period of time, the number and composition 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 during the period he is subject to the pre-issuance reviews or if he has not performed any audits subject to Government Auditing Standards 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, no longer

acts in a supervisory capacity on such engagements or has not performed such engagements during the above specified period, he must inform the ECA of this, 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 and undergo the required pre-issuance reviews.

h. To further comply with directive e. above, he agrees to submit six months after completion of the pre-issuance reviews above, a list of the highest level (audits, reviews, and compilations with note disclosures) of engagements that he performed in the period between the date of completion of the pre-issuance reviews and the end of the six-month period following completion of the pre-issuance reviews. The following information should be included regarding the engagements listed: total hours spent on each engagement, his role and total hours on each engagement, level of professional services rendered, type of report issued, type of organization, whether the organization was subject to Government Auditing Standards and/or OMB Circular A-133/Uniform Guidance, 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, reviews, or compilations with note disclosures until a suitable work product is selected for review. If his practice changes and he is no longer involved with audits, reviews, or compilations with note disclosures, or no longer acts in a supervisory capacity on such engagements or has not performed such engagements during the above specified period, he must inform the ECA of this, 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 provide an attestation immediately, then every six months for a period of three years that he is no longer performing audits subject to OMB Circular A-133/Uniform Guidance. If he returns to performing such work, he agrees:
   - To complete 18 hours of continuing professional education (CPE) courses *(Fundamentals for Performing a Single Audit Under the Uniform Guidance for Federal Awards; Applying the Uniform Guidance for Federal Awards in Your Single Audit)* within six months of returning to such work and provide evidence of such completion (e.g., attendance sheets, course completion certificates, etc.).
   - To comply with directive e. 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 all audits subject to OMB Circular A-133/Uniform Guidance performed by him for one year from the date the reviewer has been approved by the ECA. He must submit the name of the chosen reviewer to the ECA for approval no later than 30 days after he returns to performing such work.

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 provide the reviewer's comments in detail for each engagement and should include a 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. He agrees to have this pre-issuance review performed at his expense. The ECA has the right to extend the period of time and the number and composition 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 during the period he is subject to the pre-issuance reviews or if he has not performed any audits subject to OMB Circular A-133/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 OMB Circular A-133/Uniform Guidance, no longer acts in a supervisory capacity on such engagements or has not performed such engagements during the above specified period, he must inform the ECA of this, 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 and undergo the required pre-issuance reviews.

- To further comply with directive e. above, he agrees to submit six months after the completion of the pre-issuance reviews in i. above, a list of the highest level (audits, reviews, and compilations with note disclosures) of engagements that he performed in the period between the date of completion of those pre-issuance reviews and the end of the six-month period following completion of the pre-issuance reviews. The following information should be included regarding the engagements listed: number of hours spent on the engagement, his role and total hours on each engagement, level of professional services rendered, type of report issued, type of organization, whether the organization was subject to Government Auditing Standards and/or OMB Circular A-133/Uniform Guidance, 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, reviews, or compilations with note disclosures until a suitable work product is selected for review. If his practice changes, and he is no longer involved with audits, reviews, or compilations with note disclosures, no longer acts in a supervisory capacity on

such engagements, or has not performed such engagements during the above specified period, he must inform the ECA of this, 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 trial board for a hearing or take such other action as it deems appropriate.

j. To schedule a system peer review of his firm. The review should be scheduled through his firm's administering entity within 60 days of the effective date of this agreement, and he must submit evidence of the scheduled system review by submitting a copy of the review team approval letter issued by his firm's administering entity. The period covered should be mutually agreed upon by his firm and the peer reviewer. His firm's accepted peer review documents will be due to the ECA within 10 months of the effective date of this agreement.
k. To be prohibited from serving as a member of any ethics or peer review committee of the AICPA, the Tennessee Society of CPAs, or the West Virginia Society of CPAs until he has completed all directives in this letter. 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, the Tennessee Society of CPAs, or the West Virginia 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 products submitted to comply with directives h. and i. above substantially comply with professional standards.
l. To be prohibited from teaching continuing professional education courses approved by the AICPA or the state societies in accounting, auditing, ethics, Government Auditing Standards and/or OMB Circular A-133/Uniform Guidance until he has completed all of the directives included in this letter. This restriction will be communicated to those responsible for engaging CPE instructors at the AICPA, the Tennessee Society of CPAs, and the West Virginia Society of CPAs. This requirement shall remain in effect until the ECA determines that the work products submitted to comply with directives h. and i. above substantially comply with professional standards.
m. To be prohibited from performing peer reviews in any capacity until the directives in this letter have been completed. This prohibition will remain in effect until the ECA determines that the work products he submitted to comply with directives h. and i. above substantially comply with professional standards. This restriction will be communicated to his peer review oversight agency.
n. 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.
o. That the ECA shall publish his name, the name of his firm, the charges, and the terms of this settlement agreement.

p. 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.

[redacted]

[redacted]

18. That this *Order* constitutes the entire agreement between Respondents and the Board.

ENTERED this 15 day of JUNE 2018.

WEST VIRGINIA BOARD OF ACCOUNTANCY

By: _____
Jon W. Cain, Sr., Board President

AGREED TO BY:

_____
James L. Teed, C.P.A.

TEED & ASSOCIATES, PLLC

By: _____
James L. Teed, C.P.A., Member

STATE OF WEST VIRGINIA

COUNTY OF KANAWHA

This record was acknowledged before me on June 11, 2018 by **James L. Teed** for **himself** and as a **member** of **Teed & Associates, PLLC**.

_____
Notary Public

My commission expires: 8/25/2021

KIMBERLY D HILTON
STATE OF TENNESSEE
NOTARY PUBLIC
SULLIVAN COUNTY
My Commission Expires 08-25-2021