



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen  
State Auditor

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September 2, 2020

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

Dear Ms. Stromp:

As you may know, the Nebraska Auditor of Public Accounts (APA) had received concerns regarding Michael Pommer, a former Nebraska CPA, who was doing audit work under another CPA, B.D. Redowl. Responding thereto, the APA took steps to determine what effect, if any, that might have upon future political subdivision audits filed in this office. In doing so, the APA requested certain information from Mr. Pommer, Mr. Redowl, and the City of Humphrey (City). Our review of the information received has given rise to several serious concerns, as summarized below.

One of our main concerns was the City's unawareness that Mr. Redowl was conducting its fiscal year 2019 audit. In fact, not until a bill for his services was received did the City realize that the audit work had been performed by Mr. Redowl. Mr. Pommer was to perform the audit; however, as mentioned already, his CPA license was revoked on November 8, 2019, as summarized below.

### State Accountancy Board Revokes Certificate

The Nebraska State Board of Public Accountancy at their November 8, 2019 meeting ordered the Certificate No. 6595 and Permit No. 50859 of *Mr. Michael Pommer, Wakefield, NE* be revoked. The Stipulation and Consent Order indicates the Board found Mr. Pommer was convicted of a crime (felony) for theft and a rules violation of acts discreditable to the public accountancy profession along with other findings.

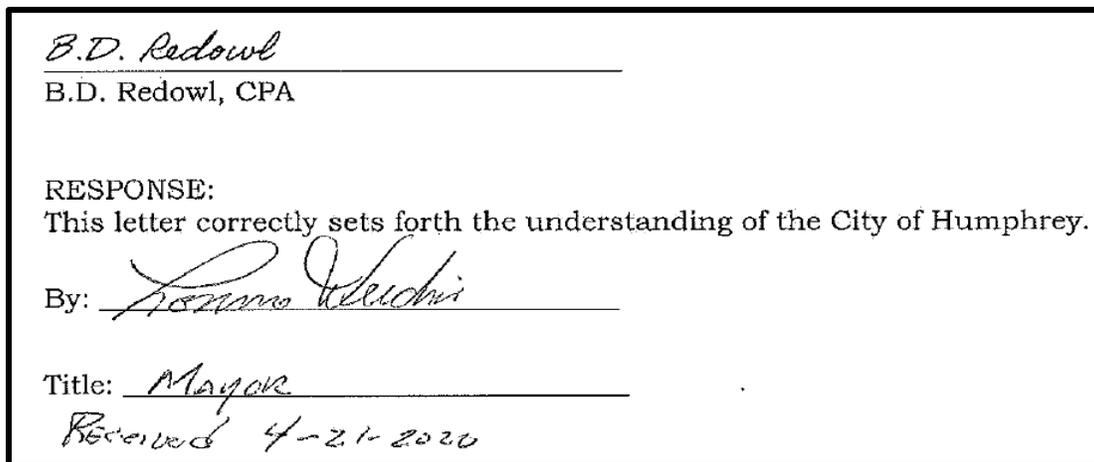
On March 31, 2020, Mr. Pommer emailed the Clerk for the City an electronic copy of the City audit report and a billing for the services provided. See **Attachment A** for the billing from B.D. Redowl. This is the first time the City staff was aware of B.D. Redowl providing any audit or related services. There was no discussions with B.D. Redowl before, during, or after the audit was completed.

Because this was the first audit that the APA had received from Mr. Redowl, we corresponded with the City regarding the audit process. On April 15, 2020, the APA requested from the City copies of its audit engagement letters for the last three fiscal years ending 2017, 2018, and 2019. The Clerk responded that the City did not receive an audit engagement letter for any of those three fiscal years, but one could possibly be obtained from Joel Ankeny of Harder & Ankeny PC, an accounting firm in Wayne, Nebraska. According to the Clerk, Mr. Ankeny has handled the City's audits for the last 17 years.

Such an assertion by the Clerk is of particular concern to the APA, as this office has not accepted audits from Harder & Ankeny PC since that firm stopped having a peer review performed many years ago. Nevertheless, according to the Clerk, “The City works with Joel Ankeny solely on the budget and audit. Joel gathers all of the city’s documents for the audit and to our knowledge compiles the information and then hands off that information to Michael Pommer.” Unable to locate copies of the requested engagement letters, the Clerk requested them from Mr. Ankeny.

On April 21, 2020, the Clerk emailed the APA the three requested audit engagement letters for 2017, 2018, and 2019. The City’s Mayor, Lonnie Weidner, had signed all three of those documents on the same day, April 21, 2020, well after the corresponding audits had been completed and submitted to our office.

The following is an image of the signature line for the fiscal year 2019 audit engagement letter, which is representative of those in the engagement letters for the fiscal year 2017 and 2018 audits:



The Clerk confirmed that Mayor Weidner had signed the three audit engagement letters on the date that they were received, April 21, 2020, and the City had not received any such letters prior to the APA’s request for them. In addition, the Clerk acknowledged that the City had never been presented with a CPA peer review report for either Mr. Pommer or Mr. Redowl, nor told how to find one.

Auditing standards address specific auditor responsibilities in agreeing upon the terms of the audit engagement with management and those charged with governance. For example, AU-C Section 210.09-.10, “Agreement on Audit Engagement Terms,” requires the following:

*.09 The auditor should agree upon the terms of the audit engagement with management or those charged with governance, as appropriate. (Ref: par. .A20–.A21)*

*.10 The agreed-upon terms of the audit engagement should be documented in an audit engagement letter or other suitable form of written agreement and should include the following: (Ref: par. .A22–.A26)*

- a. The objective and scope of the audit of the financial statements*
- b. The responsibilities of the auditor*
- c. The responsibilities of management*
- d. A statement that because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with GAAS*
- e. Identification of the applicable financial reporting framework for the preparation of the financial statements*
- f. Reference to the expected form and content of any reports to be issued by the auditor and a statement that circumstances may arise in which a report may differ from its expected form and content*

In addition, AU-C Section 260.11, “Planned Scope and Timing of the Audit,” requires the following:

*.11 The auditor should communicate with those charged with governance an overview of the planned scope and timing of the audit. (Ref: par. .A18–.A22)*

The City received no engagement letter, agreement, or other communication from B.D. Redowl in connection with the fiscal year 2019 audit. In addition, the APA received concerns from at least one CPA firm that asked to submit a bid for the City’s fiscal year 2020 audit. That firm questioned the \$1,200 billing from B.D. Redowl, asking what services could have been provided for such a low amount.

As a result of these concerns, the APA sent Mr. Redowl an email message on July 2, 2020, requesting access to his full audit working papers supporting the City’s fiscal year ended 2019 audit. We asked those records to be provided to us by July 16, 2020. As you know, audit working papers for political subdivisions are required to be made available to the APA upon our request. Title 41 of the Nebraska Administrative Code (NAC) 1-012 (March 24, 1992) states the following:

*012 Working paper review. The audit working papers shall be available to the office of the Auditor of Public Accounts for review upon request. The expense of any such review may be charged to the political subdivision or the audit firm. Any deficiencies noted during such a review may be forwarded to the Nebraska State Board of Public Accountancy for their consideration.*

The Nebraska Supreme Court has stated unambiguously, “Properly adopted and filed agency regulations have the effect of statutory law.” Leon V. ex rel. Paige V. v. Neb. HHS, 302 Neb. 81, 85, 921 N.W.2d 584, 588 (2019). Our request under Title 41 NAC 1-012, therefore, was not merely an invitation to compliance, but rather a demand under Nebraska law. Regardless, Mr. Redowl has yet to comply with our document request.

On July 2, 2020, Mr. Redowl responded to our request with the following, “Hello, Message received and I will get this done when I am back from vacation on the 13th. Thanks, Beau Redowl.” Nothing further was heard from him, however.

Thus, on July 27, 2020, more than three full weeks after our initial request, the APA emailed Mr. Redowl once more, reiterating our request, per Title 41 NAC 1-012, to review the working papers for the City’s fiscal year ended 2019 audit. The following day, Mr. Redowl replied as follows:

*Hello,*

*As I said in my previous email, I was out on vacation until the 13th so you caught me at an inopportune time. Well, since then my family had a Covid scare and had to isolate as we had a family member test positive and we had contact. I am hoping on getting some work done this week. Thanks for your understanding.*

*Beau Redowl*

It is important to note that, contrary to his response, the APA was not asking Mr. Redowl to perform any new or additional work; rather, we were simply asking to see documentation, in the form of his audit working papers, for work supposedly completed already. Furthermore, as you can certainly appreciate, a timely response to the APA’s request for access to audit working papers is crucial to mitigating any risk of those documents being improperly altered or even created after the fact. Again, though, we heard nothing further from him.

Almost an entire month later, on August 26, 2020, the APA sent the following email message to Mr. Redowl:

*Good Afternoon,*

*As you know, we had first requested the full audit working papers supporting the City of Humphrey fiscal year ended 2019 audit on July 2, 2020. You have received sufficient time (55 days to date) to provide the requested working papers. If we don’t have the working papers provided to us by Monday, August 31, 2020, we will be issuing a subpoena for such records. At this time, we also plan to issue a letter to the Nebraska Board of Accountancy.*

Due to the concerns set out above, including Mr. Redowl's continued refusal to provide us with his working papers, as required under Title 41 NAC 1-012, the APA will no longer accept any audits from Nebraska governmental entities performed by him or his associates. We are forwarding copies of this letter to those political subdivisions that we know have contracted with Mr. Redowl for future services.

This communication is intended solely for the information and use of the Nebraska Board of Public Accountancy and its management. It is not intended to be, and should not be, used by anyone other than those specified parties. 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,



Craig Kubicek, CPA, CFE  
Assistant Deputy Auditor  
Phone 402-326-3063  
craig.kubicek@nebraska.gov

cc: Wayne County Commissioners  
Pierce County Commissioners  
Randolph Public School Board  
City of Humphrey  
Michael Pommer  
B.D. Redowl

**B.D. REDOWL, CPA**

3321 NEERPARK DR.  
LINCOLN, NE 68506

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March 31, 2020

City of Humphrey  
Humphrey, NE 68642

Professional Services through fiscal year ended Sept. 30, 2019:      \$ 1,200.00

Thank you for your business!

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