



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen  
State Auditor

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October 5, 2020

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

Dear Ms. Stromp:

As you 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, the issue raised might have upon future political subdivision audits filed with this office. In doing so, the APA requested certain information from Mr. Pommer, Mr. Redowl, and the City of Humphrey, Nebraska (City), whose audit by Mr. Redowl prompted the complaints brought to this office. Our review of the information received revealed several serious issues that we outlined in a letter to you dated September 2, 2020 (See **Attachment A** for a copy of the letter).

Since that time, we have received further communications from Mr. Redowl: a letter dated September 2, 2020 (See **Attachment B**); the working papers supporting the City's audit for fiscal year 2019; and an email message dated September 25, 2020. Though appreciative of his eventual compliance with our July 2, 2020, request for the City's audit working papers, the APA continues to question Mr. Redowl's adherence to basic auditing standards while conducting that municipal audit.

As explained in the APA's September 2, 2020, letter to you, not until receiving a bill from him did the City realize that Mr. Redowl had been performing its fiscal year 2019 audit – although our review of the audit working papers provided by Mr. Redowl has given rise to serious doubts about the adequacy of that claimed work. Prior to the billing, the City received no engagement letter, agreement, or other communication from Mr. Redowl in connection with the audit. No engagement letter or similar missive was included, moreover, in the City's audit working papers. Nevertheless, as referenced in our initial letter to you, specific auditing standards (AU-C Section 210.09-.10 and AU-C Section 260.11) require a formal, detailed agreement for each audit engagement.

### ***Lack of Communication with Auditee***

Mr. Redowl's lack of required communication with City staff is evident from even a cursory review of the submitted audit working papers. Among those files is the "ALG-CX-3.3: Fraud Risk Inquiries Form," which contains the following instructions:

*The purpose of this form is to document the auditor's inquiries of management and others about fraud risks and compliance with laws, regulations, contracts, and grant agreements. Inquiries should be made of management, other employees . . . and those charged with governance.*

According to that particular working paper, the only person to whom Mr. Redowl communicated the audit risks was Joel Ankeny, a Bookkeeper. Unfortunately, Mr. Ankeny does not qualify as a City employee, much less "management" or someone "charged with governance" of the municipality. Per the City Clerk/Treasurer, Mr.

Ankeny is not the City Bookkeeper and has been engaged to assist only with prior budget and audit processes. Mr. Ankeny had been the previous auditor of the City years ago; however, he did report to us in 2008 that his firm was no longer doing government audits. The section of the form for recording management personnel interviewed is shown below:

a. Management Personnel Interviewed:		
Name	Title	Date
Joel Ankeny	Bookkeeper	3-19-20

The section of the form for recording employee inquiries was marked as “N/A,” or “not applicable,” as shown below:

a. Employees Interviewed:		
Name	Title	Date
N/A		

In a similar fashion, Mr. Redowl wrote “N/A” in the section for recording inquiries of those charged with governance, as shown below:

a. Those Charged with Governance Interviewed:		
Name	Title	Date
N/A		

Auditing standards address specific auditor responsibilities in assessing the risk of an audit. For example, AU-C Section 315.06, “Risk Assessment Procedures and Related Activities,” requires the following:

- .06 *The risk assessment procedures should include the following:*
  - a. ***Inquiries of management***, appropriate individuals within the internal audit function (if such function exists), others within the entity who, in the auditor’s professional judgment, may have information that is likely to assist in identifying risks of material misstatement due to fraud or error (Ref: par. .A6–.A13)

(Emphasis added.) Contrary to Mr. Redowl’s “not applicable” designation in the two sections shown above, the inquiries of management and employees are mandatory, not discretionary – and, thus, always applicable to any audit of the City.

By not inquiring with the City Clerk/Treasurer, Mayor, or any member of the City Council, Mr. Redowl not only ignored his duty under the applicable auditing standard but also greatly impaired his own ability to assess properly all potential risks associated with the City audit.

The APA questions also working paper “ALG-CX-4.1: Understanding the Design and Implementation of Internal Control.” As pointed out already, Mr. Redowl’s only inquiry was with an independent contractor, Joel Ankeny, who was not the City Bookkeeper. Auditing standards address specific auditor responsibilities in understanding the internal controls of the audited entity. Included within AU-C Section 315.12-.25, “Understanding the Entity and Its Environment, Including the Entity’s Internal Control,” are numerous directives pertaining to the auditor’s obligation to gain a sufficient understanding of the entity, including its control environment and risk assessment processes.

Again, by failing to inquire with the City Clerk/Treasurer, Mayor, or any member of the City Council, Mr. Redowl not only eschewed his duty under the applicable auditing standard but also rendered himself incapable of understanding fully the municipality’s internal control processes.

On at least two occasions within his City audit programs, moreover, Mr. Redowl referenced a management representation letter; however, no representation letter was included in his working papers. City staff also confirmed that no representation letter was signed by a municipal representative or sent to Mr. Redowl. Indeed, as noted at the outset of this letter, the audit billing – sent after the supposed completion of the audit work – was the first communication that the City received from Mr. Redowl.

Auditing standards set out specific auditor responsibilities in obtaining written representations from management. AU-C Section 580, “Written Representations,” requires such written representations to include sections addressing fraud, laws and regulations, uncorrected misstatements, estimates, and subsequent events. The scope of AU-C Section 580 contains the following:

*.01 This section addresses the auditor’s responsibility to obtain written representations from management and, when appropriate, those charged with governance in an audit of financial statements.*

Due to his lack of communication with the City Clerk/Treasurer, Mayor, or any member of the City Council – not to mention the absence of any such document in the working papers provided – the APA questions the validity of Mr. Redowl’s claim to have obtained a signed written representation letter on March 31, 2020, as shown below:

d. Provide us with appropriate written representations at the conclusion of the engagement?	✓	received 3-31-20
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Per audit working paper “ALG-CX-14.1: Supervision, Review, and Approval Form,” which is shown below, Mr. Redowl claimed to have reviewed the management representation letter as of March 20, 2020:

13. I have reviewed the legal representation and management representation letters for consideration of all important matters.	✓	✓	None received Legal mgmt letter included
14. I have reviewed the auditor’s report(s) on the financial statements including the schedule of expenditures of federal awards, and am satisfied it is appropriate in the circumstances and properly expresses our opinions in accordance with generally accepted auditing standards.	✓		
15. If applicable, I have reviewed the auditor’s reports required by Government Auditing Standards and OMB Circular A-133 and am satisfied they are in accordance with the standards described in			

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Step 8 (and the OMB Circular A-133 report properly expresses our opinion on compliance).	Y	N	N/A	Comments/Date
	✓			

Completed by: Bevan Redowl Date: 3-20-20

Based upon both the contrary information provided by City staff and the absence of a management representation letter in his own audit working papers, such a claim by Mr. Redowl appears untenable at best.

**Missing Required Information**

In addition to the issues summarized above, the APA’s review of the working papers that Mr. Redowl submitted for the City audit has identified other problems with missing or blank documentation.

For instance, the following images of Mr. Redowl’s working paper “ALG-CX-3.1: Understand the Entity and Identify Risks” show incomplete sections:

**Step 13**

13. Describe risks related to the governmental unit’s structure, governance, and related-party relationships and transactions. Consider risks that could result in misstatements of the opinion unit financial statements. If you are performing a Single Audit, consider risks that could result in misstatement of the schedule of expenditures of federal awards or noncompliance at the major program level or compliance requirement level.

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**Steps 18 and 19**

18. Describe federal, state, and local laws and regulations governing the general operations of the entity and its component units, contractual provisions, and reporting requirements that apply to the governmental unit, including any accounting and financial reporting requirements established by another government with financial reporting oversight responsibilities.

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19. Describe the nature of any compliance auditing requirements.

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Likewise, as shown below, Steps 13 and 14 were incomplete on Mr. Redowl’s working paper “ALG-CX-4.1: Understanding the Design and Implementation of Internal Control”:

**IT Environment and General Computer Controls**

13. Document your understanding of the entity’s IT environment and the design and implementation of the entity’s general computer controls by completing ALG-CX-4.2.2. Consider whether the entity has selected and developed general controls that support the achievement of financial reporting objectives (and, if applicable, compliance objectives relative to major programs). If desired, provide a cross-reference to that workpaper. A separate memorandum, flowchart, or questionnaire, if used, also may be referenced.

W/P Ref. \_\_\_\_\_

**Financial Close and Reporting**

14. Document your understanding of the entity’s financial close and reporting process and the design and implementation of controls within that process to prevent, or detect and correct, material misstatements in the financial statements by completing ALG-CX-4.2.1, and, if applicable, ALG-CX-4.3.1 or ALG-CX-4.3.2. If desired, provide a cross-reference the workpapers. A separate memorandum, flowchart, or questionnaire, if used, also may be referenced.

W/P Ref. \_\_\_\_\_

Per the following image, Step 15 on that same working paper was left similarly blank:

**Step 15**

<b>Activity-level Controls</b>	
<p>15. Identify and list the significant transaction classes, if any, within each audit area. See the discussion in section 305. (A list of transaction classes is provided at ALG-CX-4.2.) Obtain an understanding of the procedures and related key control activities that are relevant to the audit within both manual and IT systems for processing significant transaction classes. Based on your understanding of control activities, you will ordinarily be able to determine whether the entity has (a) selected and developed control activities that contribute to the mitigation of risks to the achievement of financial reporting objectives to acceptable levels, and (b) deployed control activities through policies that establish what is expected and in procedures that put policies into action. Document your understanding by completing ALG-CX-4.2.1 and, if applicable, ALG-CX-4.3.1 or ALG-CX-4.3.2 for each significant transaction class. If desired, provide a cross-reference to those workpapers. A separate memorandum, flowchart, or questionnaire, if used, also may be referenced.</p>	
Significant Transaction Classes	Documentation of Significant Transaction Classes W/P Ref.
Cash:	_____
_____	_____
_____	_____
Investments:	_____
_____	_____
_____	_____
_____	_____

**Step 15 Continued**

Significant Transaction Classes	Documentation of Significant Transaction Classes W/P Ref.
Revenue/Receivables—Governmental Funds:	_____
_____	_____
_____	_____
Revenue/Receivables—Proprietary Fund Types:	_____
_____	_____
_____	_____
Expenditures for Goods and Services and Accounts Payable and Other Liabilities:	_____
_____	_____
_____	_____
Payroll and Related Liabilities:	_____
_____	_____
_____	_____
Inventories:	_____
_____	_____
_____	_____
Capital Assets and Expenditures:	_____
_____	_____
_____	_____
Debt and Debt Service Expenditures:	_____
_____	_____
_____	_____
Equity and Financial Statement Reconciliations:	_____
_____	_____
_____	_____
Self-insurance:	_____
_____	_____
_____	_____

Auditing standards address specific auditor responsibilities in performing these steps. For example, AU-C Section 315.22-23, “The Entity’s Internal Control,” requires the following:

*.22 In understanding the entity’s control activities, the auditor should obtain an understanding of how the entity has responded to risks arising from IT. (Ref: par. .A110–.A113)*

*.23 Monitoring of controls. The auditor should obtain an understanding of the major activities that the entity uses to monitor internal control over financial reporting, including those related to those control activities relevant to the audit, and how the entity initiates remedial actions to deficiencies in its controls. (Ref: par. .A114–.A115)*

Furthermore, AU-C Section 315.26-.27, “Identifying and Assessing the Risks of Material Misstatement,” requires the following:

*.26 To provide a basis for designing and performing further audit procedures, the auditor should identify and assess the risks of material misstatement at*

*a. the financial statement level and (Ref: par. .A126–.A129)*

*b. the relevant assertion level for classes of transactions, account balances, and disclosures. (Ref: par. .A130–.A138)*

*.27 For this purpose, the auditor should*

*a. identify risks throughout the process of obtaining an understanding of the entity and its environment, including relevant controls that relate to the risks, by considering the classes of transactions, account balances, and disclosures (including the quantitative and qualitative aspects of such disclosures) in the financial statements; (Ref: par. .A139–.A143)*

The APA has included herein examples of only incomplete or blank sections in the working papers provided by Mr. Redowl; however, other examples of his missing working paper steps/documentation are readily available.

**Lack of Working Paper References**

No less consequential than any of the other issues noted herein, the APA found that none of the eight audit programs provided by Mr. Redowl included a reference to an actual working paper.

Copied below is an example of Mr. Redowl’s omission of any workpaper index references:

Assertions	Audit Procedures for Consideration	N/A Performed by and Date	Workpaper Index
E/O, [C], R/O	<p>d. Assess the reasonableness of cash balances in light of your understanding of the government’s activities and current operating results.</p> <p>4. Perform the following confirmation procedures:</p> <p>a. Confirm selected bank accounts, certificates of deposit, money market investments, and compensating balances as of the balance sheet date. Also, consider confirming authorized check signers of depository accounts, if required by state or local regulations. Document the items selected for confirmation.</p> <p>b. Tie confirmation amounts to bank reconciliations or the general ledger as appropriate. Investigate exceptions.</p> <p>c. Consider the possibility of unrecorded interest or substitution of certificate numbers for cash investments.</p>	<p>BR 3-13-20</p> <p>N/A</p> <p>N/A</p> <p>BR 3-13-20</p>	

In addition, the APA reviewed Mr. Redowl’s analytical procedure files for the municipal general and enterprise funds alike; however, there was no scope, materiality, documentation, or conclusion supporting those that supposedly needed to be reviewed.

The following is a copy of Mr. Redowl’s notation that capital outlay should be reviewed, but no explanation was offered within the documentation to support that determination:

City of Humphrey Enterprise Funds Analytical Procedures 9/30/19							
	Audited Balance 9/30/18	Current Budget 18/19	Actual 9/30/19	Favorable (Unfavorable) Budget Variance	Actual Increase (Decrease)	Needs to be Reviewed (Y)es or (N)o	Explanation
<b>Revenues - cash basis</b>							
Interest earned	-	-	-	-	-	N	
Miscellaneous	-	-	-	-	-	N	
Utility charges	493,107.55	455,000.00	463,182.52	(8,182.52)	(29,925.03)	N	
Refunding bond proceeds	-	-	-	-	-	N	
<b>Total Revenues - cash</b>	<b>493,107.55</b>	<b>455,000.00</b>	<b>463,182.52</b>	<b>8,182.52</b>	<b>(29,925.03)</b>		
<b>Revenues - accrual basis</b>							
Interest earned	-	-	-	-	-	N	
Miscellaneous	-	-	-	-	-	N	
Utility charges	457,564.05	-	474,966.63	-	17,402.58	N	
Transfers from other funds	-	-	-	-	-	N	
<b>Total Revenues - accrual</b>	<b>457,564.05</b>	<b>-</b>	<b>474,966.63</b>	<b>-</b>	<b>17,402.58</b>		
<b>Expenses - cash basis</b>							
Personal services	31,735.70	38,000.00	34,473.79	3,526.21	2,738.09	N	
Supplies & materials	5,047.28	20,000.00	15,191.91	4,808.09	10,144.63	N	
Contracted services	66,228.57	100,000.00	71,849.45	28,150.55	5,620.88	N	
Repairs & maintenance	8,397.50	20,000.00	5,623.49	14,376.51	(2,774.01)	N	
Utilities	18,236.41	20,000.00	16,813.34	3,186.66	(1,423.07)	N	
Miscellaneous	9,896.90	32,169.00	908.07	31,260.93	(8,988.83)	N	
Legal & professional fees	-	10,000.00	800.00	9,200.00	800.00	N	
Debt service - principal	155,000.00	160,000.00	160,000.00	-	5,000.00	N	
Debt service - interest	59,862.50	58,848.00	58,447.50	400.50	(1,415.00)	N	
Transfers to other funds	-	-	-	-	-	N	
<b>Capital outlay</b>	<b>-</b>	<b>210,000.00</b>	<b>113,419.80</b>	<b>96,580.20</b>	<b>113,419.80</b>	<b>Y</b>	
Depreciation	-	-	-	-	-	N	
<b>Total expenses - cash</b>	<b>354,404.86</b>	<b>669,017.00</b>	<b>477,527.35</b>	<b>191,489.65</b>	<b>123,122.49</b>		

Auditing standards address specific auditor responsibilities to prepare audit documentation for an audit. For example, AU-C Section 230.08, “Documentation of the Audit Procedures Performed and Audit Evidence Obtained Form, Content, and Extent of Audit Documentation,” requires the following:

*.08 The auditor should prepare audit documentation that is sufficient to enable an experienced auditor, having no previous connection with the audit, to understand (Ref: par. .A4–.A7 and .A19–.A20)*

*a. the nature, timing, and extent of the audit procedures performed to comply with GAAS and applicable legal and regulatory requirements; (Ref: par. .A8–.A9)*

*b. the results of the audit procedures performed, and the audit evidence obtained; and*

*c. significant findings or issues arising during the audit, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions. (Ref: par. .A10–.A13)*

Without complete audit working papers, or internal references to those documents, there is insufficient support to allow even the most experienced of auditors to perform an adequate review of Mr. Redowl’s audit work for the City or to verify the conclusions contained therein.

As demonstrated by the contents of this letter – as well as those of our letter of September 2, 2020 – the audit work performed by Mr. Redowl for the City cannot be adequately reviewed or verified. This is due to noncompliance with basic auditing standards, which this office cannot condone. Consequently, the APA will continue to reject any audits performed by Mr. Redowl, or his associates that a Nebraska governmental entity may attempt to submit.

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 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,



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

cc: Dan Sweetwood, Nebraska Board of Accountancy  
City of Humphrey  
B.D. Redowl



**NEBRASKA AUDITOR OF PUBLIC ACCOUNTS**

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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.

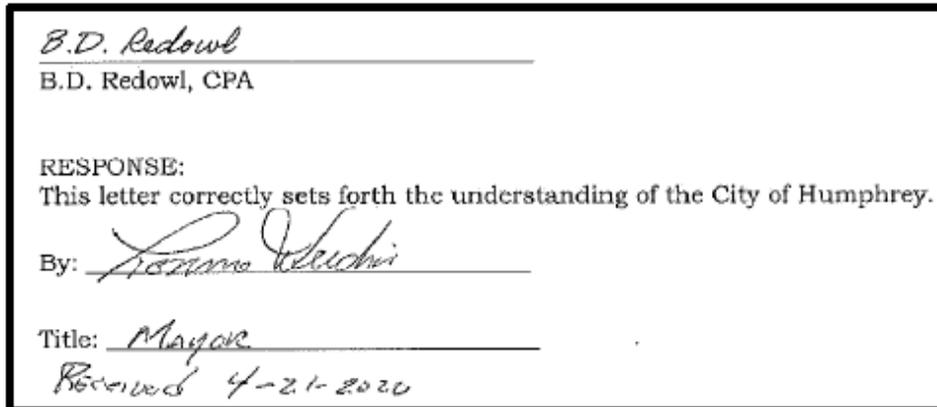
On March 31, 2020, Mr. Pommer emailed the Clerk for the City an electronic copy of the City audit report and a billing for the services provided. See **Attachment A** for the billing from B.D. Redowl. This is the first time the City staff was aware of B.D. Redowl providing any audit or related services. 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 BILLING**

**Attachment A**

**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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September 2, 2020

Auditor of Public Accounts  
Attn: Craig Kubicek  
Room 2303, State Capitol  
Lincoln, NE 68509

Dear Auditor of Public Accounts,

I received an email dated September 2, 2020 from the Nebraska Board of Public Accountancy wherein they provided me a copy of a letter from your office dated the same informing the Board that your office will no longer accept audit reports from my firm or associates. I find this decision capricious in nature without allowing me to give more reasoning underlying this situation.

First off, I admit that I was caught at a bad time where I was visiting relatives in South Dakota or on vacation when I first responded to an email request in July. Let me point out that it was an email request and in your letter, there is no mention of any official hard copy letters that went unanswered. It happened to be then that I was quarantined in South Dakota and ultimately contracted the Coronavirus and was in medical care. Well, I do most of work in an office on the Santee Sioux Reservation in Nebraska and was not allowed back there while I was symptomatic due to Tribal response to the Coronavirus outbreak. There is still travel restrictions on the Reservation and a rise in cases. Now, I get this letter copied to me from your office to the Board referring to a more recent email you sent that I have just now found in a long list of unopened emails I had piled up in dealing with these extraordinary circumstances. It seems to me that such a strong demand would be made by certified letter or at least an attempt be made.

Secondly, in addition to dealing with this virus, as a new auditor I am doing a lot of things manually including my workpapers. It was in my plans that after getting more audit work done and earning revenue with some of my new engagements, I am going to get computerized audit program software. In this case, I am relying on getting the actual hard copies during this aforementioned travel restrictions.

Thirdly, I previously gained part of my experience, working with Mr. Michael Pommer and fortunately enough, I was able to engage with some of his previous clients. His involvement is in this transition phase as I must explain as you have involved his name in your decision and seems to be a major part of your reasoning for even scrutinizing my work.

Also, as a new auditor I am learning that your office contracts with many political subdivisions to do their audits for a fee. I learned of this mainly when I was rejected by a potential client, Wayne County, Nebraska, that they passed on my engagement in favor of your office. This sort of had a competitor type feel especially when making capricious decisions like this.

I must stress that your decision now has severe ramifications to my livelihood, not to mention entering the legal realm, as you provided this decision to new some new client engagements I have made. For background, I am a minority, sole practitioner and this year is my first year having audit engagements. I am struggling to get a start and I hope that can be given some consideration in addition to this virus.

I will provide all working papers to you and postmarked within 1 weeks time or September 9, 2020. I apologize for the delay and dealing with this business over email. I strongly hope you will reconsider your decision.

Sincerely,

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Cc: State Board of Accountancy