Soper, Steven A. of Cincinnati, OH

As a result of an investigation of alleged violations of the codes of professional conduct of the AICPA and the Ohio Society of CPAs, Mr. Soper, with the firm of Soper, Soper & Weinel LLP entered into a settlement agreement under the Joint Ethics Enforcement Program, effective October 23, 2023.

Information came to the attention of the Ethics Charging Authority (ECA – AICPA Professional Ethics Executive Committee and the Ohio Society of CPAs Professional Ethics Committee) alleging a potential disciplinary matter with respect to Mr. Soper's performance of professional services on the audit of the financial statements of an employee benefit plan as of and for the year ended December 31, 2020.

The ECA reviewed the findings of the U.S. Department of Labor's Employee Benefits Security Administration, Mr. Soper's responses to the ECA's inquiries, and other relevant documents Mr. Soper submitted to support his response, including certain work papers, financial statements, and relevant correspondence. Based on this information, there appears to be prima facie evidence of violations of the rules of the AICPA and the Ohio Society of CPAs codes of professional conduct as follows:

Violations

General Standards Rule .01a. Professional Competence (1.300.001)

The auditor undertook an engagement he could not complete in accordance with professional standards.

General Standards Rule .01b. Due Professional Care (1.300.001)

The auditor failed to exercise due professional care in his review of the financial statements as:

a. Amounts disclosed in Note 5 for 2019 do not agree to the statement of net assets available for benefits.

b. Plan expenses per Note 7 for 2019 do not agree to the statement of changes in net assets available for benefits.

c. Note 8 states the IRS letter is dated 06/18/15; however, Note 1(A) states the date is 10/12/10.

Compliance with Standards Rule (1.310.001)

1. The auditor failed to perform preliminary analytics. (AU-C §315)

2. The auditor failed to perform final analytics. (AU-C §520)

3. The auditor failed to adequately assess compliance with independence requirements. (AU-C §220)

4. The auditor failed to obtain an adequate understanding of internal controls. (AU-C §315)

5. The auditor failed to assess the SOC 1 reports for the third-party service provider. (AU-C §402)

6. The auditor failed to prepare audit documentation that would enable an experienced auditor, having no previous connection to the audit, to understand the assessment of control risk below high. (AU-C §230 and §330)

7. The auditor failed to assess risk at the assertion level. (AU-C §315)

8. The auditor initially failed to prepare a written audit program that set forth the procedures necessary to accomplish the objectives of the audit in the area of administrative expenses. (AU-C §300)

9. The auditor failed to prepare audit documentation that would enable an experienced auditor, having no previous connection to the audit, to understand the procedures performed for substantially all audit areas. (AU-C §230)

10. The auditor initially failed to document a complete listing of related parties and parties in interest. (AU-C §230)

11. The auditor failed to identify the date audit procedures were completed. (AU-C §230)

12. The auditor failed to document sampling methodology in all testing areas. (AU-C §230)

13. The auditor failed to document changes made to the audit file (when the changes were made, who made the changes, reason for the changes, and effect of the changes on the auditor's conclusions) after the documentation completion date. (AU-C §230)

Accounting Principles Rule (1.320.001)

1. The financial statements failed to disclose the accounting policy for investment purchases and sales, interest income, dividend income, and realized/unrealized gain/loss. (FASB ASC 235)

2. The financial statements failed to make all fair value disclosures required by FASB ASC 820.

Governmental Bodies, Commissions, or Other Regulatory Agencies (1.400.050)

1. Schedule A – Analysis of Investments is not in the format prescribed by ERISA and did not include interest-bearing cash. (29 CFR 2520.103-10)

2. Schedule B – Assets Held for Investment Purposes Both Acquired and Disposed of Within the Plan Year is not in the format prescribed by ERISA. (29 CFR 2520.103-10)

Agreement

In consideration of the ECA forgoing further investigation of Mr. Soper's conduct as described above, and in consideration of the ECA forgoing any further proceedings in the matter, Mr. Soper 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 and the Ohio Society of CPAs bylaws Article V

c. To neither admit nor deny the above specified charges

d. To his admonishment by the AICPA and Ohio Society of CPAs from the effective date of this agreement.

e. To comply immediately with professional standards applicable to the professional services he performs.

f. To complete the following 19 hours of continuing professional education (CPE) courses within 6 months of the date he signs this letter and provide evidence of such completion (e.g., attendance sheets, course completion certificates).

> Risk Assessment Today (3.5); Obtaining and Understanding of Internal Control (1.0); Documenting Internal Control (1.0); Take Control of Your Audit–Avoid Common Internal Control Missteps (2.0); You have a SOC 1 report – now what? (3.5); Accounting and Attest Update Part 1: Hot Topics for Preparing Current Period Financial Statements (2.0); Accounting and Attest Update Part 2: Hot Topics for Current Period Audits and Other Attest Services (2.0); and Course on workpaper documentation and review to be selected by the respondent and preapproved by the division (4.0)

g. 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 performed by him for one year from the date the reviewer has been approved by the ECA. He must submit the names of the chosen reviewers to the ECA for approval no later than 30 days after the date he signs this letter.

He agreed 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 include the reviewer's comments in detail for each engagement (a report that omits such detail will be unacceptable); 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. If none of the engagements selected for pre-issuance review were performed during a reporting period, he agreed to inform the ECA of such. He agreed to have this pre-issuance review performed at his expense. The ECA has the right to extend the period of time and number of engagements subject to pre-issuance review if there are deficiencies.

He agreed 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 during the period he is subject to the pre-issuance reviews. If his practice changes and he is no longer involved with audits, no longer acts in a supervisory capacity on such engagements, or he has not performed such engagements during the above specified period, he must inform the ECA of this change 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 undergo the required pre-issuance reviews.

h. To submit six months after completion of the pre-issuance reviews, a list of the highest level (audits, reviews, and compilations with note disclosures) of engagements that he performed in the six-month period following the date he completed the pre-issuance reviews.

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 the auditor's 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 agreed 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 he has not performed such engagements during the above specified period, he must inform the ECA of this change, 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 employee benefit plan audits. If he returns to performing such work, he agreed to the following:

i. To complete the following 18.5 hours of continuing professional education (CPE) courses prior to commencing such work and provide evidence of such completion (e.g., attendance sheets, course completion certificates).

   Audits of Employee Benefit Plans Subject to ERISA (12.5); and Auditing Financial Statements of ERISA Plans (6.0)

ii. 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 employee benefit plan audits performed by him for one year from the date the reviewer has been approved by the ECA. He must submit the names of the chosen reviewers to the ECA for approval no later than 30 days after the date he accepts such an engagement.

   He agreed 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 include the reviewer's comments in detail for each engagement (a report that omits such detail will be unacceptable); 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. If none of the engagements selected for pre-issuance review were performed during a reporting period, he agreed to inform the ECA of such. He agreed to have this pre-issuance review performed at his expense. The ECA has the right to extend the period of time and number of engagements subject to pre-issuance review if there are deficiencies.

He agreed to inform the ECA of any changes in the composition of his practice, changes in his role, or if he has not performed any employee benefit plan audits during the period he is subject to the pre-issuance reviews. If his practice changes and he is no longer involved with employee benefit plan audits, no longer acts in a supervisory capacity on such engagements, or he has not performed such engagements during the above specified period, he must inform the ECA of this change 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 undergo the required pre-issuance reviews.

iii. To submit six months after completion of the pre-issuance reviews, a list of the employee benefit plan audits that he performed in the six-month period following the date he completed the pre-issuance reviews.

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 the auditor's 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 agreed to inform the ECA of any changes in the composition of his practice, changes in his role, or if he has not performed any employee benefit plan audits until a suitable work product is selected for review. If his practice changes and he is no longer involved with employee benefit plan audits, no longer acts in a supervisory capacity on such engagements, or he has not performed such engagements during the above specified period, he must inform the ECA of this change, 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.

iv. To submit, within 30 days after he has accepted an employee benefit plan audit, evidence that his firm has submitted an application to join the Employee Benefit

Plan Audit Quality Center. Upon membership in that center, he agreed that his firm will comply with the directives of that center.

j. To be prohibited from performing peer reviews in any capacity until he has completed all directives in this letter. This prohibition will be communicated to his firm's peer review administering entity.

k. To be prohibited from serving as a member of any ethics or peer review committee of the AICPA or Ohio Society of CPAs until he has completed all directives in this letter. This prohibition will be communicated to those responsible for appointments to such committees. In addition, if he applies to join any other committee of the AICPA or Ohio Society of CPAs, he must inform those responsible for such appointments of the results of this ethics investigation.

l. To be prohibited from teaching continuing professional education courses approved by the AICPA or the state CPA societies in the areas of accounting, auditing, and employee benefit plans until he has completed all directives in this letter. This prohibition will be communicated to those responsible for engaging CPE instructors at the AICPA and the Ohio Society of CPAs.

m. That the ECA shall publish his name, the name of his firm, the charges, and the terms of this settlement agreement.

n. 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.