



ALABAMA STATE BOARD OF PUBLIC ACCOUNTANCY

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D. Boyd Busby, CPA
Executive Director

CERTIFIED MAIL 7022 0410 0002 8487 6494

July 21, 2023

Lloyd Aaron Johnson Jr
Lloyd A Johnson Jr CPA
121 Jamar Cir
Huntsville AL 35825

RE: Johnson, Lloyd Aaron, Jr., CPA
Certificate No. 9625
Lloyd A Johnson Jr CPA
Firm No. F1803
Case No. 22-8

Dear Lloyd Johnson, Jr.:

Attached is an Order by the Alabama State Board of Public Accountancy ("the Board") dated July 14, 2023. The Order REVOKES your Alabama CPA Certificate No. 9625 and/or permit to practice and requires the return of the revoked CPA Certificate to the Board for failing to enroll in the peer review program, inadequate reviews and compilations that reflected a lack of due professional care, and compilations & reviews that do not support Statements on Standards for Accounting and Review Services AR-C Sections 80 and 90.

This Board action requires that you cease holding yourself out as a Certified Public Accountant and discontinue any practice of public accounting in the State of Alabama as a Certified Public Accountant. The Board Order also requires you provide proof of completion of the following to the Board:

- 1) Return of the revoked CPA Certificate (wall certificate). We respectfully request that you make a diligent search for the CPA Certificate and return it to the Board office by August 14, 2023.
- 2) Payment of fine of one thousand dollars (\$1,000.00) per count, for a total of four thousand dollars (\$4,000.00) by August 14, 2023. The fine can be paid by either cashier's check/money order payable to the Alabama State Board of Public Accountancy or you may pay online by using the following link, located on the Board's website, <https://appengine.egov.com/apps/al/asbpa/fines>.
- 3) Completion of the National Association of State Boards of Accountancy (NASBA) Center for Public Trust's (CPT) Ethical Leadership Training Program by August 14, 2023 with a passing score of 80 by going to <https://cpt.secure.nonprofitsoapbox.com/altraining>. The NASBA CPT course is not a CPE program, and as such, should not be reported as CPE.

Section 34-1-15 of the Code of Alabama 1975 does provide for reinstatement of the CPA Certificate. This section states that upon application to the Board in writing after hearing, pursuant to notice, the Board may reinstate the revoked CPA Certificate. If you would like to be considered for reinstatement, please email Teresa Taylor at teresa.taylor@asbpa.alabama.gov with your request for reinstatement. An informational email will be sent back that details the required information that must be submitted in order to be placed on the agenda for the next Board meeting. The Board will not consider reinstatement requests until all fines and penalties have been paid and the completion of the NASBA Center for the Public Trust (CPT) Ethical Leadership Training course.

If you have questions, please contact me at the number shown above.

Sincerely,

D. Boyd Busby, CPA
Executive Director

DBB/tt

Attachment

BEFORE THE ALABAMA STATE BOARD OF PUBLIC ACCOUNTANCY

IN THE MATTER OF THE)
COMPLAINT AGAINST:)
LLOYD AARON JOHNSON JR, CPA) CASE NO. 22-8
CERTIFICATE NO. 9625)
LLOYD A JOHNSON JR CPA)
FIRM NO. F1803)
RESPONDENT.)

ORDER

COMES NOW the Alabama State Board of Public Accountancy ("the Board"), and, following a full and fair hearing before the Board on July 14, 2023, in Montgomery, in the matter of the complaint against LLOYD AARON JOHNSON, JR., CPA, Certificate No. 9625, d/b/a LLOYD A JOHNSON JR CPA, Firm No. F1803 makes the following Findings of Facts and Conclusions of Law in support of this Order.

FINDINGS OF FACT

1. Respondent, Lloyd Aaron Johnson, Jr., is a Certified Public Accountant in the State of Alabama and was so registered at all times relevant to this complaint.

2. Respondent undertook to prepare four review reports and four compilation reports for submission to the Alabama Licensing Board for General Contractors (ALBGC) in compliance with the ALBGC reporting requirements. Respondent subsequently prepared and submitted to the ALBGC documents comprising of review reports and compilation reports intended to be considered in compliance with the ALBGC reporting requirements.

3. The review and compilation engagements reviewed by the Board were inadequate in that they reflected a lack of the due professional care required of a certified public accountant required by the Alabama State Board of Public Accountancy Administrative Code and a lack of compliance with applicable technical standards promulgated by a body

designated by Council of the American Institute of Certified Public Accountants to establish such standards and principles.

4. The Respondent is not enrolled in the peer review program.

5. The Respondent submitted annual firm registration forms to the Board from 2018 to 2021 indicating that the firm did not issues any financial reports which would subject the firm to peer review.

CONCLUSIONS OF LAW

COUNT ONE

The Board finds that the facts as established at the hearing and as outlined above constitute a violation of Sections 34-1-1, et seq., Code of Alabama 1975, as follows:

6. Paragraphs one through five are incorporated herein by reference.

7. Board Rules 30-X-8-.01, et seq., establishes the Board's Peer Review Program. The purpose of this program is "to ensure quality work, to monitor compliance with applicable accounting and auditing standards generally recognized in the profession, and to facilitate enforcement of State law and Board rules."

8. Board Rule 30-X-8-.03(5), provides that each firm duly registered with a current permit shall notify the board that a Peer Review has been completed not less than each third fiscal year. According to this provision, any firm which has not obtained a Peer Review by December 31 following the end of the third fiscal year since the last submission shall not be renewed for the current fiscal year and shall otherwise be subject to disciplinary action.

9. Respondent has failed to satisfy Peer Review requirements set forth in Board Rule 30-X-8-.04(2) by failing to have a review within eighteen (18) months of the date the firm first issued a report that would require it to the peer reviewed.

10. The act charged above constitutes a failure to satisfy the Peer Review Program requirements of the Board as set forth in Board Rules 30-X-8-.03 and 30-x-8-.04(2) and constitutes grounds for disciplinary action as provided in Section 34-1-12(a)(13), Code of Alabama 1975.

COUNT TWO

11. Paragraphs one through ten are incorporated herein by reference. Rule 30-X-6-.03(1)(b) of the Alabama State Board of Public Accountancy Administrative Code provides that a registered certified public accountant “shall exercise due professional care in the performance of an engagement.”

12. The compilation and review engagements in question reflect a lack of due professional care based on the failure to comply with technical standards promulgated by bodies designated by Council of the American Institute of Certified Public Accountants, specifically to comply with the Statements on Standards for Accounting and Review Services (SSARS).

13. Rule 30-X-6-.03(1)(b) is both a rule of professional conduct promulgated by the Board and a rule promulgated by the Board.

14. Under Code of Alabama 1975, § 34-1-12(a)(4), the Board may discipline a registered certified public accountant for a violation of a rule of professional conduct promulgated by the Board.

15. Under Code of Alabama 1975, § 34-1-12(a)(14), the Board may discipline a registered certified public accountant for a violation of a rule promulgated by the Board.

COUNT THREE

16. Paragraphs one through fifteen are incorporated herein by reference.

17. Rule 30-X-6-.03(4) of the Alabama State Board of Public Accountancy Administrative Code provides that a registered certified public accountant shall “comply with other technical standards promulgated by bodies designated by Council of the American Institute of Certified Public Accountants to establish such standards, and departures therefrom must be justified by those who do not follow them.”

18. The financial statement and the accountant’s report and documentation on the compilation engagement in question does not support that the accountant complied with the Statements on Standards for Accounting and Review Services AR-C Section 80, *Compilation Engagements* and AR-C §60 *General Principles for Engagements Performed in Accordance with Statements on Standards for Accounting and Review Services* in that:

- a. The accountant incorrectly stated in the compilation report that the balance sheet is for the three-month period ended March 31, 2022 (AR-C §80 *Compilation Engagements* paragraph 17).
- b. The accountant failed to identify the entity whose financial statement was subject to the compilation engagement in the compilation report (AR-C §80 *Compilation Engagements* paragraph 17).
- c. Although the accountant disclosed that management elected to omit the statement of cash flows required by generally accepted accounting principles, the accountant did not disclose the omission of the statement of profit and loss/income statement (AR-C §80 *Compilation Engagements* paragraphs 27 – 33).

- d. The financial statements incorrectly refer the user to the accountant's review report – the accountant prepared a compilation report (AR-C §60 *General Principles for Engagements Performed in Accordance with Statements on Standards for Accounting and Review Services* paragraph .08).
- e. The financial statements incorrectly indicate total liabilities and owner's equity are \$188,285 (AR-C §60 *General Principles for Engagements Performed in Accordance with Statements on Standards for Accounting and Review Services* paragraph .08).
- f. The accountant incorrectly referred to the firm in the compilation report referring to it as "We." Only Mr. Johnson is employed by the firm and this language is misleading the user as to the composition of the firm (AR-C §60 *General Principles for Engagements Performed in Accordance with Statements on Standards for Accounting and Review Services* paragraph .08).
- g. There is no evidence the accountant agreed upon the terms of the engagement with management or those charged with governance (AR-C §80 *Compilation Engagements* paragraphs 10 and 40).

19. Rule 30-X-6-.03(4) is both a rule of professional conduct promulgated by the Board and a rule promulgated by the Board.

20. Under Code of Alabama 1975, § 34-1-12(a)(4), the Board may discipline a registered certified public accountant for a violation of a rule of professional conduct promulgated by the Board.

21. Under Code of Alabama 1975, § 34-1-12(a)(14), the Board may discipline a registered certified public accountant for a violation of a rule promulgated by the Board.

COUNT FOUR

22. Paragraphs one through twenty-one are incorporated herein by reference.

23. Rule 30-X-6-.03(4) of the Alabama State Board of Public Accountancy Administrative Code provides that a registered certified public accountant shall “comply with other technical standards promulgated by bodies designated by Council of the American Institute of Certified Public Accountants to establish such standards, and departures therefrom must be justified by those who do not follow them.”

24. The financial statement and accountant’s report and documentation on the review engagement in question does not support that the accountant complied with the Statements on Standards for Accounting and Review Services AR-C Section 90, *Review of Financial Statements* and AR-C §60 *General Principles for Engagements Performed in Accordance with Statements on Standards for Accounting and Review Services* in that:

- a. The accountant’s report on the reviewed financial statement failed to comply with AICPA Statements on Standards for Accounting and Review Services in several material respects (AR-C §90 *Review of Financial Statements* paragraph 39).
- b. The accountant indicated in the review report that supplementary information accompanies the financial statements, however, there is no supplementary information included with the financial statements (AR-C §60 *General Principles for Engagements Performed in Accordance with Statements on Standards for Accounting and Review Services* paragraph .08, AR-C §90 *Review of Financial Statements* paragraph 39).

- c. The accountant stated in the report that they are not aware of any material modification that should be made to the accompanying financial statement in order for it to be in conformity with generally accepted accounting standards, however, the financial statement omitted several required presentations and disclosures (such as the statement of income, statement of cash flows, and substantially all applicable note disclosures (FASB ASC 235-10-50) (AR-C §90 *Review of Financial Statements* paragraphs 56-60).
- d. The accountant incorrectly referred to the firm in the review report using the terms “we” and “our.” Only Mr. Johnson is employed by the firm and this language is misleading the user as to the composition of the firm. (AR-C §60 *General Principles for Engagements Performed in Accordance with Statements on Standards for Accounting and Review Services* paragraph .08).
- e. There is no evidence the accountant agreed upon the terms of the engagement with management or those charged with governance (AR-C §90 *Review of Financial Statements* paragraph 11).
- f. There is no evidence the accountant performed procedures required by AICPA *Statements on Standards for Accounting and Review Services*. (AR-C §90 *Review of Financial Statements*).
- g. The accountant failed to request written representations from management for the financial statements reviewed (AR-C §90 paragraphs 32-36).

25. Rule 30-X-6-.03(4) is both a rule of professional conduct promulgated by the Board and a rule promulgated by the Board.

26. Under Code of Alabama 1975, § 34-1-12(a)(4), the Board may discipline a registered certified public accountant for a violation of a rule of professional conduct promulgated by the Board.

27. Under Code of Alabama 1975, § 34-1-12(a)(14), the Board may discipline a registered certified public accountant for a violation of a rule promulgated by the Board.

It is therefore ORDERED, ADJUDGED and DECREED by this Board that the license, registration, certificate and/or permit to practice of the Respondent be REVOKED, and that Respondent provide proof of completion of the following to the Board:

1. Return of the revoked Certified Public Accountant Certificate (wall certificate) to the Board office by August 14, 2023.
2. Payment of fine of one thousand dollars (\$1,000.00) per count, for a total of four thousand dollars (\$4,000.00) by August 14, 2023. The fine can be paid by going to <https://appengine.egov.com/apps/al/asbpa/fines>.
3. Completion of the NASBA CPT course with a passing score of 80 by going to <https://cpt.secure.nonprofitsoapbox.com/altraining>. The NASBA CPT course is not a CPE program, and as such, should not be reported as CPE.

DONE this 14th day of July 2023.

ALABAMA STATE BOARD OF PUBLIC ACCOUNTANCY

CONCUR:
MESSRS. BLACKMON, GRICE, MADISON,
SCHAFFERS and SMITH

RECUSED:
MS. PRINCE

ATTEST:



D. Boyd Busby, CPA

Executive Director

Signed on July 21, 2023