



ALABAMA STATE BOARD OF PUBLIC ACCOUNTANCY

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D. Boyd Busby, CPA
Executive Director

CERTIFIED MAIL 7020 1290 0001 5670 0824

February 8, 2024

Michael Kirk Segars
Melvin Bibb Segars & Associates PC
303 Williams Ave Ste 129
Huntsville AL 35801

RE: Segars, Michael Kirk
Certificate No. 6252
Melvin Bibb Segars & Associates PC
Firm No. F766
Case No. 23-20

Dear Michael Segars:

Attached is an Order by the Alabama State Board of Public Accountancy ("the Board") dated January 23, 2024. The Order censures your CPA certificate 6252 for preparing an audit report on the financial statements for an employee benefit plan (EBP) for submission to the United States Department of Labor that failed to comply with GAAP; failed to prepare audit documentation to support the work performed for subsequent events; and failed to report that the firm completed an EBP audit to their peer review captain as required by peer review standards.

This Board action, agreed to in the signed Consent Agreement included, requires that you send documentation to the Board office verifying completion of the following:

1. Payment of an administrative fine of seven thousand dollars (\$7,000.00) by March 8, 2024. 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>.
2. Completion of the NASBA Center for Public Trust's (CPT) Ethical Leadership course with a passing score of 80 by March 8, 2024. The following link is located on the Board's website,
<https://cpt.secure.nonprofitsoapbox.com/altraining>. The NASBA CPT course may not be used for CPE credit.

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:)
MICHAEL KIRK SEGARS, CPA) CASE NO. 23-20
CERTIFICATE NO. 6252)
MELVIN BIBB SEGARS & ASSOCIATES PC)
FIRM NO. F766)
RESPONDENT.)

ORDER

COMES NOW the Alabama State Board of Public Accountancy ("the Board"), and, following a full and fair hearing before the Board on January 23, 2024, at Troy University in Troy, Alabama, in the matter of the complaint against MICHAEL KIRK SEGARS, CPA, Certificate No. 6252, of MELVIN BIBB SEGARS & ASSOCIATES PC, firm No. F766, makes the following Findings of Facts and Conclusions of Law in support of this Order.

FINDINGS OF FACT

1. Respondent, Michael Kirk Segars, is Certified Public Accountant in the State of Alabama and was so always registered relevant to this complaint.
2. The Respondent is a partner of the firm Melvin Bibb Segars & Associates PC, a registered Certified Public Accountant firm in the State of Alabama.
3. Respondent undertook to prepare an audit report on the financial statements for an employee benefit plan (the "Plan") for each year ending as of December 31, 2021 and December 31, 2020, for submission to the United States Department of Labor in compliance with the Employment Retirement Income Security Act. Respondent subsequently prepared and submitted to the Department of Labor documents comprising an audit report intended to be considered in compliance with this act.

4. The audit report, financial statement and work papers submitted to the Department of Labor and reviewed by the Board were inadequate in that they reflected departures from generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants.

5. The auditor's reports and work papers on the audit engagement in question do not support that the auditor complied with generally accepted auditing standards in that:

a. The auditor dual dated the revised report on the Plan's financial statements but did not limit the revision to specific information in the financial statements (AU-C §560);

b. The auditor's original report on the Plan's financial statements failed to include the December 31, 2020 Statement of Net Assets Available for Benefits in the scope of the audit and did not opine on this information (AU-C §703.103-.105);

c. The auditor's original report on the Plan's financial statements failed to specify the title of the supplemental schedule included with the financial statements and the period covered (AU-C §703.132);

d. The auditor's reissued report on the Plan's financial statements referred to the incorrect note to the financial statements that discloses the information certified by the trustee as complete and accurate (AU-C §703.103);

e. The notes to the original financial statements of the Plan did not correctly identify the name of the trustee that certified the investment information (AU-C §200.15-.16);

f. The supplemental information to the Plan's original financial statements, "Schedule H, Line 4i- Schedule of Assets (Held at End of Year) contained the following errors:

(Code of Federal Regulations 2520.103) (AU-C §703.132 and §725.07):

i. The schedule failed to include the terms (maturity dates) of notes receivable from participants; and

ii. The title incorrectly indicates it is a note to the financial statement and that it is an IRS schedule.

g. The original and restated financial statements improperly limited the disclosure of parties in interest and related transactions to only those with the trustee and participants with loans (restated financial statements only) (AU-C §250) (Title I of the Employee Retirement Income Security Act of 1974);

h. The auditor initially failed to adequately identify and assess the risks of material misstatement at the financial statement and assertion levels as a basis for designing and adequately implementing audit procedures (AU-C §315);

i. The auditor initially failed to design and perform tests of controls to obtain sufficient appropriate audit evidence about the operating effectiveness of the controls the auditor relied on in determining the nature, timing and extent of substantive procedures (AU-C §330);

j. The auditor initially failed to document the nature, timing and extent of audit procedures responsive to the assessed level of the risk of material misstatement (AU-C §330);

k. The auditor initially did not determine whether complimentary user entity controls identified by the service organization were relevant in addressing the risk of material misstatements and failed to gain an understanding whether the Plan designed and

implemented such controls (AU-C §402);

l. The auditor initially did not evaluate whether the service auditor's report was for a period that was appropriate for the Plan's audit purposes (AU-C §402);

m. The auditor failed to obtain a sufficient understanding of the entity and its environment to assess the risk of material misstatement of the financial statements due to fraud (AU-C §240);

n. The auditor initially failed to design and perform audit procedures to obtain sufficient appropriate audit evidence to make a reasonable conclusion as to base the auditor's opinion with respect to management's assessment of whether the entity certifying investment information as complete and accurate was qualified to do so or that investment information agreed with certified information and was appropriately disclosed (AU-C §703 and §500);

o. The auditor initially failed to design and perform audit procedures to obtain sufficient appropriate audit evidence to make a reasonable conclusion on certain assertions regarding benefit payments (AU-C §500);

p. The auditor initially failed to design and perform audit procedures to obtain sufficient appropriate audit evidence to make a reasonable conclusion to support the auditor's opinion regarding participant balances (AU-C §500);

q. The auditor initially failed to design and perform audit procedures to obtain sufficient appropriate audit evidence to make a reasonable conclusion to support the auditor's opinion regarding the identification of related parties and parties in interest and transactions with such parties (AU-C §500, §550 and §250) (ERISA Title I of the Employee

Retirement Income Security Act of 1974);

6. The auditor failed to prepare audit documentation to support the work performed for subsequent events. The work papers were not sufficient to enable an experienced auditor, with no previous connection with the audit, to understand the nature, timing and extent of the audit procedures performed, the results of the audit procedures performed, the evidence obtained, and conclusions reached (AU §230).

7. Respondent failed to report that the firm completed an employee benefit plan audit to their peer review team captain for the peer review year end of June 30, 2021, as required by peer review standards.

CONCLUSIONS OF LAW

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

8. Respondent stipulates that his conduct as set for in the “Findings of Fact” constitutes a violation of the following statute: §34-1-12(a)(13) and administrative rule: Ala. Admin. Code r. 30-X-6-.03(2).

9. Respondent stipulates the circumstances set forth in the “Findings of Fact” are a basis for disciplinary action 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 CENSURED, that the

Respondent complete the following and provide proof of completion within thirty (30) days of this Order:

1. The Board fines the Respondent seven thousand dollars (\$7,000.00). 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>.
2. The completion of the National Association of State Boards of Accounting (NASBA) Center for Public Trust's (CPT) Ethical Leadership Training Program with a passing score of 80. The NASBA CPT course is not a CPE program, and as such, should not be reported as CPE. The following link for the NASBA CPT course is located on the Board's website, <https://cpt.secure.nonprofitsoapbox.com/altraining>.

DONE this 23rd day of January 2024.

ALABAMA STATE BOARD OF PUBLIC ACCOUNTANCY

CONCUR:
MMES. PRINCE and SHEPPARD-HARRIS and
MESSRS. ETHEREDGE, KINTZ, and SKINNER

RECUSE:
MR. SMITH

ABSENT:
MR. SCHAFFERS

ATTEST:



D. Boyd Busby, CPA
Executive Director
Signed on February 8, 2024

BEFORE THE ALABAMA STATE BOARD OF PUBLIC ACCOUNTANCY

IN THE MATTER OF)
THE COMPLAINT AGAINST:)
MICHAEL KIRK SEGARS, CPA) CASE NO. 23-20
CERTIFICATE NO. 6252)
MELVIN BIBB SEGARS & ASSOCIATES PC)
FIRM NO. F766)
RESPONDENT.)

CONSENT AGREEMENT

Michael Kirk Segars, an Alabama Certified Public Accountant (hereinafter referred to as "Respondent") hereby stipulates and agrees, subject to approval by the Alabama State Board of Public Accountancy (hereinafter referred to as the "Board"), as follows:

STIPULATED FACTS

1. Respondent, Michael Kirk Segars, is a Certified Public Accountant in the State of Alabama.
2. The Firm, Melvin Bibb Segars & Associates PC, is a registered Certified Public Accountant firm in the State of Alabama.
3. Respondent undertook to prepare an audit report on the financial statements for an employee benefit plan (the "Plan") for each year ending as of December 31, 2021 and December 31, 2020, for submission to the United States Department of Labor in compliance with the Employment Retirement Income Security Act. Respondent subsequently prepared and submitted to the Department of Labor documents comprising an audit report intended to be considered in compliance with this act.
4. The audit report, financial statement and work papers submitted to the Department of Labor and reviewed by the Board were inadequate in that they reflected departures from generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants.
5. The auditor's reports and work papers on the audit engagement in question do not support that the auditor complied with generally accepted auditing standards in that:
 - a. The auditor dual dated the revised report on the Plan's financial statements but

did not limit the revision to specific information in the financial statements (AU-C §560);

b. The auditor's original report on the Plan's financial statements failed to include the December 31, 2020 Statement of Net Assets Available for Benefits in the scope of the audit and did not opine on this information (AU-C §703.103-.105);

c. The auditor's original report on the Plan's financial statements failed to specify the title of the supplemental schedule included with the financial statements and the period covered (AU-C §703.132);

d. The auditor's reissued report on the Plan's financial statements referred to the incorrect note to the financial statements that discloses the information certified by the trustee as complete and accurate (AU-C §703.103);

e. The notes to the original financial statements of the Plan did not correctly identify the name of the trustee that certified the investment information (AU-C §200.15-.16);

f. The supplemental information to the Plan's original financial statements, "Schedule H, Line 4i- Schedule of Assets (Held at End of Year) contained the following errors: (Code of Federal Regulations 2520.103) (AU-C §703.132 and §725.07):

i. The schedule failed to include the terms (maturity dates) of notes receivable from participants; and

ii. The title incorrectly indicates it is a note to the financial statement and that it is an IRS schedule.

g. The original and restated financial statements improperly limited the disclosure of parties in interest and related transactions to only those with the trustee and participants with loans (restated financial statements only) (AU-C §250) (Title I of the Employee Retirement Income Security Act of 1974);

h. The auditor initially failed to adequately identify and assess the risks of material misstatement at the financial statement and assertion levels as a basis for designing and adequately implementing audit procedures (AU-C §315);

i. The auditor initially failed to design and perform tests of controls to obtain sufficient appropriate audit evidence about the operating effectiveness of the controls the auditor relied on in determining the nature, timing and extent of substantive procedures (AU-C §330);

j. The auditor initially failed to document the nature, timing and extent of audit procedures responsive to the assessed level of the risk of material misstatement (AU-C §330);

k. The auditor initially did not determine whether complimentary user entity controls identified by the service organization were relevant in addressing the risk of material misstatements and failed to gain an understanding whether the Plan designed and implemented such controls (AU-C §402);

l. The auditor initially did not evaluate whether the service auditor's report was for a period that was appropriate for the Plan's audit purposes (AU-C §402);

m. The auditor failed to obtain a sufficient understanding of the entity and its environment to assess the risk of material misstatement of the financial statements due to fraud (AU-C §240);

n. The auditor initially failed to design and perform audit procedures to obtain sufficient appropriate audit evidence to make a reasonable conclusion as to base the auditor's opinion

with respect to management's assessment of whether the entity certifying investment information as complete and accurate was qualified to do so or that investment information agreed with certified information and was appropriately disclosed (AU-C §703 and §500);

o. The auditor initially failed to design and perform audit procedures to obtain sufficient appropriate audit evidence to make a reasonable conclusion on certain assertions regarding benefit payments (AU-C §500);

p. The auditor initially failed to design and perform audit procedures to obtain sufficient appropriate audit evidence to make a reasonable conclusion to support the auditor's opinion regarding participant balances (AU-C §500);

q. The auditor initially failed to design and perform audit procedures to obtain sufficient appropriate audit evidence to make a reasonable conclusion to support the auditor's opinion regarding the identification of related parties and parties in interest and transactions with such parties (AU-C §500, §550 and §250) (ERISA Title I of the Employee Retirement Income Security Act of 1974);

6. The auditor failed to prepare audit documentation to support the work performed for subsequent events. The work papers were not sufficient to enable an experienced auditor, with no previous connection with the audit, to understand the nature, timing and extent of the audit procedures performed, the results of the audit procedures performed, the evidence obtained, and conclusions reached (AU §230).

7. Respondent failed to report that the firm completed an employee benefit plan audit to their peer review team captain for the peer review year end of June 30, 2021, as required by peer review standards.

STIPULATED CONCLUSIONS OF LAW

8. Respondent admits he is subject to the provisions of the Ala. Code (1975) §§ 34-1-1-22 and the jurisdiction of the Board.

9. Respondent stipulates that the circumstances set forth in the "Stipulated Facts" constitutes a violation of Ala. Code (1975) § 34-1-12(a)(13) and administrative rule: Ala. Admin. Code r. 30-X-6-.03(2).

10. Respondent stipulates the circumstances set forth in the "Stipulated Facts" are a basis for disciplinary action by the Board.

STIPULATED DISPOSITION

11. Respondent shall refrain from violating the provisions of Title 34, Chapter 1, Ala. Code (1975).

12. Respondent understands this Consent Agreement and subsequent Final Order will be a public record, and this information may be placed on the Board's website and in its newsletter.

13. Respondent acknowledges that the Final Order will be considered a censure by the Board pursuant to Ala. Code (1975) §§ 34-1-12(a)(11), 34-1-12(a)(13), 34-1-13(b), and/or Ala. Admin. Code r. 30-X-6-.05(1), and 30-X-7-.08.

14. Respondent shall submit to the Board an administrative fine of \$7,000.00 (seven thousand dollars). The fine is due within 30 days of the Board's acceptance of this agreement.

15. Respondent shall complete the Ethical Leadership Training Program provided by the National Association of State Board of Accountancy (NASBA) Center for Public Trust with a passing score of 80 and provide proof of completion within 30 days of the Board's acceptance of this agreement.

16. Respondent understands this Consent Agreement is subject to the approval of the Board and has no force and effect until a Final Order based upon it is rendered by the Board.

17. Respondent agrees to comply with the terms of this Consent Agreement and understands failure to comply with the terms of the Consent Agreement may result in additional charges or discipline.

18. Respondent understands in order to make a decision relative to approving this Consent Agreement discussions must take place between Board Members, Board Staff and Board Counsel. Respondent understands that the discussion will take place at a regularly scheduled meeting of the Board.

19. Respondent understands he has the right to seek the advice of legal counsel. Respondent also understands he has the right to a formal fact-finding hearing before the Board, to compel the testimony of witnesses, to cross-examine witnesses against him, and to obtain judicial review of the Board's decision in said formal hearing but expressly waives these rights with execution of this Consent Agreement and Final Order of the Board.

20. Respondent expressly waives all further procedural steps, and expressly waives all rights to seek judicial review or to otherwise challenge or contest the validity of the Consent Agreement, the stipulated facts, conclusions of law and imposition of administrative action contained herein, and the Final Order of the Board incorporating said Consent Agreement.

21. Respondent, for the purpose of avoiding further administrative action with respect to this Cause executes this Consent Agreement. It is agreed that presentation to and consideration of the Consent Agreement by the Board requires certain factual information related to this matter be disclosed to the Board members. Should the Consent Agreement not be accepted by the Board, it is therefore expressly agreed that the reviewing, and consideration of this Consent Agreement, and the information provided to the Board for their review, shall not unfairly prejudice the Board and shall in no way act to disqualify any Board member from any further participation in this matter through its resolution, including, but not limited to, any contested hearing on this matter should one be necessary. Likewise, if this Consent Agreement is not accepted, the Board shall not take into consideration the contents of this Agreement as evidence of an admission and all stipulations hereinabove are thereby rescinded.

FOR THE BOARD

1-30-24
DATE

Billington M. Garrett
BILLINGTON M. GARRETT, Esq.
General Counsel

FOR THE RESPONDENT

12/5/23
DATE

M.K.S.
MICHAEL KIRK SEGARS

_____, Esq.
Attorney for the Respondent

State of Alabama

County of Madison

Subscribed and sworn to before me, a Notary Public on this 5th day of December, 2023.

Rebecca O. Parson
Notary Public

My Commission Expires: 8-3-2026

[Faint circular notary seal]