**MILLER ENERGY RESOURCES: NOW YOU SEE THE 10-K, NOW YOU DON’T**

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***Grumpy Old Accountants, August 2011***

[Herb Greenberg](http://www.theflyonthewall.com/permalinks/entry.php/MILLid1468423/MILL-Miller-Energy-CEO-tells-Herb-Greenberg-allegations-are-false) made an interesting observation today. Miller Energy Resources issued its [10-K](http://www.sec.gov/Archives/edgar/data/785968/000094344011000404/0000943440-11-000404-index.htm) Friday after the markets closed. Today, however, it reversed course in an [8-K](http://www.sec.gov/Archives/edgar/data/785968/000094344011000410/0000943440-11-000410-index.htm) that says the report should no longer be relied on. What gives?

Miller Energy Resources states in the 8-K, “The 2011 10-K was filed … prior to KPMG LLP completing its review of the annual report and issuing their independent accountant’s report on the financial statements, as well as the consent to the use of their report….” But didn’t management know that on July 29?

We have never before seen a firm issue a 10-K one day and rescind it the next business day. Perhaps there was a miscommunication between managers and KPMG, though that’s one humongous miscue.

Perhaps there is a riff between the two parties, in which case we soon expect to see either an auditor resignation or an auditor termination. Only a year ago Miller changed from Sherb & Co. to KPMG.

Perhaps auditing doesn’t matter anymore. It’s as if auditing is part of the management team and the CEO was just telling his subordinate what to do.

POSTSCRIPT

Miller Energy Resources filed Form 10-K/A on August 8.  It stated:

“By this Amendment No. 1 we are amending our 2011 Form 10-K to include corrections to computational errors in our consolidated statement of cash flows which appeared in the 2011 Form 10-K filed on July 29, 2011. This Amendment No. 1 also includes corrections in text portions of the 2011 Form 10-K to conform the disclosure to the corrections in these computational errors, to correct computational errors in the Summary Compensation Table within Item 11. Executive Compensation, as well as to enhance and clarify disclosure appearing in the notes to the consolidated financial statements. We have also revised the disclosure in Item 9A to reflect the additional weaknesses in disclosure controls and procedures from the filing of our 2011 10-K.”

That’s a lot of mistakes to have when the original 10-K was issued!  We are happy they have settled things with the SEC.  Oops, they still need an audit report!  Miller Energy Resources adds,

“We expect to file an amended Annual Report on Form 10-K/A for the year ended April 30, 2011 (Amendment No. 2) containing audited financial statements for fiscal year 2011 as soon as (1) the Audit Committee of our Board of Directors completes its review of the events which led to the filing of the 2011 10-K prior to the completion of KPMG’s review of our 2011 10-K and the issuance of its audit report, and (2) KPMG LLP has completed its review of our fiscal year 2011 financial statements and issues its report thereon.”  So what was the point of this amended 10-K?

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