

LarryF
Fisher/RTP/USEPA/US

03/19/2009 09:25 AM

To "Lee, Mike S" <mslee@KPMG.com>

cc Maryann Froehlich/DC/USEPA/US@EPA, Raffael
Stein/DC/USEPA/US@EPA, Douglas
Barrett/RTP/USEPA/US@EPA, Silvia

bcc

Subject OMB A-123 Review

Hi Mike,

I am providing a quick overview of our discussion to highlight the same concerns that I have expressed to EPA's management over the past eleven years or so. Specifically, the American Management System's (AMS) reconciliation report (FBTL Comparison report) generates both the fixed asset and general ledger totals. This data is so bad that it must be "reentered" again manually into Excel spread sheets, on a monthly basis, with more manual additions and subtractions to AMS's generated totals. The net result is that after spending all this money on AMS's financial software, since 1989, there are still no accounting controls, unlimited possibilities for transposing numbers, systems problems that never get resolved, and adjustments that could accurately be described as plugged totals.

If you have any further questions regarding these issues, please let me know and I will provide you with any additional documentation to support your write-up of EPA's OMB A-123 property review. Thanks.

Larry

"Lee, Mike S" <mslee@KPMG.com>



"Lee, Mike S"
<mslee@KPMG.com>

03/19/2009 07:45 AM

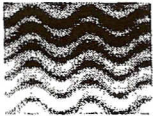
To LarryF Fisher/RTP/USEPA/US@EPA

cc

Subject RE: follow-up

Good Morning:

Actually I do have some additional questions. And if it is ok with you, could I stop by around 9.30 am.



LarryF
Fisher/RTP/USEPA/US

04/03/2009 02:22 PM

To "Lee, Mike S" <mslee@KPMG.com>

cc LisaP Jackson/DC/USEPA/US@EPA, Maryann
Froehlich/DC/USEPA/US@EPA, Raffael
Stein/DC/USEPA/US@EPA, Douglas

bcc

Subject Fw: A-123; Reconciliation...

Hi Mike,

This is a follow-up to your email regarding the documentation that has been provided to both you and Elisa. As you know, during KPMG's review of our accounting controls, I was very candid in expressing the lack of accounting controls regarding EPA's property process (see KPMG audit file below). I also provided concrete examples of those (many) accounting and financial system weaknesses and you followed up with very good questions regarding those issues.

During a subsequent conversation with Elisa, another KPMG auditor, I asked her a question regarding KPMG's overall findings. I was surprised to learn that there were "no audit findings" simply because the point of KPMG's OMB A-123 review was to determine if I could explain the property process and support my adjustments. Not only would these VERY SERIOUS DEFICIENCIES not be reported to EPA's OCFO managers but that, if they were, they had the option of never reporting these deficiencies to Congress or to anyone else. The fact that the majority of EPA's OCFO managers lack their 4 year accounting degrees and CPA certificates is another real problem and a real incentive for hiding problems that they do not understand and cannot address.

I am providing copies of this email to EPA's OCFO managers and to the EPA Administrator. The obvious point is that EPA and this government cannot address our government's accounting and financial system-related deficiencies if we fail to acknowledge that such problems do, in fact, exist.

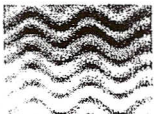
If you have any questions regarding this email or want to clarify any of the above points please let me know. Thanks.

Larry



KPMG Audit.pdf

LarryF Fisher/RTP/USEPA/US



LarryF
Fisher/RTP/USEPA/US

04/01/2009 08:11 AM

To "Lee, Mike S" <mslee@KPMG.com>

cc

Subject Re: A-123; Reconciliation... [icon]

Hi Mike,