



LarryF
Fisher/RTP/USEPA/US
05/17/2008 10:38 AM

To Kyana Bundy-Evans/DC/USEPA/US@EPA
cc Anita Jones/DC/USEPA/US@EPA, Douglas
Barrett/RTP/USEPA/US@EPA, Milton
Brown/DC/USEPA/US@EPA, Lyons
bcc
Subject Re: Revised PP&E Policy Standard and Interpretation []

Hi Kyana,

Thank you for your response. I can't emphasize (enough) the importance and legal responsibility of EPA's managers to accurately and honestly include all reported accounting and financial system deficiencies in their annual FMFIA reports (to Congress). Congress mandated that agencies, like EPA, complete these annual FMFIA reports for a very good reason; this is Congress's only means of: (1) critiquing the government-wide accounting (FASAB) and the Financial Systems Integration Office (FSIO) standards and processes that all 24 CFO Act agencies must follow, and (2) identifying and addressing individual CFO Act agency-related accounting and financial system deficiencies. When EPA's managers intentionally exclude reported accounting and financial system deficiencies from their FMFIA reports, Congress, the media, and the American people mistakenly assume that there are no problems with EITHER the government-wide accounting and financial software standards or EPA's policies, procedures, and financial statements.

The bottom line is that EPA's managers have knowingly violated numerous Congressional legislative acts to support EPA management's agenda of : (1) obtaining clean (and undeserved) agency audit opinions, and (2) outsourcing our government's inherent accounting and financial system-related functions to AICPA firms, financial software companies, and management consulting firms. EPA management's game of misinformation becomes even more serious considering its systematic replacement of its 4 year degreed accountants and Certified Public Accountants with more unqualified political appointees and former accounting technicians (now GM 14s and GM 15s), retaliation of those who report deficiencies, and total reliance on outside contractors such as PricewaterhouseCoopers and CGI. EPA's managers have, effectively, eliminated all of the checks and balances (and reasons) for anyone to question either this agency's very deficient accounting and financial system policies or the government-wide standards (FASAB / FSIO) that all 24 CFO Act agencies are required to follow.

This government-wide cover up is not my subjective opinion but documented in: (1) the Government Accountability Office (GAO)'s last ten consecutive years of written Congressional testimony, and (2) EPA's doctored FMFIA reports to support its clean (and unjustified) audit opinions.

In support of my statement regarding a failed government-wide (FASAB / FSIO) standard that is overseen by the Central Agencies (GAO, OMB, Treasury, and GSA), GAO has acknowledged its inability to summarize the 24 CFO Act agency's financial data to produce our government's Consolidated Financial Statements (CFS's) in its (own) written Congressional testimony. This carte blanche acknowledged failure by the former Comptroller General of the U.S., David

Walker, should cause each of us (and especially Congress) a great deal of concern regarding our government's approach of providing the American people with an accurate accounting of our tax dollars. This is especially true given the fact that our government already has a twenty year failed outsourcing effort involving AICPA firms, financial software companies, and management consulting firms. See the National Accountant Whistleblower Coalition (NAWBC) website - <http://www.nawbc.com>.

In support of my statement regarding EPA's sanitized FMFIA reports, I have consistently reported very serious accounting and financial system deficiencies of its PP&E (and reconciliation process) over the past ten years to Doug Barrett (and his former supervisor, Ron Bachand), and now Milton Brown, and the EPA CFO, Lyons Gray. One year after Ron Bachand retired from government, he received a lucrative contract with PricewaterhouseCoopers (PWC) to address many of the same deficiencies that I consistently reported and EPA's management consistently excluded from EPA's FMFIA report(s). Effectively, then, EPA's management was willing to lie to Congress, doctor their annual FMFIA reports with the intent (and very real possibility) of receiving (future) lucrative contractor positions to (supposedly) address these same deficiencies. I repeat again, there were legitimate reasons why Congress passed the CFO Act, Government Performance Results Act, Government Management Reform Act, Federal Financial Management Improvement Act, and the Information Technology Management Reform Act; the intent of this legislation was to ensure the integrity of the information it receives from ALL federal agencies. At no point (ever) did Congress give EPA's (or any agency's) managers the option of sanitizing its FMFIA report(s) for either political or personal gain.

In closing, I would like to address one more issue. About a month or so ago, Doug Barrett came to my office to let me know that I would be working with the PP&E Policy group. This assignment came as a complete surprise to me because, for the last ten years of my career, EPA's management has ostracized me from virtually all management-related activity, placed me in a nothing management position (to support my grade), and threatened me with a downgrade on numerous occasions for questioning that position; my only crime was that I repeated (and documented) the same issues that I noted in the previous paragraphs over the past ten years. For the record, I do not want EPA's management to give the (mistaken) impression that this one time management assignment was (or is) indicative of my involvement in EPA's management. Also, for the record, I am including cc's to all the EPA's managers who I have kept abreast of their roles in this agency's lawbreaking practices – Doug Barrett, Milton Brown, and Lyons Gray.

Kyana Bundy-Evans/DC/USEPA/US



Kyana
Bundy-Evans/DC/USEPA/US
05/14/2008 05:02 PM

To LarryF Fisher/RTP/USEPA/US@EPA
cc Anita Jones/DC/USEPA/US@EPA
Subject Re: Revised PP&E Policy Standard and Interpretation

Larry,

Thank for providing comments. Do you have suggestions for other ways to assess the success of this policy other than using the FMFIA report?

Thanks,
Kyana

Kyana Bundy-Evans
USEPA/OCFO/OFM
Financial Policy & Planning Staff
Voice - (202) 564-0988
Fax - (202) 565-2584
email: bundy-evans.kyana@epa.gov
LarryF Fisher/RTP/USEPA/US



LarryF
Fisher/RTP/USEPA/US
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To Kyana Bundy-Evans/DC/USEPA/US@EPA
cc Angie Hairston/DC/USEPA/US@EPA, Anita Jones/DC/USEPA/US@EPA, Cheryl Dunton/DC/USEPA/US@EPA, Cheryl Upton/DC/USEPA/US@EPA, Christopher Ayala/TMS/R8/USEPA/US@EPA, Connie Posey/DC/USEPA/US@EPA, Darlene Checchi/R1/USEPA/US@EPA, Edward Sanders/RTP/USEPA/US@EPA, Holly Douglas/DC/USEPA/US@EPA, James Maas/DC/USEPA/US@EPA, Joseph Shellabarger/RTP/USEPA/US@EPA, karenmshaffer@verizon.net, Kevin DiGrazia/DC/USEPA/US@EPA, Mark Zimmer/TMS/R8/USEPA/US@EPA, Maryann Morales/R6/USEPA/US@EPA, Michael Penn/DC/USEPA/US@EPA, Patricia Kyler/DC/USEPA/US@EPA, Ray Ledoux/R1/USEPA/US@EPA, Richard Balzer/DC/USEPA/US@EPA, Tom Koontz/DC/USEPA/US@EPA, Valerie Chun/DC/USEPA/US@EPA, William Ridge/DC/USEPA/US@EPA
Subject Re: Revised PP&E Policy Standard and Interpretation

I have accounting-related concerns regarding three (3) issues contained in EPA's policy standard involving: (1) FASAB's contention that their government-wide accounting standard is in accordance with generally accepted accounting principles (GAAP), (2) EPA's contention that SUCCESS is measured by the number of PP&E weaknesses reported on its FMFIA report (to congress), and (3) commercial off-the-shelf software is ready for use with little or no changes. My comments are as follows:

FASAB's government-wide accounting standard is in compliance with GAAP

I find this statement to be blatantly false. If FASAB's accounting standards were in compliance with GAAP, each of the 24 CFO Act agencies (like EPA) would be generating

their financial statements (from a single trial balance); they would not be preparing their financial statements manually, as they are currently doing. Also, GAO would summarize that data (from the 24 CFO Act agency's trial balances) and also generate our government's Consolidated Financial Statements (CFS's); this is a basic requirement of all corporations and the driving force behind Congress's enactment of the Sarbanes Oxley Act of 2002. GAO would not be coming up with the same sorry excuses they have for the last ten (10) consecutive years in their written Congressional testimony.

This is the reason why I asked you if FASAB had an accounting model identifying both the input (journal entries) and the output (trial balance and generated financial statements). FASAB has no such accounting model (to the best of my knowledge) and thus agencies, like EPA, have no ability to generate ANY summary level financial statements – no matter what software we use. This, in my mind, raises a question regarding the functionality of EPA's current \$84 million procurement of CGI software and also PricewaterhouseCooper's role in that effort.

The other issue involving the American Institute of Certified Public Accountant's (AICPA) statement that FASAB's standard is in compliance with GAAP is also a bit disingenuous. This is because the AICPA oversaw and developed FASAB's standard. Effectively, then, the AICPA is proclaiming that its (own) accounting standard is in compliance with GAAP. That is also not true based upon the statements that I made previously and corroborated in GAO's own written testimony.

EPA's contention that SUCCESS is measured by the number of PP&E weaknesses reported on its FMFIA report (to Congress)

This statement is also blatantly false. Over the last ten (10) years, I have reported serious accounting and financial system deficiencies regarding EPA's current FAS and G/L reconciliation process. Those deficiencies were never included in EPA's FMFIA report to Congress. The question then becomes What function does EPA's FMFIA reports really serve if they hide these deficiencies?

Commercial off-the-shelf software is ready for use with little or no changes

This scenario would be nice but is contrary to my experience with off-the-shelf software and our government's inability to readily acknowledge any agency-related accounting or financial system deficiencies.

If you wish to share this email with anyone at RTP finance or anyone up the EPA chain-of-command, I have no problem with this as I have already made them aware of my concerns.

