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**Subject:** OCFO Gallup Survey

**Date:** Apr 7, 2006 1:35 PM

**Attachments:** [ATTACHMENT 1.doc](#) [ATTACHMENT 2.doc](#)

Dear Mr. Gray,

On March 21, 2006, as EPA's CFO, you requested that all OCFO employees complete a Gallup Survey so that this agency could better assess its financial management skills, strengths, and opportunity for improving EPA. I am responding by Email because I find your comments of seeking the most qualified staff based upon their credentials to be a complete contradiction to my EPA (and overall government) experience. I believe very strongly that this government's agenda is to intentionally dumb-down all finance positions, typecast our government accountants as incompetent, and then outsource more and more responsibility and work to the private sector. The bottom line is that government accountability requires (real) government accountants. If you had a leaky faucet, you would get a (real) plumber and you would avoid the Watergate-type. Today, the majority of our government accountants are the Watergate-variety. While our energies are focused on terrorists and external threats, we need to be more mindful of the very real (financial) security threat that has already occurred within our own government. Because there is no possibility of addressing this very real internal security breach from within EPA, I intend to cc the media and the members of Congress who appear most interested in government reform.

The truth is that our government systematically eliminates its 4-year degreed accountants, replaces them with minimally educated people, and other college degreed non-accountants, and then deceives the American people by alluding to these unqualified individuals as accountants. This deception occurs within all federal agencies including GAO, OMB, and Treasury, the three key (or Central) agencies responsible for establishing, overseeing, and enforcing the federal government-wide accounting and financial system standards that all agencies must follow.

The first breakdown in the government's accountability initiative occurred at the CENTRAL AGENCIES LEVEL back in 1990 (and thru today) when their technically unqualified managers were (and still are) forced to rely on AICPA firms to produce our federal government-wide accounting standard (see <http://www.gao.gov> - Circular GAO-05-88a, page 39). Considering the significance of this government-wide accounting standard, it is interesting to note that no functional accounting model was ever required as proof of the AICPA's accounting logic before forcing this (failed) process on an entire federal bureaucracy. Then again, it is my firm belief that the Central Agencies / AICPA accounting standard was never designed to produce meaningful financial statements. Rather, its sole function is to provide a steady revenue source for the government's revolving door bureaucrats, AICPA firms, financial software vendors, and other politically connected contractors. A flawed government-wide standard that requires constant tweaking is much more lucrative for revolving door bureaucrats and their politically-connected contractor partners than a standard that is documented, logical, explainable, and one that works.

The second planned, and self-induced accountability failure occurs at the AGENCY LEVEL. These government accountant (non-accountant) managers are called upon to

eliminate all honest and questioning 4-year degreed accountants and replace them with technically unqualified individuals. The logic for this strategy is twofold. First, by allowing non-accountants to oversee the design and implementation of agency accounting processes, the continued failure of the agency's financial reporting processes is a foregone conclusion (just as OMB is now required to use its politically connected contractors to resolve (??) these self inflicted and self serving accounting deficiencies). Second, with the elimination of the college degreed accountants, there are no checks and balances to verify the legitimacy of the Central Agencies / AICPA government-wide accounting standards and this 15 year failed (and very lucrative) effort will become a permanent revenue source for our revolving door bureaucrats and their corporate benefactors -- all compliments of our taxpayer's hard earned money!!!

The beauty (and tragedy) of EPA's documented and self induced internal accounting control failures is that it reveals, first hand, the devious, calculating, and self serving motivation of EPA, the Central Agencies, and their politically connected contractors. At best, EPA's and the Central Agencies' behavior can be past off as yet another example of our government bureaucrat's gross incompetence. At worst, their documented actions raise serious questions concerning possible fraudulent and illegal behavior between EPA, the Central Agencies, and the contractors involved. Review the documented facts below and you can be the judge.

EPA's managers have systematically eliminated nine accountants with 4-year accounting degrees over the past 15 years (5 in finance and 4 in contracts procurement). Here at RTP, two financial management positions (GS-14 and GS-13) were filled with minimally educated individuals. In addition, a Marine Colonel and Iraq vet with a 4-year accounting degree, CPA certificate, and Masters degree in Business lost a GS-13 finance position to a former secretary (with no accounting degree). Another accountant with a 4-year accounting degree and Masters in Business Administration filled a GS-7 position for over 13 years and was forced to leave because of no promotion possibilities. To illustrate agency support for these bizarre decisions, EPA recognized the manager responsible for these personnel actions (with no college degree in any field) with a manager of the year award. The supervisor who condoned these personnel actions (with his degree in French) is now a contractor with an AICPA firm (compliments of OMB Circular A-123).

Over the course of the last eight years, all RTP and headquarters managers were made aware of serious accounting control deficiencies in its property and Working Capital Fund operations. In pursuit of a clean audit opinion, EPA's managers not only hid these problems but also retaliated against anyone who did not support the falsification of EPA's financial statements. See Attachment 1 and the contents of my response to a Booz Allen Hamilton contractor interview regarding EPA's internal accounting control deficiencies. Isn't it ironic that our former EPA manager (with his degree in French) was first rewarded for hiding the agency's accounting-related problems, eliminating any rogue 4-year degreed accountants, and then allow one of his managers to dumb-down his staff? Now, he is rewarded, again for his AICPA subcontractor role in analyzing a system in which he has no expertise and will, in fact, be replaced by another unworkable (and untested Central Agency) system within the next two years.

If there are any questions concerning the cost-benefits and taxpayer savings resulting from these very troubling agency, Central Agencies, AICPA, and financial accounting software vendor alliances, consider their track record. In 1987, the Central Agencies authorized all federal agencies to procure off-the-shelf financial accounting software when a government-wide accounting standard was not even considered until October 1990. In September 2002, government accountants made GAO aware that the

Executive and Legislative Branches' archaic budgeting policies were preventing the very accounting reforms that Congress had mandated into law (this information was provided free of charge). In a June 23, 2005 GOVEXEC.com article, it was revealed that Congress is now paying contractors to analyze a disconnect between the government's financial accounting and budgeting processes. What motivation does our government have for ignoring the advice of its own accountants, retaliating against them for questioning the government's self induced and deficient accounting processes, and then turn over this information to outside contractors?

The point of this Email is that the government's systematic removal of its qualified accountants is nothing short of a threat to our financial well-being and our national security. With the resulting lack of checks and balances, there is no one to question the hidden agendas and self-serving behavior of our agencies' and Central Agencies' revolving door bureaucrats and their AICPA and contractor partners. At best, these troubling alliances raise serious questions concerning gross incompetence and their failure to produce a credible government-wide accounting standard, in 15-years, and dissemination of financial (accounting) software with no accounting standard in place at the time. At worst, their actions raise serious questions of fraudulent and illegal behavior, especially considering the government's overt and successful attempts to eliminate its credentialed accountants. Either way, with no checks and balances in place, the gross waste, fraud and abuse of our tax dollars is now an accepted cost of doing government business. That is the bad news. The good news is that these problems can be fixed in a reasonable amount of time if we act now, rectify the inbred educational accountant deficiencies that we have allowed to occur, and begin holding people accountable for their self serving and questionable actions. Some suggestions for addressing these very serious problems appear in Attachment 2.

If you would like documentation to support any of the above statements, I would be more than happy to provide you with this information. If you have questions, feel free to contact me at work (919-541-4790).

Larry Fisher (Staff Accountant)

GOVERNMENT ACCOUNTING ONLY BECOMES ROCKET SCIENCE WHEN WE ALLOW OUR PUBLIC SERVANTS TO PLAY THEIR GAMES WITH OUR MONEY. WE NEED MEANINGFUL AND VERIFIABLE CHECKS AND BALANCES TO ENSURE THE INTEGRITY OF OUR ACCOUNTING PROCESSES AND FINANCIAL SYSTEMS.