

Maggie Downey

From: Matt Hunt <mhunt@sullivan-rogers.com>
Sent: Thursday, May 17, 2012 10:15 AM
To: Maggie Downey
Cc: Mark Zielinski; Chris Rogers
Subject: Response to Mr. Eric Bibler's Email Dated May 16

Maggie,

This morning, we provided you a PDF copy of an email sent by Mr. Eric Bibler to Mr. Ron Bergstrom (and cc'd to several others) on May 16, 2012. This email is our response to portions of Mr. Bibler's email related to purported "statements" that were attributed to me as part of a phone conversation I had with Mr. Bibler on May 15, 2012.

Our response mainly consists of direct excerpts (in bold underline below) of Mr. Bibler's email and our responses (labeled as "SRC Response") to the excerpts. In addition, please be aware of the following:

- We are not responding to any portion of Mr. Bibler's email that relate to Mr. Bibler's own personal statements, opinions, etc. The purpose of our email is to clarify purported "statements" attributed to me during my phone conversation with Mr. Bibler.
- In regards to the sections of Mr. Bibler's email entitled, "**2. CVEC Audit from inception through FY2010 reveals...**" and "**3. Letter dated 8/15/2011 from Bernstein...**" we are currently not responding to this portion of Mr. Bibler's email. On several occasions throughout my conversation with Mr. Bibler, I expressed to him that I have had absolutely no involvement in any audit of CVEC and would not be able to provide him with any answers or commentary as it pertains to CVEC or any audit of CVEC. During our conversation, I provided no information about CVEC or any audit of CVEC to Mr. Bibler and made it very clear that I was in no position to do so.

The following are direct excerpts (in bold underline below) of Mr. Bibler's email and our responses (labeled as "SRC Response") to the excerpts:

Excerpt # 1 - "1. No Annual Financial Audit of CLC and CVEC"

SRC Response: At no point in time did I ever state that there was no annual financial audit of CLC and CVEC.

Excerpt # 2 - "...Sullivan's review of any financial accounts of CLC and CVEC that arise from the annual audit of the books of the County is extremely limited"

SRC Response: At no point in time did I ever state, or express, that the "review" of CLC and CVEC as part of the County's annual audit is "extremely limited". My statements as it relates to this matter was solely limited to explaining how CLC is incorporated into the County's audit and how CLC activities are reported in the County's financial statements pursuant to Generally Accepted Accounting Principles (GAAP). I expressed no personal opinion on the level, or sufficiency (using phrases such as "extremely limited" or anything of that nature), of the audit of CLC as it relates to the audit of the County.

In addition, at no point in time did I ever state that CVEC was part of the County's audit, as CVEC is a separate legal entity whose activities are not part of the County's audit.

Excerpt # 3 - "These entities [CLC and CVEC] are considered "agencies"..."

SRC Response: I stated that the majority of CLC's activities are reported as an "Agency Fund" in the County's financial statements. At no time did I state that CVEC was part of the County's audit.

Excerpt # 4 - "Sullivan does not audit the Operating Fund of CLC"

SRC Response: At no point in time did I ever state that we do not audit the operating fund of CLC. My statements as it relates to CLC and the County's audit was solely limited to explaining how CLC is incorporated into the County's audit and how CLC activities are reported in the County's financial statements pursuant to GAAP.

Excerpt # 5 - "...there are no "revenues and expenses" for CLC entered in the accounts of Barnstable County, on behalf of CLC, that are reviewed or audited."

SRC Response: This is an inaccurate representation of my statement. I stated that CLC activities *that are reported as Agency Funds in the County's audited financial statements do not report revenues and expenses because in accordance with GAAP, Agency Funds do not report results of operations.*

Excerpt # 6 - "...if the County, or anyone else, wanted to see the audited accounts of CLC, a separate audit would have to be commissioned and undertaken."

SRC Response: This is an inaccurate representation of my statement. As previously identified, CLC activities that are reported as Agency Funds in the County's audited financial statements do not report revenues and expenses because in accordance with GAAP, Agency Funds do not report results of operations. Therefore, I stated that in order for their to be an audit of the receipts (i.e. "revenues") and disbursements (i.e. "expenses") of CLC activities *that are reported as Agency Funds in the County's audited financial statements*, there would need to be a separate audit performed in which *CLC was the reporting entity.*

If you have any questions about this email, please do not hesitate to send a "Reply" email to us.

Sincerely,

Matthew S. Hunt, CPA

Shareholder

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Maggie Downey

From: Chris Rogers <crogers@sullivan-rogers.com>
Sent: Friday, May 11, 2012 11:50 AM
To: Maggie Downey
Subject: FW: Question/confirmation

Hi Maggie,

See ACFE's response below and give me a call.

Thanks.

Christian J. Rogers, CPA Shareholder

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From: Jacob Parks [mailto:jparks@acfe.com]
Sent: Friday, May 11, 2012 10:50 AM
To: Chris Rogers
Subject: RE: Question/confirmation

Hello Chris,

As the definition you provided states, the terms "forensic audit" and "forensic accounting" are along the same lines. The definition you gave is basically correct, but here is our definition of "forensic accounting":

"The use of professional accounting skills in matters involving potential or actual civil or criminal litigation and can include fraud, valuation, bankruptcy, and a host of other professional services."

Just to highlight the main differences in our definition:

- Emphasis of professional accounting skills (i.e., the work is done by accountants)
- The work includes preparation for potential, not just actual litigation
- Broader interpretation, including valuation and other services not necessarily involved with crimes or wrongdoing

I hope this helps.

Sincerely,

Jacob Parks, J.D., CFE
Research Specialist

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From: Chris Rogers [<mailto:crogers@sullivan-rogers.com>]
Sent: Thursday, May 10, 2012 10:20 PM
To: MEMBERSERVICES
Subject: Question/confirmation

I have been looking for a "clear" definition of a forensic audit for a client of mine and cannot seem to locate one via the ACFE or AICPA website.

Could you please advise on the following statement:

The application of accounting and auditing methods to the tracking and collection of forensic evidence for litigation and prosecution of criminal acts such as embezzlement or fraud. This is also referred to as forensic accounting.

Thank you in advance for your prompt response.

Christian J. Rogers, CPA

Shareholder

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