

IMPACT OF SOX ON THE WASTE MANAGEMENT INDUSTRY
Adverse Section 404 Reports
For Companies with Years Ended in 2006
As of July 6, 2007

The following is a copy of the two adverse reports that were issued from companies in the Waste Management industry with years ended in 2006. These were all of the accelerated filers in the Waste Management industry with adverse Sarbanes-Oxley Section 404 management self assessments. This information was gathered using the online research tool called Audit Analytics an Ives Group, Inc company.

The following is a summary of the **material internal control weaknesses** reported in the two adverse Section 404 Self Assessments:

Internal Controls - Accounting documentation, policy and/or procedures	2
Internal Controls - Accounting personnel resources, competency/training	2
Internal Controls - Material and/or numerous auditor /YE adjustments	2
Internal Controls - Untimely or inadequate account reconciliations	2
Internal Controls - Ethical or compliance issues with personnel	1
Internal Controls - Information technology, software, security & access issues	1
Internal Controls - Insufficient or non-existent internal audit function	1
Internal Controls - Journal entry control issues	1
Internal Controls - Non-routine transaction control issues	1
Internal Controls - Segregations of duties/ design of controls (personnel)	1

The following is a summary of the **material accounting weaknesses** reported in the two adverse Section 404 Self Assessments. Section 404 is not just about internal control issues, but also about misapplication of financial accounting and reporting issues:

Accounting - Revenue recognition issues	2
Accounting - Tax expense/benefit/deferral/other (FAS 109) issues	2
Accounting - Accounts/loans receivable, investments & cash issues	1
Accounting - Capitalization of expenditures issues	1
Accounting - Deferred, stock-based or executive comp issues	1
Accounting - Depreciation, depletion or amortization issues	1
Accounting - Expense recording (payroll, SG&A) issues	1
Accounting - Foreign, related party, affiliated and/or subsid issues	1
Accounting - Intercompany/Investment w/ sub/affil issues	1
Accounting - Inventory, vendor and cost of sales issues	1
Accounting - Liabilities, payables, reserves and accrual est failures	1
Accounting - PPE , intangible or fixed asset (value/diminution) issues	1



PERMA FIX ENVIRONMENTAL SERVICES INC

10-K 2006 Management - Internal Control Assessment

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) of the Securities Exchange Act of 1934. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements or fraudulent acts. A control system, no matter how well designed, can provide only reasonable assurance with respect to financial statement preparation and presentation.

Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of the consolidated financial statements in accordance with generally accepted accounting principles in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with appropriate authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements or fraudulent acts. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, we concluded the Company did not maintain effective internal control over financial reporting as of December 31, 2006.

Management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2006, has been audited by BDO Seidman, LLP, an independent registered public accounting firm, as stated in their attestation report which is included herein.

An internal control significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects our ability to initiate, authorize, record, process, or report

external financial data reliably in accordance with generally accepted accounting principles in the United States of America, such that there is more than a remote likelihood that a misstatement of our annual or interim financial statements that is more than inconsequential will not be prevented or detected. An internal control material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

As of December 31, 2006, the following material weaknesses related to the following areas were identified:

1. The monitoring of pricing and invoicing process controls at certain facilities within the Company's Industrial Segment was ineffective and was not being applied consistently. This weakness could result in sales being priced and invoiced at amounts, which were not approved by the customer or the appropriate level of management. Further, controls over non-routine revenue streams in this segment, such as Bill & Hold transactions, were ineffective and could result in revenue being prematurely recognized. Although this material weakness did not result in an adjustment to the quarterly or annual financial statements, if not remediated, it has a more than remote potential to cause a material misstatement to be unprevented or undetected.

2. The Company lacks the technical expertise and processes to ensure compliance with SFAS No. 109, "Accounting for Income Taxes", and did not maintain adequate controls with respect to accurate and timely tax account reconciliations and analyses. This material weakness resulted in an audit adjustment and, if not remediated, it has a more than remote potential to cause a material misstatement to be unprevented or undetected.

3. The Company lacks the technical expertise, controls and policies to ensure that significant non-routine transactions are being appropriately reviewed, analyzed, and monitored on a timely basis. Although this material weakness did not result in an adjustment to the quarterly or annual financial statements, if not remediated, it has more than a remote potential to cause a material misstatement to be unprevented or undetected.

The material weaknesses identified above were partly caused by 2006 being a transitional year for us, including the resignation of our former Chief Financial Officer and Director of Internal Audit in April 2006, as well as the resignations of our former Corporate Controller/Treasurer and Manager of Corporate Reporting and SEC due to the relocation of our Corporate office from Gainesville, Florida to Atlanta, Georgia. We have replaced all of these positions and with these transitional changes behind us, we believe these weaknesses will be corrected. Furthermore, we are in the process of developing a formal remediation plan for the Audit Committee's review and approval, which will then be executed across all segments.

HOME SOLUTIONS OF AMERICA INC

10-K 2006 Management - Internal Control Assessment

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING Our management is responsible for establishing and maintaining adequate internal control over financial reporting, and for performing an assessment of the effectiveness of internal control over financial reporting as of December 31, 2006. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial

reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our system of internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that our degree of compliance with the policies or procedures may deteriorate. Our management performed an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2006, based upon criteria in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our assessment, our management determined that our internal control over financial reporting was ineffective as of December 31, 2006, based on the criteria in Internal Control – Integrated Framework issued by COSO. Management noted the following significant deficiencies that we believe to be material weaknesses: Management did not maintain effective controls over management review of user accounts at any location within the Company because of a lack of segregation of duties within each application. The Company did not maintain effective control environment because (1) lacked the appropriate communication of the code of conduct, employee handbook and fraud policy (2) lacked the appropriate documentation related to personnel responsibilities, performance (3) appropriate human resource policies regarding personnel matters and (4) lack of an internal audit function. Management did not maintain effective controls over stock/options. A reconciliation of the company's outstanding shares against the stock transfer agent's records is not performed. Also, journal entries to record compensation expense and option exercises are not reviewed and approved by the CFO. Finally, the auditors noted during the financial statement audit that Board of Director Compensation expense was erroneously recorded as prepaid expenses (\$254,000) in the second quarter. The Company did not maintain effective internal controls over income taxes because documentation of the review and approval of the income tax returns, quarterly tax estimates, and tax journal entries were not present. The Company did not maintain effective controls over the Accounts Payable and Expenditures cycle because (1) Vendor maintenance request forms were incomplete and were completed after all additions had already been entered into the system. (2) Vendor Maintenance Request were not approved. (3) No purchases journal is maintained by the AP Clerk and not all purchase orders match the invoices (and there was support for variances). (4) Managers were not signing all invoices when the product/service is received to ensure that the product/service is acceptable prior to payment. (5) Not all invoices contained documentation of the approval and GL coding provided by the Controller. (6) Expense reports were not reviewed and approved prior to payment. (7) Wire transfers were not approved and one person has the ability to initiate and perform a wire transfer. (8) Goods and services received but not invoiced are not tracked to ensure timely recording of all expenditures. (9) Accounts

Payable system doesn't prevent entry of duplicate invoices. (10) No indication that review of check registers tested had occurred. (11) For invoices that did not match the amount paid per the check stub, there was no explanation provided on the invoice explaining or reconciling the variance (12) lack of segregation of duties. (13) Check registers were not reviewed and approved (14) The auditor noted several adjustments related to the AP cycle and the fact that a vendor statement did not agree to the general ledger. At three locations, Management did

not maintain effective controls over Accounts Receivables and Sales because: (1) Masterfile changes are not approved, and the masterfile is not reviewed for validity, accuracy, completeness and timely recording of changes. (2) Individual contracts are not approved. (3) Copies of lean waivers and copies of invoices were not provided as support for several sales. (4) There is no evidence of a reviewed and approval of invoices. (5) Cash receipts were not reviewed and approved. (6) Posted cash receipt entries were not reviewed. (7) The appropriate accounts receivable and sales are not reviewed and approved. (8) Lack of access and segregation of duties (9) Management noted during the financial statement audit that some sales were recorded twice. (10) The appropriate approval of contracts were not documented. (11) Invoices to accounts receivable subledger reconciliation is not independently reviewed (12) Account receivable subledger to general ledger reconciliation is not independently reviewed (13) Cash receipts record (log) is not reviewed and no one verifies that cash receipts are posted to the correct account. At one location, management did not maintain effective controls over the inventory function because (1) An inventory tracking system (subledger) is not maintained therefore, no reconciliation to the general ledger can be performed. (2) An Inventory Master list is not being maintained. (3) Matching of the receipts with the purchase order and billing of lading is not performed and the quality inspection is not performed. (4) The entries to record the receipt of inventory in the general ledger are not reviewed/approved. (5) A review of the inventory records to ensure that all issuances were properly approved is not performed. (6) Lack of segregation of duties and access authorization (7) Quarter inventory adjustments are not reviewed (8) lack of appropriate documentation for the inventory count (9) Finally, during the financial statement audit the auditor an adjustment to inventory. At three locations, the Company did not maintain effective internal controls over Financial Closing and Reporting because (1) Not all journal entries have adequate support, nor are all journal entries approved. (2) All required elements were not included in the Controller's Monthly binder(s), (e.g. bank reconciliations, bank statements, and the reconciliation for intercompany accounts). (3) No supporting inventory documentation was submitted as a part of the financial package. (4) No sales and expenses cutoff review was performed and (5) Lack of access controls to the chart of accounts and the rights within the accounting software (6) No approval for changes to the chart of accounts (7) No review and approval of the financial reporting packages to the supporting general ledgers (7) Management does not use a generally accepted accounting principles(GAAP) disclosure checklist in preparing and reviewing draft financial statements to ensure accuracy, completeness and consistency of required disclosures. Each financial-statement disclosure is not independently reviewed and validated for appropriate assumptions, methodology, and presentation of all relevant information in accordance with generally accepted accounting principles. At one location, management did not maintain effective controls over the Fixed Asset cycle because (1) A Fixed Asset policy exists but there is no evidence of review and approval and the Fixed Asset policy has not been distributed to the person who codes and records all purchases, including fixed asset purchases to the GL (AP clerk). (2) Capital Expenditure Forms were not completed for all fixed asset acquisitions. One asset was purchased using the Expense Reimbursement process and not recorded. (3) Reconciliation of fixed assets and accumulated depreciation is not performed and reviewed. (4) Management does not review the fixed asset ledger at least quarterly to ensure compliance. (5) Fixed Asset inventory review, documentation and approval are not performed, any required impairment adjustments are not recorded (6) The monthly depreciation expense journal entry prepared is not reviewed as part of the monthly closing and journal entry review processes. (7) No documentation of the approval of the disposal of assets.(8) Management does not review the purchase journal and invoices to ensure that fixed assets are recorded in the proper period. The journal entry and support is not put into a monthly binder and reviewed quarterly by the Corporate Controller. At one location, management did not maintain effective controls over the payroll function because (1) no authorization for hiring employees (2) no review of the employee master file (3) no review and approval of timekeeping (4) no reconciliation prepared and no documented review of the comparison of timesheets to



paychecks. (5) no control over the distribution of paychecks. Our management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2006, has been audited by KMJ Corbin & Company LLP, an independent registered public accounting firm, as stated in their report which appears herein. Dated: March 16, 2007 Frank Fradella Jeffery Mattich Chief Executive Officer Senior Vice President and Chief Financial Officer

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