




UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
INSPECTOR GENERAL

February 1, 2021

MEMORANDUM

SUBJECT: Notification of Audit:
EPA's Fiscal Year 2020 Hazardous Waste Electronic Manifest System Fund Financial Statements
Project No. OA-FY21-0079

FROM: Paul C. Curtis, Director 
Financial Directorate
Office of Audit

TO: David Bloom, Acting Chief Financial Officer

Barry Breen, Acting Assistant Administrator
Office of Land and Emergency Management

The Office of Inspector General for the U.S. Environmental Protection Agency plans to begin our required audit of the EPA's fiscal year 2020 financial statements for the Hazardous Waste Electronic Manifest System Fund, or e-Manifest Fund. This audit is statutorily required by the Hazardous Waste Electronic Manifest Establishment Act. This audit also addresses the following top management challenge for the Agency, as identified in our [EPA's FYs 2020–2021 Top Management Challenges](#) report, issued July 21, 2020: fulfilling mandated reporting requirements.

The purpose of this memorandum is to confirm our mutual understanding of the audit objectives and scope, as well as the responsibilities of the Agency and the OIG during the project. More details about our respective responsibilities are listed in Attachment 1, *Audit Expectations*. Please provide the requested information noted in Attachment 2, *List of Deliverables*, within two weeks of the date of this notification memorandum or by the date indicated in Attachment 3, *Key Milestones*, to Mairim Lopez. Attachment 3 highlights critical dates that must be met to complete this audit in a timely manner and prevent delays once the FY 2021 EPA Financial Statement Audit begins in the spring.

This audit is being conducted to express an opinion on the financial statements for the e-Manifest Fund. Our objectives are to determine whether:

1. The financial statements are fairly presented in all material respects in accordance with generally accepted accounting principles.
2. The EPA's internal control over financial reporting is in place.
3. EPA management has complied with applicable laws and regulations.

Planning and Coordination of Audit Work

We will contact the appropriate personnel to arrange a mutually agreeable time for the entrance conference to discuss the objectives and purpose of our audit. We would also be particularly interested in any areas of concern that you may have. We will answer any questions that you may have about the audit process, reporting procedures, methods used to gather and analyze data, and what we should expect of each other during the audit. Throughout the audit, we will provide updates on a regular basis via email and meetings as necessary.

Audit work will be performed at all EPA finance centers, as well as at other financial and program offices at EPA headquarters and regions, as needed. We will contact the offices where audit work will be performed to let them know when we will be performing audit work in their offices. We may also contact offices where we do not plan to perform on-site work to obtain information.

We evaluated the EPA's internal control during the FY 2020 and FY 2019 (restated) consolidated financial statement audit that we conducted. We may perform additional tests of controls and accounts of the EPA's e-Manifest Fund financial statements. In making our risk assessments, we consider internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, not to express an opinion on the effectiveness of the entity's internal control. However, we will communicate in writing about any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identified during the audit.

We respectfully note that the OIG is authorized by the Inspector General Act of 1978, as amended, to have timely access to personnel and all materials necessary to complete its objectives. We will request that you immediately resolve the situation if an Agency employee or contractor refuses to provide requested materials to the OIG or otherwise fails to cooperate with the OIG. We may report unresolved access matters to the administrator and include the incident in the *Semiannual Report to Congress*.

We will post this memorandum on our public website at www.epa.gov/oig. I will supervise the audit, and the project manager will be Mairim Lopez. Any information related to this audit should be addressed to Mairim Lopez or me.

Attachments (3)

cc: Dan Utech, Chief of Staff
Wesley J. Carpenter, Deputy Chief of Staff
Avi Garbow, Special Advisor to the Administrator
Carol Terris, Associate Chief Financial Officer
Lek Kadeli, Senior Advisor, Office of the Chief Financial Officer
Jeanne Conklin, Controller
Meshell Jones-Peeler, Deputy Controller
Richard Gray, Associate Deputy Controller
Michael Clanton, Director, Office of Technology Solutions, Office of the Chief Financial Officer
David Burkholder, Acting Director, Office of Technology Solutions, Office of the Chief Financial Officer
Maria Williams, Director, Office of Budget, Office of the Chief Financial Officer

Angel Robinson, Acting Deputy Director, Office of Budget, Office of the Chief Financial Officer

Aileen Atcherson, Director, Policy, Training, and Accountability Division, Office of the Controller

Nikki (Wood) Newton, Chief, Management, Integrity and Accountability Branch, Policy, Training and Accountability Division, Office of the Controller

Renee Miller, Director, Business Planning and Operations Division, Office of the Controller

Dany Lavergne, Director, Accounting and Cost Analysis Division, Office of the Controller

Vonda Jennette, Deputy Director, Accounting and Cost Analysis Division, Office of the Controller

Carmelita Chadwick-Gallo, Director, Research Triangle Park Finance Center, Office of the Chief Financial Officer

Greg Luebbering, Director, Cincinnati Finance Center, Office of the Chief Financial Officer

Stacey Church, Chief, Fees and Collections Branch, Office of the Controller

Brian Webb, Chief, Business Analysis Branch, Office of the Controller

Simranjeet Jassal, Chief, General Ledger Analysis and Reporting Branch, Office of the Controller

Andrew Sheeran, Team Lead, General Ledger Analysis and Reporting Branch, Office of the Controller

Gabrielle Hanson, Team Lead, General Ledger Analysis and Reporting Branch, Office of the Controller

Nigel Simon, Director, Office of Program Management, Office of Land and Emergency Management

Carolyn Hoskinson, Director, Office of Resource Conservation and Recovery, Office of Land and Emergency Management

Greg Sullivan, Acting Deputy Director, Office of Resource Conservation and Recovery, Office of Land and Emergency Management

Sonya Sasseville, Director, Program Implementation and Information Division, Office of Resource Conservation and Recovery, Office of Land and Emergency Management

Amanda Kohler, Chief, Permits Branch, Office of Resource Conservation and Recovery, Office of Land and Emergency Management

David Charbonneau, Chief, Information Collection and Analysis Branch, Office of Resource Conservation and Recovery, Office of Land and Emergency Management

Stephen Donnelly, e-Manifest Program Manager, Office of Resource Conservation and Recovery, Office of Land and Emergency Management

David Nicholas, Senior Advisor, Office of Land and Emergency Management

Meghan Radtke, Special Assistant, Office of Resource Conservation and Recovery, Office of Land and Emergency Management

Kecia Thornton, Audit Follow-Up Coordinator, Office of Land and Emergency Management

Andrew LeBlanc, Agency Audit Follow-Up Coordinator

José Kercado, Backup Agency Audit Follow-Up Coordinator

Lindsay Hamilton, Associate Administrator for Public Affairs

Lance McCluney, Director, Office of Administrative and Executive Services, Office of the Administrator

Regional Audit Follow-Up Coordinators, Regions 1–10

Sean W. O'Donnell, Inspector General

Charles J. Sheehan, Deputy Inspector General

Edward S. Shields, Associate Deputy Inspector General

Eric W. Hanger, Acting Counsel to the Inspector General

Benjamin May, Chief of Staff, Office of Inspector General
Katherine Trimble, Assistant Inspector General for Audit
Rashmi Bartlett, Acting Assistant Inspector General for Evaluation
Helina P. Wong, Assistant Inspector General for Investigations
Stephanie L. Wright, Assistant Inspector General for Management
Christine El-Zoghbi, Deputy Assistant Inspector General for Evaluation
James Hatfield, Associate Deputy Assistant Inspector General for Audit
Richard J. Eyermann, Director, Mission Support Directorate, Office of Audit, Office
of Inspector General
Jennifer Kaplan, Deputy Assistant Inspector General for Congressional and Public Affairs
Jeffrey Lagda, Congressional and Media Liaison, Office of Inspector General
Mairim Lopez, Project Manager, Office of Inspector General

Audit Expectations

We will audit the balance sheet of the EPA's e-Manifest Fund as of September 30, 2020, and September 30, 2019; the related statements of net cost, changes in net position, and budgetary resources for the years then ended; and related notes to the financial statements. We confirm our acceptance and our understanding of this audit engagement by means of this memorandum. Our audit will be conducted with the objective of our expressing an opinion on the financial statements and to determine whether:

1. The financial statements are fairly presented in all material respects in accordance with generally accepted accounting principles.
2. The EPA's internal control structure over financial reporting related to the financial statements is in place and provides reasonable assurances that:
 - a. Financial transactions are executed in compliance with applicable laws, regulations, contracts, and grant agreements.
 - b. Assets are safeguarded against loss from unauthorized acquisition, use, or disposition.
 - c. Transactions are properly recorded, processed, and summarized to permit the preparation of reliable financial statements.
3. The Agency has complied with laws and regulations that would have a direct and material effect on the financial statements.
4. The Agency complied with specific provisions of the Hazardous Waste Electronic Manifest Establishment Act.
5. The information and manner of presentation contained in the Management's Discussion and Analysis, and any other accompanying information, are materially consistent with the information contained in the principal statements.

The Hazardous Waste Electronic Manifest Establishment Act requires the annual audit of the financial statements also include an analysis of:

1. The fees collected and disbursed.
2. The reasonableness of the fee structure in place as of the date of the audit to meet current and projected costs of the system.
3. The level of use of the system by users.
4. The success to date of the system in operating on a self-sustaining basis and improving the efficiency of tracking waste shipments and transmitting waste shipment data.

Auditor's Responsibilities

We will conduct our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the comptroller general of the United States; and Office of Management and Budget Bulletin 19-03, *Audit Requirements for Federal Financial Statements*. The standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures that are selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with the standards.

In making our risk assessments, we consider internal control relevant to the EPA's preparation and fair presentation of the financial statements, including its Federal Managers' Financial Integrity Act of 1982 process to design audit procedures that are appropriate in the circumstances. We will not express an opinion on the effectiveness of the EPA's internal control. We will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

Management's Responsibilities

The financial statements are the responsibility of the EPA's management. Our audit will be conducted on the basis that the EPA's management acknowledges and understands that it has responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States.
2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
3. To provide the OIG with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that we may request from management for the purpose of the audit.

- c. Unrestricted access to persons within the EPA from whom we determine it necessary to obtain audit evidence.
4. For the selection and application of the accounting policies.
5. To identify and ensure that the EPA complies with the laws, regulations, contracts, and grant agreements applicable to its activities.
6. To make sure all financial records and related information are available to us in a timely manner.

We will request that key senior managers provide us with a management representation letter at the conclusion of our fieldwork.

Reporting

We will issue a written report upon completion of our audit of the EPA's FY 2020 e-Manifest Fund financial statements in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the comptroller general of the United States; and Office of Management and Budget Bulletin 19-03, *Audit Requirements for Federal Financial Statements*.

Our report will be addressed to EPA management. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph(s).

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements of our audit of the EPA's FY 2020 e-Manifest Fund financial statements including our respective responsibilities.

David Bloom
Deputy Chief Financial Officer

Date

List of Deliverables

Information Needed from the Office of the Chief Financial Officer:

1. FY 2020 financial statements and footnotes with supporting documentation, including Management's Discussion and Analysis.
2. Management representation letter.

Information Needed from the Office of Land and Emergency Management:

3. List of new contracts, interagency agreements, and grants entered into as part of the e-Manifest System program, as well as supporting documentation.
4. Statement of Work, under existing contracts, for any new task orders or work assignments entered during FY 2020.
5. Management-identified internal controls over the e-Manifest System program.
6. List of the employees working on the e-Manifest System program during FY 2020. This should include all the employees, from any office, that charged the e-Manifest Fund during FY 2020.
7. Spreadsheet containing all the manifests billed during FY 2020 at the detail level. The spreadsheet should be in the format provided by your office during our prior year audit.
8. Fees collected and disbursed during FY 2020.
9. Fee structure in place in FY 2020.
10. Current costs as of September 30, 2020, and projected costs of the e-Manifest System.
11. Level of use of the e-Manifest System by users as of September 30, 2020.
12. Assessment of how the e-Manifest System has improved the efficiency of tracking waste shipments and transmitting waste shipment data as of September 30, 2020.
13. Copy of the two-fiscal-year period report to Congress required by the Hazardous Waste Electronic Manifest Establishment Act, at Section (3)(A).
14. Status of paper manifest backlog, if any, as of September 30, 2020.

Note: This is not all-inclusive list. Additional documentation may be requested during the audit, as needed.

Key Milestones

To ensure the success and timely completion of these audits, please see the key milestones below.

Milestones	Date or timeline	Responsible party
Entrance conference	At least 15 business days after notification memorandum issuance date	All
Draft financial statements and footnotes, including support, and Management's Discussion and Analysis. All Agency adjustments are to be included in the draft. No additional adjustments are allowed except from the schedule of audit differences.	2/5/21*	Office of the Chief Financial Officer**
Final financial statements and footnotes, including support, and Management's Discussion and Analysis.	Three business days after receipt of schedule of audit differences	Office of the Chief Financial Officer**
Management representation letter.	Five business days after final financial statements are provided to the OIG.	Office of the Chief Financial Officer**

* To be provided on this date by close of business or before.

** The Office of the Chief Financial Officer to coordinate with the Office of Land and Emergency Management.