



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

OFFICE OF  
INSPECTOR GENERAL

January 25, 2022

**MEMORANDUM**

**SUBJECT:** Notification of Audit:  
EPA's Fiscal Years 2021 and 2020 Hazardous Waste Electronic Manifest System Fund  
Financial Statements  
Project No. OA-FY22-0064

**FROM:** Damon Jackson, Director  
Financial Directorate  
Office of Audit

DAMON JACKSON  
Digitally signed by DAMON JACKSON  
Date: 2022.01.25 14:58:07 -05'00'

**TO:** Faisal Amin, 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 years 2021 and 2020 financial statements for the Hazardous Waste Electronic Manifest System, or e-Manifest, Fund. This audit is part of the OIG's [oversight plan](#) for FY 2022 and is statutorily required by the Hazardous Waste Electronic Manifest Establishment Act. This audit also addresses the following FY 2022 [top management challenge](#) for the Agency: managing infrastructure funding and business operations.

The purpose of this memorandum is to confirm our mutual understanding of the audit's objectives and scope, as well as the Agency's and OIG's responsibilities during the project. Attachment 1, "Audit Expectations," provides more details about our respective responsibilities. 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." Attachment 3 highlights critical dates that must be met to complete this audit in a timely manner and to prevent delays once the FY 2022 EPA financial statement audit begins in the spring.

We are conducting this audit 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. The EPA's management has complied with applicable laws and regulations.

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 expectations that we should have of each other during the audit. Throughout the audit, we will provide updates on a regular basis.

We expect that our audit work will involve all EPA finance centers, as well as other financial and program offices at EPA headquarters and in the EPA regions, as needed. Audit work will be performed remotely until the mandatory telework caused by the coronavirus pandemic ends and the staff members return to their offices. Even after most EPA offices reopen to staff, we expect to conduct most of our work remotely; however, if we need to perform any on-site work, we will coordinate with the relevant offices. We may also contact offices at which we do not plan to perform on-site work to obtain information needed for our audit.

We evaluated the EPA's internal control over financial reporting when we conducted the FYs 2021 and 2020 (restated) consolidated financial statement audit. We may perform additional tests of controls and accounts of the EPA's e-Manifest Fund financial statements. In conducting 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 any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify 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. Similarly, EPA Manual 6500, *Functions and Activities of the Office of Inspector General* (1994), requires that each EPA employee cooperate with and fully disclose information to the OIG. Also, Administrator Michael S. Regan, in an April 28, 2021 email message to EPA employees, conveyed his "expectation that EPA personnel provide OIG timely access to records or other information" and observed that "full cooperation with the OIG is in the best interest of the public we serve." We will request that you immediately resolve the situation if an Agency employee or contractor refuses to provide requested materials to 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](http://www.epa.gov/oig).

#### Attachments (3)

cc: Janet McCabe, Deputy Administrator  
Dan Utech, Chief of Staff, Office of the Administrator  
Wesley J. Carpenter, Deputy Chief of Staff, Office of the Administrator  
David Bloom, Deputy Chief Financial Officer  
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

Maria Williams, Director, Office of Budget, Office of the Chief Financial Officer  
 Angel Robinson, Deputy Director, Office of Budget, Office of the Chief Financial Officer  
 Michael Clanton, Director, Office of Technology Solutions, Office of the Chief Financial Officer  
 Derek David, Director, Office of Technology Solutions, Office of the Chief Financial Officer  
 Brian Webb, Director, Policy, Training, and Accountability Division, Office of the Controller  
 Nikki Wood, 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 Chief Financial Officer  
 Simranjeet Jassal, Chief, General Ledger Analysis and Reporting Branch, Office of the Controller  
 Gabrielle Hanson, Team Lead, General Ledger Analysis and Reporting Branch, Office of the Controller  
 Andrew Sheeran, Team Lead, General Ledger Analysis and Reporting Branch, Office of the Controller  
 Carlton Waterhouse, Deputy Assistant Administrator for Land and Emergency Management  
 Nigel Simon, Director, Office of Program Management, Office of Land and Emergency Management  
 David Nicholas, Senior Advisor for eEnterprise, 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  
 Mark J. Huff, Director, Program Management, Communications, and Analysis Office, 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  
 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  
 Laura L. Collier, e-Manifest Finance Lead, Resource Management Staff, Office of Resource Conservation and Recovery, Office of Land and Emergency Management  
 Kecia Thornton, Audit Follow-Up Coordinator, Office of Land and Emergency Management  
 Deana Nisbett, Audit Liaison, Office of Resource Conservation and Recovery, Office of Land and Emergency Management  
 Andrew LeBlanc, Agency Follow-Up Coordinator  
 José Kercado, Backup Agency 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  
 Benjamin May, Counsel to the Inspector General

Stephanie Wright, Assistant Inspector General for Management  
Kellie J. Walker, Acting Deputy Chief of Staff, Office of Inspector General  
Katherine Trimble, Assistant Inspector General for Audit  
Paul H. Bergstrand, Acting Assistant Inspector General for Special Review and Evaluation  
Marc Perez, Acting Assistant Inspector General for Investigations  
Jee Kim, Deputy Assistant Inspector General for Management  
Tom Collick, Deputy Counsel to the Inspector General  
Laura B. Nicolosi, Principal Deputy Assistant Inspector General for Audit  
Erin Barnes-Weaver, Deputy Assistant Inspector General for Evaluation  
Susan Barvenik, Associate Deputy Counsel to the Inspector General  
James Hatfield, Associate Deputy Assistant Inspector General for Audit  
Jennifer Kaplan, Deputy Assistant Inspector General for Congressional and Public Affairs  
Jeffrey Lagda, Congressional and Media Liaison, Office of Inspector General  
Lori Hoffman, Congressional and Media Liaison, Office of Inspector General  
Mairim Lopez, Project Manager, Office of Inspector General, Office of Audit, Financial Directorate

## ***Audit Expectations***

We will audit the balance sheet of the EPA's e-Manifest Fund as of September 30, 2021, and September 30, 2020; the related statements of net cost, changes in net position, and budgetary resources for the years then ended; and the 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, regulations, contracts, and grant agreements that 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 that 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 of America; the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the comptroller general of the United States of America; and Office of Management and Budget Bulletin 21-04, *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. 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 the EPA's 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 of America.
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 FYs 2021 and 2020 e-Manifest Fund financial statements in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the comptroller general of the United States of America; and Office of Management and Budget Bulletin 21-04, *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 FYs 2021 and 2020 e-Manifest Fund financial statements including our respective responsibilities.

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Faisal Amin  
Chief Financial Officer

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Date

## ***List of Deliverables***

Information needed from the Office of the Chief Financial Officer:

1. FY 2021 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:

1. List of new contracts, interagency agreements, and grants entered into as part of the e-Manifest System program, as well as any supporting documentation.
2. Statements of work, under existing contracts, for any new task orders or work assignments entered during FY 2021.
3. Management-identified internal controls over the e-Manifest System program.
4. List of the employees working on the e-Manifest System program during FY 2021. This list should include all the employees from any office that charged the e-Manifest Fund during FY 2021.
5. Spreadsheet containing all the manifests billed during FY 2021 at the detail level. The spreadsheet should be in the format provided by your office during our prior year audit.
6. Fees collected and disbursed during FY 2021.
7. Costs as of September 30, 2021, and projected costs of the e-Manifest System.
8. Level of use of the e-Manifest System by users as of September 30, 2021.
9. Assessment of how the e-Manifest System has improved the efficiency of tracking waste shipments and transmitting waste shipment data as of September 30, 2021.
10. Copy of the two-fiscal-year-period report to Congress required by the Hazardous Waste Electronic Manifest Establishment Act section (3)(A).
11. Status of paper manifest backlog, if any, as of September 30, 2021.

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  <i>Note: All Agency adjustments are to be included in the draft. No additional adjustments are allowed except from the schedule of audit differences.</i>	No later than 10 business days after notification memorandum issuance date*	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 by close of business or before.

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