



Office of Inspector General U.S. Environmental Protection Agency **At a Glance**

22-F-0062
September 30, 2022

Why We Did This Audit

We performed this audit pursuant to the Hazardous Waste Electronic Manifest Establishment Act. The Act requires the U.S. Environmental Protection Agency to prepare and the Office of Inspector General to audit the accompanying financial statements of the EPA's Hazardous Waste Electronic Manifest System Fund. Our primary objectives were to determine whether:

- The fund's financial statements were fairly stated in all material respects.
- The EPA's internal controls over financial reporting were in place.
- EPA management complied with applicable laws, regulations, contracts, and grant agreements.

The Act also requires the OIG to analyze the fees collected and disbursed, fee structure, level of use of the system, and success of the system in operating on a self-sustaining basis.

This audit supports an EPA mission-related effort:

- *Operating efficiently and effectively.*

This audit addresses a top EPA [management challenge](#):

- *Managing infrastructure funding and business operations.*

Address inquiries to our public affairs office at (202) 566-2391 or OIG_WEBCOMMENTS@epa.gov.

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The EPA's Fiscal Years 2021 and 2020 (Restated) Hazardous Waste Electronic Manifest System Fund Financial Statements

The EPA Receives a Qualified Opinion

We rendered a qualified opinion on the EPA's fiscal years 2021 and 2020 (restated) Hazardous Waste Electronic Manifest System Fund, known as the e-Manifest Fund, financial statements, meaning that, except for material errors in accounts receivable and earned revenue, the fiscal year 2021 financial statements were fairly presented.

We found the fund's financial statements, except for accounts receivable and earned revenue, to be fairly presented.

Material Weakness Noted

We noted the following recurrent material weakness: the EPA needs to continue improving its internal controls over accounts receivable and earned revenue.

Compliance with Applicable Laws, Regulations, Contracts, and Grant Agreements

We did not identify any instances of noncompliance that would result in a material misstatement to the audited financial statements.

Other Governmental Reporting Requirements

During our user fee analysis, we identified various errors and discrepancies in EPA-provided billing data that limited our ability to perform certain audit requirements of the Hazardous Waste Electronic Manifest Establishment Act. Specifically, we were unable to determine the level of use of the e-Manifest system or whether the EPA was collecting fees sufficient to cover the full cost of the program.

Recommendations and Agency Corrective Actions Taken

We recommend that the chief financial officer correct the accounts receivable and earned revenue balances. We also recommend that the chief financial officer, in coordination with the assistant administrator for Land and Emergency Management, assess the EPA's procedures for recording e-Manifest delinquent amounts and implement controls to prevent accounts receivable and earned revenue duplication. The EPA completed all corrective actions in response to both recommendations. In response to Recommendation 1, the EPA made corrections to the accounts receivable and earned revenue balances. However, as part of the corrections, the EPA made material errors that overstated the accounts receivable and earned revenue balances. As a result, Recommendation 1 is unresolved with resolution efforts in progress.