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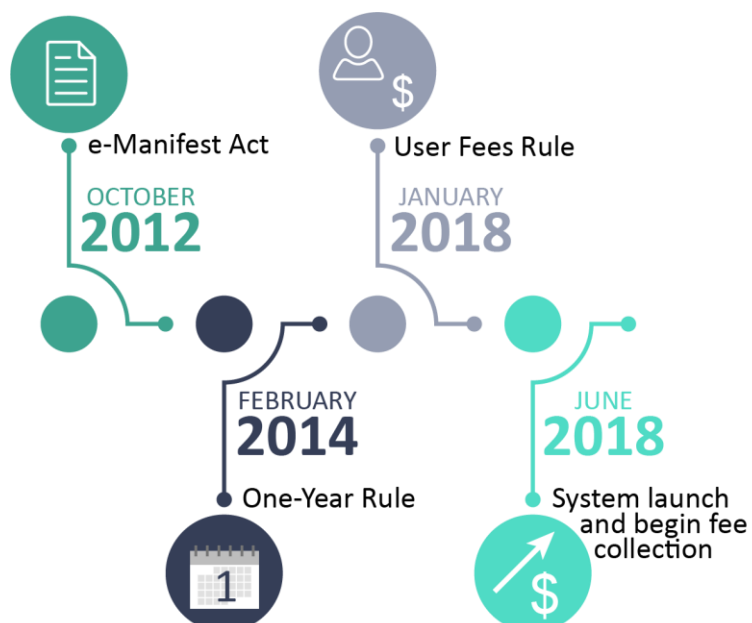
OFFICE OF INSPECTOR GENERAL

Operating efficiently and effectively

EPA's Fiscal Years 2017 and 2016 Hazardous Waste Electronic Manifest System Fund Financial Statements

Report No. 19-F-0086

March 18, 2019



Report Contributors:

Paul Curtis
Wanda Arrington
Mairim Lopez
Sheree James

Abbreviations

e-Manifest	Hazardous Waste Electronic Manifest System
EPA	U.S. Environmental Protection Agency
FMFIA	Federal Managers' Financial Integrity Act of 1982
OIG	Office of Inspector General
OMB	Office of Management and Budget

Cover Image: Timeline for the e-Manifest project. (EPA OIG image)

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At a Glance

Why We Did This Project

We performed this audit pursuant to the Hazardous Waste Electronic Manifest Establishment Act. The act requires the U.S. Environmental Protection Agency (EPA) to prepare, and the Office of Inspector General (OIG) to audit, the Hazardous Waste Electronic Manifest System Fund financial statements each year. Our primary objectives were to determine whether:

- The 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 and regulations.

The e-Manifest system has been designed to create a means to track off-site shipments of hazardous waste from a generator's site to the site of the receipt, and disposition of the hazardous waste. On June 30, 2018, the e-Manifest System was launched.

This report addresses the following:

- *Operating efficiently and effectively.*

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Listing of [OIG reports](#).

EPA's Fiscal Years 2017 and 2016 Hazardous Waste Electronic Manifest System Fund Financial Statements

EPA Receives an Unmodified Opinion

We rendered an unmodified opinion on the EPA's fiscal years 2017 and 2016 Hazardous Waste Electronic Manifest System Fund financial statements, meaning that the statements were fairly presented and free of material misstatements.

We found the fund's financial statements to be fairly presented and free of material misstatements.

Significant Deficiencies Noted

We noted the following significant deficiencies:

- The EPA overstated the e-Manifest fund's accrued liabilities.
- The EPA did not provide adequate support for an e-Manifest contract payment.

Compliance with Applicable Laws and Regulations

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

Recommendations and Agency Corrective Actions

We recommend that the agency evaluate and revise its accrued liabilities methodology and adjust the financial statements to reverse the impact to the e-Manifest fund of amounts that cannot be directly matched to the fund. We also recommend that the agency maintain sufficient documentation to support that e-Manifest funds are used as intended. The agency agreed with our recommendations and completed all corrective actions.



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

OFFICE OF
INSPECTOR GENERAL

March 18, 2019

MEMORANDUM

SUBJECT: EPA's Fiscal Years 2017 and 2016 Hazardous Waste Electronic Manifest System Fund
Financial Statements
Report No. 19-F-0086

FROM: Paul C. Curtis, Director
Financial Audits

A handwritten signature in black ink, appearing to read "Paul C. Curtis", is placed next to the name in the "FROM" field.

TO: Holly Greaves, Chief Financial Officer

Nigel Simon, Acting Principal Deputy Assistant Administrator
Office of Land and Emergency Management

This is our report on the subject audit conducted by the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA). The project number for this audit was OA-FY18-0088. This report contains findings that describe the problems the OIG identified and corrective actions the OIG recommends. This report represents the opinion of the OIG and does not necessarily represent the final EPA position. Final determinations on matters in this report will be made by EPA managers in accordance with established audit resolution procedures.

The offices involved with the audit issues include the Office of the Chief Financial Officer and the Office of Land and Emergency Management.

In accordance with EPA Manual 2750, your office completed acceptable corrective actions in response to the OIG recommendations. All recommendations are resolved and no final response to this report is required. However, if you submit a response, it will be posted on the OIG's website, along with our memorandum commenting on your response. Your response should be provided as an Adobe PDF file that complies with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended. The final response should not contain data that you do not want to be released to the public; if your response contains such data, you should identify the data for redaction or removal along with corresponding justification.

We will post this report to our website at www.epa.gov/oig.

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Inspector General's Report on EPA's Fiscal Years 2017 and 2016 Hazardous Waste Electronic Manifest System Fund Financial Statements

The Administrator
U.S. Environmental Protection Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the U.S. Environmental Protection Agency's (EPA's) Hazardous Waste Electronic Manifest System Fund (known as the e-Manifest fund), which comprise the balance sheets for the fiscal years ended September 30, 2017, and September 30, 2016, and the related statements of net cost and changes in net position; the statement of budgetary resources for the years then ended; and the related notes to the financial statements.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based upon our audit. We conducted our audit in accordance with generally accepted government auditing standards; the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 19-01, *Audit Requirements for Federal Financial Statements*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures 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 audit considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above, including the accompanying notes, present fairly, in all material respects, the assets, liabilities, net position, net cost, changes in net position and budgetary resources of the Hazardous Waste Electronic Manifest System Fund as of and for the years ended September 30, 2017 and 2016, in conformity with accounting principles generally accepted in the United States of America.

Specific Audit Requirements of the Hazardous Waste Electronic Manifest Establishment Act

The Hazardous Waste Electronic Manifest Establishment Act (e-Manifest Act) requires the Office of Inspector General (OIG) to include an analysis of (1) the fees collected and disbursed, (2) the reasonableness of the fee structure in place, (3) the level of use of the system by users, and (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. As the fund has not yet established a fee structure and started use of the system, no such analyses were performed.

Management's Discussion and Analysis

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Management's Discussion and Analysis are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management. We obtained information from the fund's management about its methods for preparing the Management's Discussion and Analysis, and reviewed this information for consistency with the financial statements.

We did not identify any material inconsistencies between the information presented in the fund's financial statements and the information presented in the Management's Discussion and Analysis.

Our audit was not designed to express an opinion and, accordingly, we do not express an opinion on the fund's Management's Discussion and Analysis.

Report on Internal Control over Financial Reporting

Opinion on Internal Controls. In planning and performing our audit, we considered the fund's internal controls over financial reporting by obtaining an understanding of the agency's internal controls, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls. We did this as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements and to comply with OMB audit guidance, not to express an opinion on internal control. Accordingly, we do not express an opinion on internal control over financial reporting, nor on management's assertion on internal controls included in Management's Discussion and Analysis. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 19-01, *Audit Requirements for Federal Financial Statements*. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982 (FMFIA).

Material Weaknesses and Significant Deficiencies. Our consideration of the internal controls over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be significant deficiencies. A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Because of inherent limitations in internal controls, misstatements, losses or noncompliance may nevertheless occur and not be detected.

We did not note any matters that we consider to be material weaknesses. However, we noted two significant deficiencies impacting the e-Manifest fund. These issues are summarized below and detailed in Attachment 1.

Significant Deficiencies

EPA Overstated e-Manifest Fund's Accrued Liabilities

During fiscal year 2017, the EPA recorded a standard voucher totaling \$385,534 that overstated the intragovernmental accrued liabilities for the e-Manifest fund. Federal standards limit recognition of intragovernmental costs to material items that can be identified or matched to the receiving entity with reasonable precision.

The EPA's methodology to mitigate intragovernmental reporting differences caused the agency to prorate accrued liabilities that cannot be directly attributed to any specific fund. Consequently, the EPA recorded a material entry that cannot be directly matched to the e-Manifest fund.

EPA Did Not Provide Adequate Support for an e-Manifest Contract Payment

In fiscal year 2017, the EPA paid \$44,929 to a contractor using e-Manifest funds without adequate support that clearly identified that e-Manifest work was performed. Federal and agency requirements state that all transactions should be clearly documented. The agency did not maintain sufficient documentation to support that e-Manifest funds were used as intended.

Comparison of EPA's FMFIA Report with Our Evaluation of Internal Controls

OMB Bulletin No. 19-01, *Audit Requirements for Federal Financial Statements*, requires the OIG to compare material weaknesses disclosed during the audit with those material weaknesses reported in the agency's FMFIA report that relate to the financial statements, and identify material weaknesses disclosed by the audit that were not reported in the agency's FMFIA report. The agency's FMFIA report is prepared and submitted at the consolidated level, of which the e-Manifest fund is a component. The agency continued to report one material weakness in fiscal year 2017 regarding capitalized software, which may impact the fund. Capitalized software continues to be reported as a material weakness in the design and operation of internal controls. While capitalized software continues to be a material weakness for the agency, the EPA is in the process of accumulating costs in the development of software, and, as a result, it is too early to determine whether the fund will be impacted.

Tests of Compliance with Laws, Regulations, Contracts and Grant Agreements

EPA management is responsible for complying with laws, regulations, contracts and grant agreements applicable to the agency and the fund. As part of obtaining reasonable assurance about whether the fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, including those governing the use of budgetary authority, regulations, contracts and grant agreements that have a direct effect on the determination of material amounts and disclosures in the fund's financial statements, and certain other laws and regulations specified in OMB Bulletin No. 19-01, *Audit Requirements for Federal Financial Statements*. The OMB guidance requires that we evaluate whether the EPA's financial management system complies substantially with requirements of the Federal Financial Management Improvement Act of 1996. We limited our tests of compliance to these provisions

and did not test compliance with all laws and regulations applicable to the EPA's e-Manifest fund.

Opinion on Compliance with Laws and Regulations

Providing an opinion on compliance with certain provisions of laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

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

Prior Audit Coverage

During our previous financial statement audit, we did not report any material weaknesses, significant matters or recommendations impacting the fund.

Agency Comments and OIG Evaluation

The agency agreed with our recommendations and completed all corrective actions.

The rationale for our conclusions and a summary of the agency's comments are included in the appropriate sections of this report. The agency's complete response is included as Appendix B of this report.



Paul C. Curtis
Certified Public Accountant
Director, Financial Audits
Office of Inspector General
U.S. Environmental Protection Agency
March 14, 2019

Significant Deficiencies

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1 - EPA Overstated e-Manifest Fund's Accrued Liabilities

During fiscal year 2017, the EPA recorded a standard voucher totaling \$385,534 that overstated the intragovernmental accrued liabilities for the e-Manifest fund. Federal standards limit recognition of intragovernmental costs to material items that can be identified or matched to the receiving entity with reasonable precision. The EPA's methodology to mitigate intragovernmental reporting differences caused the agency to prorate accrued liabilities that cannot be directly attributed to any specific fund. Consequently, the EPA recorded a material entry that cannot be directly matched to the e-Manifest fund.

The EPA's Resource Management Directive System No. 2540-13-P2, *Cost Accounting Methods: Recognizing Full Costs for Funds-In Interagency Agreements*, states that the "EPA must both provide to and receive from its interagency agreement (IA) partners full cost information, and recognize those costs on its financial statements." However, Statement of Federal Financial Accounting Standards No. 30, *Inter-Entity Cost Implementation*, limits recognition of these costs to material items that:

- a. Are significant to the receiving entity;
- b. Form an integral or necessary part of the receiving entity's output; and
- c. Can be identified or matched to the receiving entity with reasonable precision.

At the end of the fiscal year, the EPA's Office of the Chief Financial Officer records standard vouchers to reconcile balances with its respective trading partners. The EPA calculates the difference between its intragovernmental balances and the corresponding balances reported by the other agency and records a standard voucher for the difference. The other agency's balances are not reported at the EPA fund level; rather, the EPA records its standard voucher by applying amounts to individual lines of accounting based on available lines of funding.

As a result, the EPA prorated the overall trading partner difference among accounting lines that had available obligations as of the end of fiscal year 2017. The available obligations for the e-Manifest fund accounted for \$385,534 of the overall trading partner difference based on the percentages used. The EPA's methodology is designed to mitigate intragovernmental reporting differences at the trading partner level and not at the fund level within the EPA. However, without specific details from its trading partner, the EPA cannot verify such allocations with reasonable precision. As a result, the EPA recorded a material entry for \$385,534 that cannot be directly matched to the e-Manifest fund, and that thus represents an overstatement. The agency agreed to make an adjustment and reverse the entry.

Recommendations

We recommend that the Chief Financial Officer:

1. Evaluate and revise the EPA's intragovernmental accrual reconciliation methodology to prevent adjustments to the Hazardous Waste Electronic Manifest System Fund that cannot be directly matched to the fund with reasonable precision.

2. Adjust the fiscal year 2017 e-Manifest financial statements to reverse the impact to the Hazardous Waste Electronic Manifest System Fund of intragovernmental accrued liabilities that cannot be directly matched to the fund.

Agency Comments and OIG Evaluation

The Office of the Chief Financial Officer agreed with our findings and recommendations and has completed corrective actions.

2 - EPA Did Not Provide Adequate Support for an e-Manifest Contract Payment

In fiscal year 2017, the EPA paid \$44,929 to a contractor using e-Manifest funds without adequate support that clearly identified that e-Manifest work was performed. Federal and agency requirements state that all transactions should be clearly documented. The agency did not maintain sufficient documentation to support that e-Manifest funds were used as intended.

According to the e-Manifest Act, Section 2(a), the EPA “shall carry out all necessary measures to ensure that amounts in the Fund are used only to carry out the goals of establishing, operating, maintaining, upgrading, managing, supporting, and overseeing the [e-Manifest] system.” The U.S. Government Accountability Office’s *Standards for Internal Control in the Federal Government* require that all transactions be clearly documented and the documentation be readily available for examination. The EPA’s Resource Management Directive System No. 2540-01, *Overview of Chapter 2540: Financial and Accounting Management*, states that the “EPA will maintain records at the transaction level that . . . [p]rovide clear audit trails of financial transactions that include all materials created in support of a financial transaction or event.”

The EPA’s Office of Mission Support (which includes the former Office of Environmental Information), which is responsible for the contract, was unable to provide sufficient support to the OIG to determine whether \$44,929 paid to a contractor using e-Manifest funds was appropriate. The Office of Mission Support referred us to the Office of Land and Emergency Management for supporting documentation. However, the Office of Land and Emergency Management was also unable to provide us with supporting documentation and referred us back to Office of Mission Support. The invoice for the payment did not contain details specifying that the work performed was related to the e-Manifest project, nor could EPA staff provide any other documentation showing which costs if any involved e-Manifest activities. EPA staff said they were unable to determine how much of the invoiced amount was related to the e-Manifest project and indicated they just used the e-Manifest funds because those funds were available.

Lack of adequate supporting documentation affects the validity and integrity of the agency’s financial information. Without adequate support and oversight of the applicable contract, the EPA could have expended e-Manifest funds for non-e-Manifest purposes, which would violate the requirements of the e-Manifest Act.

In its response to our finding, the Office of Mission Support stated the amount in question was placed on the contract by the Office of Land and Emergency Management as part of its annual payment to the EPA’s Docket Center Partnership. Due to the nature of the Docket Center contract, the Office of Mission Support does not track costs by specific activities. As such, the Office of Mission Support did not have documentation showing which costs, if any, involved e-Manifest activities.

Recommendation

We recommend that the Principal Deputy Assistant Administrator for Land and Emergency Management:

3. Maintain sufficient documentation to support that Hazardous Waste Electronic Manifest System Funds are used as intended.

Agency Comments and OIG Evaluation

Subsequent to our issuing the draft report, the Office of Land and Emergency Management provided us with sufficient supporting documentation for e-Manifest funds allocated to the Docket Center Partnership and has completed corrective action.

Status of Recommendations and Potential Monetary Benefits

RECOMMENDATIONS						Potential Monetary Benefits (in \$000s)
Rec. No.	Page No.	Subject	Status ¹	Action Official	Planned Completion Date	
1	7	Evaluate and revise the EPA's intragovernmental accrual reconciliation methodology to prevent adjustments to the Hazardous Waste Electronic Manifest System Fund that cannot be directly matched to the fund with reasonable precision.	C	Chief Financial Officer	7/27/18	
2	8	Adjust the fiscal year 2017 e-Manifest financial statements to reverse the impact to the Hazardous Waste Electronic Manifest System Fund of intragovernmental accrued liabilities that cannot be directly matched to the fund.	C	Chief Financial Officer	7/27/18	\$385.5
3	10	Maintain sufficient documentation to support that Hazardous Waste Electronic Manifest System Funds are used as intended.	C	Principal Deputy Assistant Administrator for Land and Emergency Management	12/20/18	

¹ C = Corrective action completed.

R = Recommendation resolved with corrective action pending.

U = Recommendation unresolved with resolution efforts in progress.

***For the Fiscal Years Ending September 30, 2017 and
2016 Hazardous Waste Electronic Manifest System
(e-Manifest) Fund Financial Statements***

**For the Fiscal Years Ending September 30, 2017 and 2016
Hazardous Waste Electronic Manifest System (e-Manifest) Fund
Financial Statements**



*Produced by the U.S. Environmental Protection Agency
Office of the Chief Financial Officer
Office of the Controller*

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Management's Discussion and Analysis

Introduction

The Hazardous Waste Electronic Manifest System fund (e-Manifest) was established as a result of the Hazardous Waste Manifest Establishment Act (Public Law 112-195, October 5, 2012). The e-Manifest Act requires the United States Environmental Protection Agency ('EPA' or 'the Agency') to establish and own a hazardous waste electronic manifest program information technology ('IT') system that will enable electronic manifesting as a means to augment or replace the use of paper manifests for tracking hazardous waste shipments. The e-Manifest Act requires that the e-Manifest system:

1. Meets the needs of the user community;
2. Attracts sufficient user participation and service revenues to ensure the viability of the system (the e-Manifest Act authorizes EPA to collect reasonable user fees); and
3. Decreases the administrative burden on the user community.

Current EPA RCRA Manifest Program

The EPA Office of Land and Emergency Management (OLEM) provides policy, guidance and direction for the Agency's emergency response and waste programs. The Office of Resource Conservation and Recovery (ORCR) within OLEM works to protect human health and the environment by ensuring responsible national management of hazardous and nonhazardous waste. Working with delegated state waste programs, ORCR implements the 1976 Resource Conservation and Recovery Act (RCRA), and ensures that the resource conservation, recovery and waste management goals of RCRA are met. All states with the exception of Iowa and Alaska have been delegated RCRA authority, meaning that states implement many if not all aspects of RCRA policy.

The manifest program as implemented by EPA and the states ensures that hazardous waste shipments are consistently tracked, and that hazardous wastes in fact arrive at permitted waste management facilities. The manifest program is based on both RCRA and Department of Transportation (DOT) hazardous materials law (The Hazardous Materials Transportation Act (HMTA)). These laws together require uniformity in the content and use of the hazardous waste manifest form.

e-Manifest System Planning Activities

Discussion of the e-Manifest system itself has taken place over many years; beginning back in the 1990's when the concept of an electronic manifest system was first taking shape. Further activities continued over the years to envision the e-Manifest system through various stakeholder discussions and pilots. For more information EPA's efforts prior to the passage of the e-Manifest Act in 2012, please visit <https://www.epa.gov/osw/hazard/transportation/manifest/e-man-pastmeetings.html>

In early calendar year (CY) 2013, EPA conducted various stakeholder requirements meetings to reengage with the user community. The purpose of these meetings was to build on past e-Manifest work to determine high level system functional requirements. Following this, a system alternatives analysis was conducted to look at various system implementation approaches, all assuming (among other things) a full electronic mobile workflow. The alternatives analysis recommended that EPA leverage cloud hosting for initial system development and system launch, and for long term operations and maintenance (O&M), consider re-negotiating the cloud contract model or potentially migrate to an on premise hosting model to keep costs down.

Also as a part of the planning work, a system Concept of Operations (CONOPS) was completed that, at a high level, outlines both what the current manifest process entails for highway and rail transporters as well as what the future system may look like. The CONOPS document provides a process and conceptual model for how data will flow from stakeholder to stakeholder and through the system during the manifest workflow.

The technical architecture for e-Manifest was completed in FY 2015. This architecture includes the specific components and data flows as currently defined to illustrate a technical solution for the e-Manifest system. In doing so, it defines the specific boundaries of the e-Manifest system and how the different parts of the system work together to provide the required services based on current requirements. For example, areas such as system Cross-Media Electronic Reporting Regulation (CROMERR) integration, paper manifest processing and manifest data quality assurance (QA) were analyzed as a part of this effort.

As a part of this technical architecture planning work, EPA conducted targeted meetings with states and industry separately in order to further flesh out current processes as well as expectations for the above areas. The meetings were more detailed than previous discussions, and provided critical information to inform system requirements.

The technical architecture work completed in FY 2015 serves as baseline for the current manifest program and provides very strong foundation for future system buildout. It meets user needs and provides flexibility for future iterations of the system.

Building on FY 2015, in FY 2016 the e-Manifest program realized significant progress while leveraging existing ORCR software applications. EPA initially conceived e-Manifest as a standalone system and allowed the system architects to consider a broad range of approaches

without inherent constraints from an existing system design. However, as designs matured, it was recognized that the e-Manifest technical solution aligned closely with RCRAInfo in terms of end user functionality, data integration, and required technical infrastructure. These factors led to the decision to implement e-Manifest as a unique module of RCRAInfo.

Many of the new capabilities of e-Manifest can be implemented in RCRAInfo using the existing modular architecture present in RCRAInfo. In addition, some of the more innovative design aspects of e-Manifest could also be incorporated into RCRAInfo, improving both systems.

Furthermore, by leveraging e-Manifest and RCRAInfo modules, opportunities for reuse of existing technology investments were present, reducing the burden of e-Manifest implementation. These factors led to the decision to develop e-Manifest and RCRAInfo modules as distinct, but interrelated entities which will meet the current and future needs of Industry, Government and Public.

Acquisition Strategy Change

The EPA's system development work is focused on ensuring user needs are met from day one of national system deployment. To accomplish this, the agency is conducting user-centered design and development, and is utilizing agile software development methodologies. This approach embodies continuous improvement through pilots and testing, using iterative processes, and continued regular engagement with users and stakeholders throughout the process to provide ongoing opportunities for input.

Instead of locking in on one source, the new e-Manifest Program services contract (multi-vendor indefinite delivery/indefinite quantity (IDIQ)) will utilize a variety of vehicles for the following segments of the system:

- Project management including integration services.
- Paper manifest processing.
- User help desk and User training.
- Quality assurance for manifest data amongst industry, states, and the EPA.
- Services to calculate, collect, and support reporting of user fees for paper and electronic manifest processing.
- Support for stakeholder communication, including outreach and meeting support.

Research has shown that using this type of lean start-up methodology, with agile techniques, lowers the cost of system development by addressing uncertainties promptly, and by ensuring that the work being completed brings real value to users.

The agency will continue to work closely with users, adding more functionality in an incremental manner and providing continuous improvement for the lifetime of the system. By taking this iterative approach the EPA will refine remaining uncertainties from our architecture planning work in the most cost effective manner.

e-Manifest System Development

As a follow-on to the completed technical and conceptual architecture, e-Manifest embarked on a pilot to create initial system functionality with the General Service Administrations (GSA) 18F consulting shop. 18F provided the IT expertise to create the foundation of e-Manifest and also provided agile project management support. Specifically, 18F:

- Introduced user-centered design/development, which engages industry/state users in the early phases of development
- Created the development platform and hosting environment for e-Manifest
- Leveraged open source technologies (Trello, GitHub, biweekly online meetings showcasing recent system updates) to allow users and other stakeholders to follow and participate in system development

As part of the agile development focus, in September 2015, EPA, in partnership with 18F, completed an initial system demonstration. This focused on a key aspect of the system: the transaction at the end of the chain-of-custody when the hazardous waste arrives at the designated waste management facility, and that facility signs the electronic manifest to verify that all the hazardous waste types and quantities were received. Getting the system to properly electronically execute this all-important manifest transaction was a critical first step. EPA worked with several industry users to complete this initial system functionality.

Although not as straightforward as standard government IT development projects, this course correction from traditional lifecycle system development (“waterfall”) methodology to agile will ultimately deliver a better system in a quicker, more value-added method going forward.

Starting with this initial system, EPA has been adding more functionality in an incremental manner. Research has shown that using this type of lean start-up methodology with agile techniques lowers the cost of current and future system development by addressing uncertainties sooner rather than later. Therefore, EPA has been conducting user-centered design and development, starting with the small scale demonstration phase. Open source code and project engages industry and state users in the early phases of development, creation of development platform, and hosting environment. EPA will expand engagement efforts to all users over time (e.g., states with no systems, large and small generators, etc.).

The agile software development methodology embodies continuous improvement through iterative development and delivers software in sprints. Agile embraces change, continuous and regular feedback and improvement, value-driven delivery, full-team collaboration, and learning through discovery. Agile techniques cannot eliminate the challenges intrinsic to high-discovery software development but by focusing on continuous delivery of incremental value and shorter feedback cycles, they expose challenges as early as possible to allow for immediate correction.

EPA has adopted the lean start-up product development strategies with agile, user-centered software design/development methodologies and as implemented the following:

- Two-week sprint intervals
- Using modular development practices, relying heavily on available off-the-shelf software modules, by building individual working pieces of the system and integrating them into the whole
- Addressing uncertainties that arose during the initial architecture planning work, and engaging early with users and stakeholders
- Bringing down the cost of current and future development by addressing risk upfront and ensuring that the work being completed brings actual value to stakeholders and users
- Continuously improving, using iterative processes, and engaging regularly with users and stakeholders throughout the life of the program.

EPA has made every effort to involve industry users in the development process to build the strongest possible system. During the system development phase, the e-Manifest team is working alongside industry, states, and other stakeholders, by focusing on issues raised and addressing the issues, including the following:

- How the national e-Manifest system will connect with state and industry systems
- User testing of the web application
- Addressing state data access needs

The e-Manifest team communicates regularly with states, industry, and related stakeholders about ongoing developments (i.e., continued release and testing of system iterations), updates on e-Manifest related rules (i.e., user fees for the e-Manifest system and amendments to manifest regulations), and the national launch of the e-Manifest system.

Our primary methods of communication include the following:

- The e-Manifest website
- User testing
- Conferences
- Site visits
- Regional implementation working groups
- Listserv (general interest and development-focused)
- Public webinars
- Blog posts
- GitHub – code repository and project management
- FACA Meetings
- Meetings with stakeholders.

Provided e-Manifest is fully-funded, we will follow this path of milestones to system launch in spring 2018.

- September 2015– initial system functionality completed.
- Spring of 2016 – minimal viable product development.
- Spring through fall of 2016 – early full scale development.
- Fall of 2016 through winter of 2018 – rolling iterative releases/testing of system.
- Calendar year 2018 – national deployment (collecting user fees).

Principal Financial Statements:

**Environmental Protection Agency
e-Manifest
BALANCE SHEET
As of September 30, 2017 and 2016
(Dollars in Thousands)**

	<u>FY 2017</u>	<u>FY 2016</u>
Assets:		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$ 5,430	\$ 5,230
Other (Note 3)	<u>5</u>	<u>5</u>
Total Intragovernmental	5,435	5,235
Property, Plant & Equipment, Net (Note 4)	<u>3,088</u>	<u>944</u>
Total Assets	\$ <u>8,523</u>	\$ <u>6,179</u>
Liabilities:		
Intragovernmental:		
Accounts Payable and Accrued Liabilities	\$ 6	\$ 9
Other (Note 5)	<u>20</u>	<u>20</u>
Total Intragovernmental	26	29
Accounts Payable & Accrued Liabilities	187	39
Payroll & Benefits Payable (Note 6)	<u>142</u>	<u>149</u>
Total Liabilities	\$ <u>355</u>	\$ <u>217</u>
Net Position:		
Unexpended Appropriations	5,143	5,086
Cumulative Results of Operations	<u>3,025</u>	<u>876</u>
Total Net Position	<u>8,168</u>	<u>5,962</u>
Total Liabilities and Net Position	\$ <u>8,523</u>	\$ <u>6,179</u>

The accompanying footnotes are an integral part of these financial statements.

Environmental Protection Agency
e-Manifest
STATEMENT OF NET COST
For the Fiscal Years Ended September 30, 2017 and 2016
(Dollars in Thousands)

	<u>FY 2017</u>	<u>FY 2016</u>
Costs:		
Gross costs	\$ 1,030	\$ 962
Expenses from Other Appropriations (Note 7)	214	205
Less:		
Earned revenue	-	-
Net cost of operations	\$ <u>1,244</u>	\$ <u>1,167</u>

The accompanying footnotes are an integral part of these financial statements.

**Environmental Protection Agency
e-Manifest
STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Years Ended September 30, 2017 and 2016
(Dollars in Thousands)**

	<u>FY 2017</u>	<u>FY 2016</u>
Cumulative Results of Operations:		
Net Position - Beginning of Period	\$ 876	\$ (69)
Budgetary Financing Sources:		
Appropriations Used	3,121	1,828
Income from Other Appropriations (Note 7)	<u>214</u>	<u>205</u>
Total Budgetary Financing Sources	3,335	2,033
Other Financing Sources (Non-Exchange):		
Imputed Financing Sources	<u>58</u>	<u>80</u>
Total Other Financing Sources	58	80
Net Cost of Operations	<u>(1,244)</u>	<u>(1,167)</u>
Net Change	<u>2,149</u>	<u>946</u>
Cumulative Results of Operations	\$ <u>3,025</u>	\$ <u>876</u>
Unexpended Appropriations:		
Net Position - Beginning of Period	\$ 5,086	\$ 3,240
Budgetary Financing Sources:		
Appropriations Received	3,178	3,674
Appropriations Used	<u>(3,121)</u>	<u>(1,828)</u>
Total Budgetary Financing Sources	57	1,846
Total Unexpended Appropriations	<u>5,143</u>	<u>5,086</u>
Net Position	\$ <u>8,168</u>	\$ <u>5,962</u>

The accompanying footnotes are an integral part of these financial statements.

**Environmental Protection Agency
e-Manifest
STATEMENT OF BUDGETARY RESOURCES
For the Fiscal Years Ended September 30, 2017 and 2016
(Dollars in Thousands)**

	<u>FY 2017</u>	<u>FY 2016</u>
Budgetary Resources:		
Unobligated balance, brought forward, October 1:	\$ 3,965	\$ 3,220
Recoveries of prior year unpaid obligations	<u>597</u>	<u>37</u>
Unobligated balance from prior year budget authority, net	4,562	3,257
Appropriations (discretionary and mandatory)	<u>3,178</u>	<u>3,674</u>
Total Budgetary Resources	<u>\$ 7,740</u>	<u>\$ 6,931</u>
Status of Budgetary Resources:		
Obligations Incurred	\$ 5,465	\$ 2,965
Unobligated Balance, end of year:		
Apportioned	2,250	3,966
Unapportioned	<u>25</u>	<u>-</u>
Total Unobligated balance, end of period	<u>2,275</u>	<u>3,966</u>
Total Status of Budgetary Resources	<u>\$ 7,740</u>	<u>\$ 6,931</u>
Change in Obligated Balance Unpaid Obligations:		
Unpaid obligations, brought forward, October 1 (gross)	\$ 1,265	\$ 191
Obligations incurred, net	5,465	2,965
Outlays (gross)	(2,978)	(1,855)
Recoveries of prior year unpaid obligations	<u>(597)</u>	<u>(37)</u>
Unpaid obligations, end of year (gross)	<u>3,155</u>	<u>1,264</u>
Memorandum entries:		
Obligated balance, start of year	\$ <u>1,265</u>	\$ <u>191</u>
Obligated balance, end of year (net)	<u>\$ 3,155</u>	<u>\$ 1,264</u>
Budget Authority and Outlays, Net:		
Budget authority, net	<u>\$ 3,178</u>	<u>\$ 3,674</u>
Agency outlays, net	<u>\$ 2,978</u>	<u>\$ 1,855</u>

The accompanying footnotes are an integral part of these financial statements.

Environmental Protection Agency
e-Manifest
Notes to Financial Statements
For the Fiscal Years Ended September 30, 2017 and 2016
(Dollars in Thousands)

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The U.S. Environmental Protection Agency (EPA or Agency) was created in 1970 by executive reorganization from various components of other Federal agencies in order to better marshal and coordinate Federal pollution control efforts. The Agency is generally organized around the media and substances it regulates -- air, water, land, hazardous waste, pesticides and toxic substances.

The Hazardous Waste Electronic Manifest System Fund (e-Manifest) was authorized by the establishment of the Hazardous Waste Electronic Manifest System Act. The act mandates that the Agency, within three years, establish a hazardous waste electronic manifest system that can be accessed by any user. The act authorized the administrator to impose users' fees to pay the costs incurred in developing, operating, maintaining, and upgrading the system, including any costs incurred in collecting and processing data from paper manifests submitted to the system after the date on which the system enters operations.

The e-Manifest fund charges some administrative costs directly to the fund, and charges the remainder of the indirect administrative costs to Agency-wide appropriations. These amounts are included as "Income from Other Appropriations" on the Statement of Changes in Net Position and as "Expenses from Other Appropriations" on the Statement of Net Cost.

B. Basis of Presentation

These financial statements have been prepared to report the financial position and results of operations of the EPA for the e-Manifest Fund in accordance with the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. The reports have been prepared from the books and records of the EPA in accordance with Office of Management and Budget (OMB) Circular A-136 *Financial Reporting Requirements*, and the EPA's accounting policies which are summarized in this note. These statements are therefore different from the financial reports also prepared by the EPA pursuant to OMB directives that are used to monitor and control the EPA's use of budgetary resources. The balances in these reports have been updated from the EPA consolidated financial statements to reflect the use of fiscal year 2017 cost factors for calculating imputed costs for Federal civilian benefits programs. These updates impact the Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position.

C. Budgets and Budgetary Accounting

Funding of the e-Manifest Fund will be provided by fees collected from users to offset costs incurred by the EPA in carrying out these programs. Since inception on October 5, 2012 through fiscal year 2017, funding for the e-Manifest fund was from appropriated funds. EPA did not collect fees from inception of the fund through fiscal year 2017.

D. Basis of Accounting

Generally Accepted Accounting Principles (GAAP) for Federal entities is the standard prescribed by the Federal Accounting Standards Advisory Board (FASAB), which issues standards for the federal government. The financial statements are prepared in accordance with GAAP for federal entities.

Transactions are recorded on an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the use of Federal funds.

E. Revenues and Other Financing Sources

In fiscal years 2017 and 2016, EPA did not collect any user fees for the e-Manifest fund, as the system was still in development.

F. Funds with the Treasury

The e-Manifest Fund did not have any receipts for fiscal years 2017 and 2016.

G. Investments in U. S. Government Securities

Investments in U. S. Government securities are maintained by Treasury (Bureau of Fiscal Services) and are reported at amortized cost net of unamortized discounts. Discounts are amortized over the term of the investments and reported as interest income. E-Manifest will hold the investments to maturity, unless needed to finance operations of the fund. No provision is made for unrealized gains or losses on these securities because, in the majority of cases, they are held to maturity. Only fees collected will be invested in U.S. Government securities. The e-Manifest fund has not collected any fees for fiscal years 2017 and 2016.

H. General Property, Plant and Equipment

General property, plant and equipment for e-Manifest consists of software in development. Internal use software includes purchased commercial off-the-shelf software, contractor developed software and software that was internally developed by Agency employees. In FY2017, EPA reviewed its capitalization threshold levels for PP&E. The Agency performed an analysis of the values of software assets and increased capitalization threshold from \$250 thousand to \$5 million

to better align with major software acquisition investments. The \$5 million threshold will be applied prospectively to software acquisitions and modifications/enhancements placed into service after September 30, 2016. Software assets placed into service prior to October 1, 2016 were capitalized at the \$250 thousand threshold. Internal use software is capitalized at full cost (direct and indirect) and amortized using the straight-line method over its useful life, not exceeding five years.

I. Liabilities

Liabilities represent the amount of monies or other resources that are more likely than not to be paid by the Agency as the result of an Agency transaction or event that has already occurred and can be reasonably estimated. However, no liability can be paid by the Agency without an appropriation or other collections. Liabilities for which an appropriation has not been enacted are classified as unfunded liabilities, and there is no certainty that the appropriations will be enacted.

J. Accrued Unfunded Annual Leave

Annual, sick and other leave is expensed as taken during the fiscal year. Annual leave earned but not taken at the end of the fiscal year is accrued as an unfunded liability. Accrued unfunded annual leave is included in the Balance Sheet as a component of "Payroll and Benefits Payable." Sick leave earned but not taken is not accrued as a liability. It is expensed as it is used.

K. Retirement Plan

There are two primary retirement systems for Federal employees. Employees hired prior to January 1, 1987, may participate in the Civil Service Retirement System (CSRS). On January 1, 1984, the Federal Employees Retirement System (FERS) went into effect, pursuant to Public Law 99-335. Most employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, elected to either join FERS and Social Security or remain in CSRS. A primary feature of FERS is that it offers a savings plan to which the Agency automatically contributes one percent of pay and matches any employee contributions up to an additional four percent of pay. The Agency also contributes the employer's matching share for Social Security.

With the issuance of SFFAS No. 5, "Accounting for Liabilities of the Federal Government," accounting and reporting standards were established for liabilities relating to the federal employee benefit programs (Retirement, Health Benefits, and Life Insurance). SFFAS No. 5 requires that the employing agencies recognize the cost of pensions and other retirement benefits during their employees' active years of service. SFFAS No. 5 requires that the Office of Personnel Management (OPM), as administrator of the CSRS and FERS, the Federal Employees Health Benefits Program, and the Federal Employees Group Life Insurance Program, provide federal agencies with the actuarial cost factors to compute the liability for each program.

L. Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Note 2. Fund Balance with Treasury

	<u>FY 2017</u>	<u>FY 2016</u>
Entity Assets	\$ <u>5,430</u>	\$ <u>5,230</u>

Note 3. Other Assets

	<u>FY 2017</u>	<u>FY 2016</u>
Other Intragovernmental Assets:		
Advance to Working Capital Fund	\$ <u>5</u>	\$ <u>5</u>

Note 4. General Property, Plant and Equipment

As of September 30, 2017 and 2016, e-Manifest incurred costs related to the development of information technology software associated with the Hazardous Waste Electronic Manifest System of \$3,088 and \$944 respectively.

Note 5. Other Liabilities

The Payroll and Benefits Payable, non-Federal, are presented on a separate line of the Balance Sheet and in a separate footnote (see Note 6).

	<u>FY 2017</u>	<u>FY 2016</u>
Other Intragovernmental Liabilities:		
Covered by Budgetary Resources Employer		
Contribution- Payroll	\$ <u>20</u>	\$ <u>20</u>

Note 6. Payroll and Benefits Payable, non-Federal

The presentation of Payroll and Benefits Payable was updated for FY 2017 to combine withholdings payable and accrued payroll payable to employees. Accrued Payroll Payable in FY 2017 was \$77 thousand, and in FY 2016 was \$80 thousand.

	<u>FY 2017</u>	<u>FY 2016</u>
Covered by Budgetary Resources:		
Accrued Payroll Payable	\$ 77	\$ 80
Thrift Savings Plan Benefits payable	<u>2</u>	<u>2</u>
Total	79	82
Not Covered by Budgetary Resources:		
Unfunded Annual Leave Liability	\$ <u>63</u>	\$ <u>67</u>
Total	\$ <u>142</u>	\$ <u>149</u>

Note 7. Income and Expenses from Other Appropriations

The Statement of Net Cost reports program costs that include the full costs of the program outputs and consist of the direct costs and all other costs that can be directly traced, assigned on a cause and effect basis, or reasonably allocated to program outputs.

Beginning with fiscal year 2017, the Agency began applying an indirect rate to account for administrative expenses paid through other appropriations. For fiscal years 2017 and 2016 the indirect rate was 20.79% and 21.38% respectively. As illustrated below, there is no impact on e-Manifest's Statement of Changes in Net Position.

	<u>FY 2017</u>	<u>FY 2016</u>
Income from Other Appropriations	\$ 214	205
Expenses from Other Appropriations	(214)	(205)
Net Effect	<u>\$ -</u>	<u>-</u>

Note 8. Reconciliation of Net Cost of Operations to Budget

	<u>FY 2017</u>	<u>FY 2016</u>
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	\$ 5,465	\$ 2,965
Less: Spending Authority from Offsetting		
Collections and Recoveries	<u>(597)</u>	<u>(37)</u>
Obligations, Net of Offsetting Collections	4,868	2,928
Other Resources:		
Imputed Financing Sources	58	80
Income from Other Appropriations	<u>214</u>	<u>205</u>
Net Other Resources Used to Finance Activities	<u>272</u>	<u>285</u>
Total Resources Used to Finance Activities	\$ <u>5,140</u>	\$ <u>3,213</u>
Resources Used to Finance Items		
Not Part of the Net Cost of Operations:		
Change in Budgetary Resources Obligated	\$ (871)	\$ (1,104)
Resources that Fund Prior Period Expenses	-	-
Resources that Finance Asset Acquisition	<u>(3,088)</u>	<u>(944)</u>
Total Resources Used to Finance Items Not Part of the		
Net Cost of Operations	<u>(3,959)</u>	<u>(2,048)</u>
Total Resources Used to Finance the Net Cost of Operations	\$ <u><u>1,181</u></u>	\$ <u><u>1,165</u></u>
	<u>FY 2017</u>	<u>FY 2016</u>
Components of the Net Cost of Operations That Will		
Not Require or Generate Resources in the Current Period:		
Components Requiring or Generating Resources in Future Periods:		
Increase in Annual Leave Liability	\$ <u>63</u>	\$ <u>2</u>
Total Components of Net Cost of Operations that Require or		
Generate Resources in Future Periods	63	2
Total Components of Net Cost of Operations That Will Not		
Require or Generate Resources in the Current Period	<u>63</u>	<u>2</u>
Net Cost of Operations	\$ <u><u>1,244</u></u>	\$ <u><u>1,167</u></u>

Agency Response to Draft Report



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

OCT 22 2018

MEMORANDUM

SUBJECT: Response to the Office of Inspector General Draft Report No. OA-FY18-0088,
“EPA’s Fiscal Years 2016 and 2017 Hazardous Waste Electronic Manifest
System Fund Financial Statements,” dated September 17, 2018

FROM: Holly W. Greaves, Chief Financial Officer
Office of the Chief Financial Officer

Nigel Simon, Acting Principal Deputy Assistant Administrator and Senior
Information Officer
Office of Land and Emergency Management

Vaughn Noga, Principal Deputy Assistant Administrator and Deputy Chief
Information Officer
Office of Environmental Information

TO: Paul C. Curtis, Director of Financial Statement Audits
Office of Inspector General

Thank you for the opportunity to respond to the issues and recommendations in the draft report. The following is a summary of the U.S. Environmental Protection Agency’s overall position along with its position on each of the report recommendations. For the report recommendation with which the agency agrees, we have provided either high-level intended corrective actions and estimated completion dates, to the extent we can, or reasons why we are unable to provide a corrective action or estimated completion date. For the report recommendation with which the agency disagrees, we have explained our position and proposed alternatives to recommendations.

AGENCY’S OVERALL POSITION

The EPA Docket Center provides an agency-wide service that is jointly funded by participating programs. Each year, participating programs must make a payment to the partnership based on a fixed allocation to support the overall work of the Docket Center. These allocations are determined annually based on historical workloads for each participating program.

To make their annual Partnership payment, the participating programs prepare their own purchase requests, which are submitted through the approval chain within their own office, to allocate funding directly to the Docket Center contract. The amount in question was placed on the Docket Center contract by the OLEM as part of this annual payment to the Docket Center Partnership. As the managing partner,

the OEI receives monthly invoices based on the total hours worked by the Docket Center contract staff in support of the Partnership, not for any specific type of work. The OEI then pays these invoices using funds provided by the Docket Center Partners as part of their annual payment to the Partnership. Because the funds placed on the Docket Center contract support Docket Center functions overall and not any specific type of work, the OEI does not track what costs are associated with specific Docket Center activities. As such, the OEI does not have documentation showing which costs, if any, involved e-Manifest-related Docket Center activities.

The agency's docket is currently not set up to break out funds per docket activity. Funds are provided by each headquarters and regional office, which in turn receives funds by office based on fixed allocations. As a result, we request the OIG reconsider the assignment of recommendation 3 to the appropriate office.

AGENCY'S RESPONSE TO AUDIT RECOMMENDATIONS

The agency concurs with recommendations 1 and 2 and non-concurs with recommendation 3.

Agreement

No.	Recommendation	Assigned to:	High-Level Intended Corrective Action(s)	Estimated Completion by Quarter and FY
1	Evaluate and revise the EPA's intragovernmental accrual reconciliation methodology to prevent adjustments to the Hazardous Electronic Manifest System Fund that cannot be directly matched to the funds with reasonable precision.	OCFO-OC-CFC	<u>Concur.</u> The EPA has eliminated the e-Manifest Fund from the prorated analysis for the accrual distribution.	Completed 7/27/18
2	Adjust the fiscal year 2017 e-Manifest financial statements to reverse the impact to the Hazardous Waste Electronic Manifest System Fund of intragovernmental accrued liabilities that cannot be directly matched to the fund.	OCFO-OC-GLARB	<u>Concur.</u> The EPA made an adjustment to the fiscal year 2017 e-Manifest financial statements to reverse the impact to the Hazardous Waste Electronic Manifest System Fund of intragovernmental accrued liabilities that cannot be directly matched to the fund.	Completed 7/27/18

Disagreement

No.	Issue	Assigned to:	High-Level Intended Corrective Action(s)	Estimated Completion by Quarter and FY
3	Establish adequate internal controls to maintain sufficient supporting documentation to verify Hazardous Waste Electronic Manifest System Funds are used as intended.	OEI	<u>Non-concur:</u> The EPA's OEI, which is responsible for the EPA Docket Center contract task order, does not maintain information that would enable the OIG to determine whether \$44,929 paid to a contractor using e-Manifest funds were appropriate. The invoices for this contract task order are based on total hours worked in support of the Docket Center, not on specific Docket Center activities performed. The OEI staff tracks the cost of the work performed in the Docket Center to support the agency's docketing activities, but not for work performed on any specific docket. The OEI pays the invoices for this contract using the funding placed on the Docket Center contract by the participating programs as part of their annual payment to support the Docket Center Partnership. As such, the program that applies the funding to the contract should address the internal control issue.	N/A

CONTACT INFORMATION

If you have any questions regarding this response, please contact the OCFO's Audit Follow-up Coordinator, Benita Deane, at deane.benita@epa.gov or (202) 564-2079.

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Distribution

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Chief of Staff
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Principal Deputy Assistant Administrator for Land and Emergency Management
Principal Deputy Assistant Administrator for Mission Support
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Office of Mission Support
General Counsel
Associate Administrator for Congressional and Intergovernmental Relations
Associate Administrator for Public Affairs
Director, Office of Continuous Improvement, Office of the Administrator
Deputy Chief Financial Officer
Associate Chief Financial Officer
Controller, Office of the Chief Financial Officer
Deputy Controller, Office of the Chief Financial Officer
Director, Accounting and Cost Analysis Division, Office of the Chief Financial Officer
Chief, General Ledger Analysis and Reporting Branch, Accounting and Cost Analysis Division,
Office of the Chief Financial Officer
Deputy Assistant Administrator for Land and Emergency Management
Director, Office of Resource Conservation and Recovery, Office of Land and Emergency
Management
Deputy Director, Office of Resource Conservation and Recovery, Office of Land and Emergency
Management
Associate Director, Program Implementation and Information Division, Office of Resource
Conservation and Recovery, Office of Land and Emergency Management
Branch Chief, Permits Branch, Office of Resource Conservation and Recovery, Office of Land
and Emergency Management
Branch Chief, Information Collection and Analysis Branch, Office of Resource Conservation
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Director, Office of Enterprise Information Programs, Office of Mission Support
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Agency Follow-Up Coordinator
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