

Audit of the EPA's Fiscal Years 2022 and 2021 (Restated) Hazardous Waste Electronic Manifest System Fund Financial Statements

September 29, 2023 | Report No. 23-F-0038



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Abbreviations

C.F.R.	Code of Federal Regulations
e-Manifest	Hazardous Waste Electronic Manifest
EPA	U.S. Environmental Protection Agency
FY	Fiscal Year
OIG	Office of Inspector General
U.S.C.	United States Code

Cover Image

Truck transporting a shipment of hazardous waste. The EPA collects fees to cover the costs of operating the e-Manifest system, which tracks off-site shipments of hazardous waste from the generator facility to the receiving facility, typically an off-site waste management facility that will store, treat, or dispose of the waste. (U.S. Department of Energy image)

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At a Glance

Audit of the EPA's Fiscal Years 2022 and 2021 (Restated) Hazardous Waste Electronic Manifest System Fund Financial Statements

Why We Did This Audit

To accomplish this objective:

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 control 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.

To support this EPA mission-related effort:

- *Operating efficiently and effectively.*

To address this top EPA management challenge:

- *Managing business operations and resources.*

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

[List of OIG reports.](#)

The EPA Receives an Unmodified Opinion for Fiscal Years 2022 and 2021 (Restated)

We rendered an unmodified opinion on the EPA's fiscal years 2022 and 2021 (restated) Hazardous Waste Electronic Manifest System Fund, known as the e-Manifest Fund, financial statements, meaning that the statements were fairly presented and free of material misstatement.

We did not identify any matters that we consider to be material weaknesses or significant deficiencies in the fund.

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

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

In accordance with the Hazardous Waste Electronic Manifest Establishment Act, we performed an analysis of the (1) fees collected and disbursed, (2) reasonableness of the fee structure, (3) level of use of the system, and (4) success to date of the system in operating on a self-sustaining basis. Our analysis did not identify any indication that the fee structure was not reasonable. According to the EPA's data, from the launch of the e-Manifest system in 2018 through fiscal year 2022, the Agency billed for over seven million manifests that were submitted by facilities receiving hazardous waste. Manifests are required shipping forms detailing the type and quantity of the waste being transported and instructions for handling it. Based on our analysis, it appears that the EPA has collected sufficient fees for the system to operate on a self-sustaining basis. However, despite the Agency's goal that receiving facilities would submit at least 75 percent of their manifests electronically by 2022, as of September 2022, they submitted less than one-half of a percent electronically. The EPA intends to conduct outreach activities that will assist with electronic manifest adoption.



OFFICE OF INSPECTOR GENERAL
U.S. ENVIRONMENTAL PROTECTION AGENCY

September 29, 2023

MEMORANDUM

SUBJECT: Audit of the EPA's Fiscal Years 2022 and 2021 (Restated) Hazardous Waste Electronic Manifest System Fund Financial Statements
Report No. 23-F-0038

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

TO: Faisal Amin, Chief Financial Officer

Barry Breen, Principal Deputy Assistant Administrator
Office of Land and Emergency Management

This is our report on the subject audit conducted by the U.S. Environmental Protection Agency Office of Inspector General. The project number for this audit was [OA-FY23-0053](#). This report does not contain any findings or recommendations.

You are not required to respond to this report because this report contains no recommendations. If you submit a response, however, 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.epaoig.gov.

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Inspector General’s Audit Report on the EPA’s Fiscal Years 2022 and 2021 (Restated) Hazardous Waste Electronic Manifest System Fund Financial Statements

The Administrator
U.S. Environmental Protection Agency

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the U.S. Environmental Protection Agency’s Hazardous Waste Electronic Manifest System Fund, known as the e-Manifest Fund. These statements comprise the consolidated balance sheets, as of September 30, 2022 and 2021 (restated), and the related statement 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.

In our opinion, the financial statements, including the accompanying notes, present fairly, in all material respects, the assets, liabilities, net position, net cost, changes in net position, and combined budgetary resources of the EPA as of and for the years ended September 30, 2022 and 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, known as generally accepted auditing standards. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are required to be independent of the EPA and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a Matter—Restatement of Fiscal Year 2021

As described in Note 16 to the financial statements, the EPA restated its fiscal year 2021 financial statements because of errors identified by both the Office of Inspector General and the EPA in the Accounts Receivable, Earned Revenue, and Unexpended Appropriations financial statement line items. The restatements impacted the following line items in the financial statements:

- Balance Sheet: Accounts Receivable, Net.
- Statement of Net Cost: Earned Revenue and Net Cost of Operations.
- Statement of Changes in Net Position: Unexpended Appropriations and Cumulative Results of Operations.

Our opinion is not modified with respect to these corrections.

Emphasis of a Matter—Qualified Opinion in FY 2021

During FY 2021, the EPA obtained a qualified opinion due to material errors in its restatement of the FY 2020 Accounts Receivable and Earned Revenue financial statement line items. The EPA adjusted these line items to correct errors attributed to timing and duplicate billings. The net adjustments included a correction for approximately \$1.912 million, but we found that the EPA mistakenly accounted for the correction twice, which resulted in an overstatement of the balances. After further analysis of the restatement, the EPA also identified an error that had understated the balances by approximately \$1.338 million. Consequently, accounts receivable and earned revenue were overstated by approximately \$574,000 as of and for the year ended September 30, 2021. As described in Note 16 to the financial statements, the EPA restated its FY 2021 financial statements to correct these errors.

Responsibilities of Management for the Financial Statements

The EPA's 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore it is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the EPA's internal control. Accordingly, we express no such opinion.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are also required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identify during the audit.

Report on Internal Control over Financial Reporting

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of the internal control over financial reporting was for the limited purpose of expressing an opinion on the fund's financial statements and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; therefore, such deficiencies in internal control may exist that we did not identify during our audit. A *deficiency* in internal control over financial reporting 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 over financial reporting, 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 over financial reporting that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

We did not note any matters that we consider to be material weaknesses or significant deficiencies in the e-Manifest Fund.

Basis for Results of Our Consideration of Internal Control over Financial Reporting

We performed our procedures related to the EPA's internal control over financial reporting in accordance with government auditing standards generally accepted in the United States of America.

Responsibilities of Management for Internal Control over Financial Reporting

The EPA's management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for Internal Control over Financial Reporting

In planning and performing our audit of the e-Manifest Fund financial statements as of and for the year ended September 30, 2022, in accordance with generally accepted auditing standards, we considered the EPA's internal control over financial reporting as a basis for designing our audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements

and to comply with the Office of Management and Budget’s audit guidance, but not to express an opinion on the effectiveness of the EPA’s internal control. Accordingly, we do not express an opinion on the effectiveness of the EPA’s internal control over financial reporting.

Intended Purpose of Report on Internal Control over Financial Reporting

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

Comparison of the EPA’s Federal Managers’ Financial Integrity Act Report with Our Consideration of Internal Control

Office of Management and Budget Bulletin 22-01 requires us to compare material weaknesses disclosed during the audit with those material weaknesses identified in the Agency’s Federal Managers’ Financial Integrity Act report that relate to the financial statements. We are also required to identify material weaknesses disclosed by the audit that were not communicated in the Agency’s report. The Agency’s report is prepared and submitted at the consolidated level, of which the e-Manifest Fund is a component. Accordingly, there are no findings to report at the e-Manifest Fund level.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Providing an opinion on compliance with provisions of laws, regulations, contracts, and grant agreements 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.

Basis of Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

As part of obtaining reasonable assurance about whether the fund’s financial statements are free of material misstatement, we performed tests of the Agency’s 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.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

The EPA’s management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the Agency and the fund.

Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

We also performed certain other limited procedures as described in the American Institute of Certified Public Accountants' *Codification of Statements on Auditing Standards*, AU-C 250.14-16, "Consideration of Laws and Regulations in an Audit of Financial Statements." Office of Management and Budget Bulletin 22-01 mandates that we evaluate compliance with federal financial statement system requirements, including those referred to in 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.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, as well as to describe the results of that testing. The purpose is not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with government auditing standards generally accepted in the United States of America in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

Other Governmental Reporting Requirements

Specific Audit Requirements of the Hazardous Waste Electronic Manifest Establishment Act

Pursuant to the Hazardous Waste Electronic Manifest Establishment Act, known as the e-Manifest Act, the EPA launched the e-Manifest system on June 30, 2018. The e-Manifest system is a national system designed to track hazardous waste from the time it leaves the generator facility that produced it until it reaches the receiving facility, typically an off-site waste management facility that stores, treats, or disposes of it. A key component of this tracking system is the Uniform Hazardous Waste Manifest form, more commonly referred to as a *manifest*. The EPA and the U.S. Department of Transportation require each generator facility that transports hazardous waste to fill out a manifest, which contains information on the type and quantity of waste being transported; the instructions for handling the waste; and ultimately the signatures of all parties involved in the generation, transportation, and disposal process. After the waste reaches its destination, the receiving facility must submit the manifest to the EPA. There are four types of manifests that receiving facilities can submit: electronic, data plus image upload, scanned image upload, and mailed paper. Electronic manifests are those that the receiving facilities originate in the e-Manifest system and sign electronically. Data plus image upload manifests are those that the receiving facilities submit to the EPA by uploading a data file and the scanned image of the final signed manifest. The scanned image upload manifests are paper manifests that receiving facilities submit to the EPA by uploading a scanned image of the final signed manifest. Mailed paper manifests are paper manifests that receiving facilities submit to the EPA by mailing a hard copy of the final signed manifest. After June 30, 2021, the EPA stopped accepting mailed paper manifests.

The e-Manifest Act authorizes the EPA to collect reasonable user fees for all system-related costs, including development and maintenance. To that end, the EPA charges facilities for each manifest they submit. The EPA’s fee structure establishes different fees for each type of manifest submitted.

The e-Manifest Act, 42 U.S.C. § 6939g, requires the OIG to perform an analysis of the (1) fees collected and disbursed, (2) reasonableness of the fee structure in place as of the date of the audit to meet current and projected costs of the system, (3) level of use of the system by users, and (4) 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. The following subsections detail the results of our analyses.

Fees Collected and Disbursed

The EPA began collecting e-Manifest user fees in August 2018. As the e-Manifest Act requires, the EPA deposited the collected fees into the e-Manifest Fund. The Consolidated Appropriations Act, 2022, did not provide appropriations to the EPA for the operation, maintenance, and upgrading of the e-Manifest system. Therefore, the EPA relied on the fees collected and carryovers from prior appropriations to manage the e-Manifest program during FY 2022. The EPA collected approximately \$24 million in fees and incurred approximately \$11.4 million expenditures in FY 2022. The majority of the expenditures were related to contracts, intragovernmental agreements, and payroll expenses.

Reasonableness of the Fee Structure to Meet Current and Projected Costs

The EPA calculates its manifest fee structure based on the marginal labor cost of processing each manifest type. Pursuant to 40 C.F.R. § 264.1313(a), the EPA must revise the e-Manifest user fees at two-year intervals by using the applicable fee-calculation formula; the most recent program costs; and the manifest-type use numbers. The EPA calculates the manifest-type use numbers by estimating the expected numbers of manifests to be submitted based on actual manifest submissions from the previous fee interval. The EPA must also publish the revised fees through the e-Manifest program website by July 1 of each odd-numbered calendar year. Table 1 describes the fees per manifest type that were effective during FYs 2022 and 2021. The FY 2022 fees are part of the 2022–2023 fee interval, and the FY 2021 fees are part of the 2020–2021 fee interval.

Table 1: FYs 2022 and 2021 fees by manifest type

Manifest type	FY 2022 fee per manifest (\$)	FY 2021 fee per manifest (\$)
Electronic	8.00	8.00
Data plus image upload	13.00	14.00
Image upload	20.00	20.00
Mailed paper	Not Applicable*	25.00

Source: FY 2022 and prior year FY 2021 fee rates published on the EPA’s website. (EPA OIG table)

* After June 30, 2021, the EPA stopped accepting paper manifests submitted by mail. As a result, the EPA did not establish a fee for mailed paper manifests in FY 2022.

As detailed in Table 1, the fees did not significantly change from FY 2021 to FY 2022. The fees for the electronic and image upload manifest types remained the same. The fee for the data plus image upload manifest type decreased slightly. This decrease, per the EPA, was primarily because the Agency had an accurate count of each type of manifest on which to base its 2022–2023 fees, whereas it did not have an accurate count on which to base its 2020–2021 fees and decided to use a revenue recovery adjuster. A *revenue recovery adjuster* allows the EPA to recapture revenue lost in the previous fee cycle.

The e-Manifest Act requires the EPA to establish fees that allow it to recover the full cost of providing system-related services. Our analysis did not identify any indication that the fee structure was not reasonable.

Level of Use of the System

When the e-Manifest system was launched on June 30, 2018, the EPA estimated that it would receive approximately 3 million manifests annually. According to the EPA, the actual number of manifests used was unknown because, prior to the launch of the e-Manifest system, manifests were not nationally collected. The Agency thus relied on estimates from industry and other data sources. As more manifest data became available via the e-Manifest system, the EPA reevaluated these estimates. To calculate the 2022–2023 fee interval, the EPA estimated that it would receive approximately 3.8 million manifests over that two-year cycle, which would equate to 1.9 million per year. In FY 2022, the EPA received approximately 1.7 million manifests. Table 2 describes the total and percentage of billed manifests by type in FY 2022.

Table 2: Total billed manifests in FY 2022 by manifest type

Manifest type	Total manifest	Percentage (%)
Electronic	7,345	0.42
Data plus image upload	1,511,524	87.13
Image upload	215,361	12.42
Mailed paper	*478	0.03
Total	1,734,708	100.00

Source: OIG analysis of EPA data. (EPA OIG table)

* Although the EPA stopped accepting mailed paper manifests in FY 2021 because of a data-processing backlog, these manifests were processed and billed in FY 2022.

At approximately 87 percent, the data plus image upload is the most billed type of manifest under the e-Manifest system. Compared to the electronic manifests, the data plus image upload manifests represent additional costs to the EPA, as well as increased risk of data quality issues. The electronic manifest is the least billed manifest type at 0.42 percent. The EPA prefers electronic manifests, as they are estimated to reduce administrative burdens and increase cost savings.

According to the EPA, cost savings are premised upon robust adoption of the electronic manifests. The hazardous waste industry has shared with the EPA various challenges that prevent users from submitting electronic manifests, such as more familiarity with the paper manifest process, lack of

network access at certain locations, and significant turnover of industry personnel. Per the Agency, the EPA plans to continue implementing improvements to the e-Manifest system to increase full electronic manifest adoption.

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

The e-Manifest Act requires the EPA to recover the full cost of providing system-related services. Based on FY 2022 financial data, the EPA incurred approximately \$11.9 million in program costs and collected approximately \$24 million. The Agency did not receive additional appropriations for FY 2022 but appears to have collected sufficient fees to operate on a self-sustaining basis.

According to the EPA's data, since the launch of the system in 2018, the Agency has billed for over seven million manifests through FY 2022. The Agency's programmatic goal, per 40 C.F.R. § 265.1312(b)(1), was for receiving facilities to submit 75 percent of manifests electronically within four years of the e-Manifest system implementation. However, as of September 30, 2022, the receiving facilities have chosen to use other types of manifests, with less than one-half of a percent of their submissions being electronic manifests, as noted in Table 2. Per the Agency, one of its priorities for the e-Manifest system is to increase electronic manifest use until the industry fully adopts electronic submissions and the EPA can realize the anticipated cost savings. According to the Agency, the EPA intends to focus on outreach activities that will assist with electronic manifest adoption.

Management's Discussion and Analysis

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

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

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" section.

Prior Reports

In our prior-year e-Manifest Fund financial statement audit report—OIG Report No. [22-F-0062](#), *The EPA's Fiscal Years 2021 and 2020 (Restated) Hazardous Waste Electronic Manifest System Fund Financial Statements*, issued September 30, 2022—we identified one material weakness: the EPA did not have

adequate internal control over accounts receivable and earned revenue. The Agency agreed with our audit finding and two recommendations, and it implemented related corrective actions.

During this audit of the EPA's FY 2022 e-Manifest Fund financial statements, we evaluated the Agency's implemented corrective actions for all outstanding recommendations noted in OIG Report No. 22-F-0062, Attachment 2, "Status of Prior Audit Report Recommendations." We now consider all these prior-year recommendations to be completed.

Damon M. Jackson

Damon Jackson
Certified Public Accountant
Director, Financial Directorate
Office of Audit
Office of Inspector General
U.S. Environmental Protection Agency
August 21, 2023

***For the Fiscal Years Ending September 30, 2022 and
2021 (With Restatements) Hazardous Waste Electronic
Manifest System Fund (e-Manifest) Financial
Statements***

**For the Fiscal Years Ending September 30, 2022 and 2021 (With
Restatements)
Hazardous Waste Electronic Manifest System Fund (e-Manifest)
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)
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.

Launched at the end of June of 2018, e-Manifest now receives about 5,000 hazardous waste manifests a day and generates more than \$1 million in fees each month to support the system. EPA estimates that e-Manifest will save state and industry users, on average, \$50 million annually, once electronic manifests are widely adopted. In FY 2022, EPA received ~1.7 million manifests.

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 on EPA's efforts prior to the passage of the e-Manifest Act in 2012, please visit <http://www.epa.gov/osw/hazard/transportation/manifest/e-man-pastmeetings.htm>.

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 the 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 on-going 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 Administration's (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.

In September 2015, as part of the agile development focus, 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 has 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, 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

e-Manifest will follow this path of milestones to system launch and beyond in 2021

- 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
- Winter 2018 – finalize user fee rule
- June 30, 2018 System Launch
- Continued development, enhancements and user outreach
- Summer 2019 – update user fees
- Winter 2020 – deployed updated electronic signature approach
- Summer 2021 – update user fees
- Fall 2021 – engage stakeholders on enhancing electronic adoption
- Fall 2022 – present options for increasing electronic adoption
- Summer 2023 – update user fees

Principal Financial Statements

**U.S. Environmental Protection Agency
Hazardous Waste Electronic Manifest System Fund
Balance Sheet
As of September 30, 2022 and 2021 (Restated)
(Dollars in Thousands)**

	2022	Restated 2021
ASSETS		
Intragovernmental:		
Fund Balance With Treasury (Note 2)	\$ 32,240	\$ 19,312
Accounts Receivable, Net (Note 3)	4	-
Advances and Prepayments	7	1
Total Intragovernmental	32,251	19,313
Other Than Intragovernmental		
Accounts Receivable, Net (Restated) (Notes 3 and 16)	2,210	2,558
General Property, Plant and Equipment, Net (Note 5)	862	2,243
Total Other Than Intragovernmental	3,072	4,801
Total Assets	\$ 35,323	\$ 24,114
LIABILITIES		
Intragovernmental:		
Other Liabilities (Note 7)	\$ 78	\$ 97
Total Intragovernmental	78	97
Other Than Intragovernmental:		
Accounts Payable (Note 4)	341	760
Federal Employee Benefits Payable (Note 6)	144	143
Other Liabilities (Note 7)	825	1,392
Total Other Than Intragovernmental	1,310	2,295
Total Liabilities	\$ 1,388	\$ 2,392
NET POSITION		
Unexpended Appropriations - Funds from Dedicated Collections	\$ 211	\$ 211
Cumulative Results of Operations - Funds from Dedicated Collections (Restated)	33,724	21,511
Total Net Position	33,935	21,722
Total Liabilities and Net Position	\$ 35,323	\$ 24,114

The accompanying notes are an integral part of these financial statements
EPA's FY 2022 e-Manifest Financial Statements

U.S. Environmental Protection Agency
Hazardous Waste Electronic Manifest System Fund
Statement of Net Cost
For the Fiscal Years Ended September 30, 2022 and 2021 (Restated)
(Dollars in Thousands)

	<u>2022</u>	<u>Restated 2021</u>
COSTS		
Gross Costs	\$ 11,980	\$ 17,603
Expenses from Other Appropriations (Note 12)	2,228	3,162
Less: Earned Revenue (Restated) (Note 16)	<u>23,958</u>	<u>24,163</u>
NET COST OF OPERATIONS (Notes 14, 15, and 16)	<u><u>\$ (9,750)</u></u>	<u><u>\$ (3,398)</u></u>

The accompanying notes are an integral part of these financial statements
EPA's FY 2022 e-Manifest Financial Statements

U.S. Environmental Protection Agency
Hazardous Waste Electronic Manifest System Fund
Statement of Changes in Net Position
For the Fiscal Years Ended September 30, 2022 and 2021 (Restated)
(Dollars in Thousands)

	2022	Restated 2021
UNEXPENDED APPROPRIATIONS:		
Beginning Balance	\$ 211	\$ 94
Correction of errors (Note 16)	<u>-</u>	<u>187</u>
Beginning Balance, as Adjusted	211	281
Other Adjustments (Note 11)	<u>-</u>	<u>(70)</u>
Change in Unexpended Appropriations	-	(70)
Total Unexpended Appropriations	<u>\$ 211</u>	<u>\$ 211</u>
CUMULATIVE RESULTS OF OPERATIONS:		
Beginning Balance	\$ 21,511	\$ 17,682
Correction of errors (Note 16)	<u>-</u>	<u>(2,988)</u>
Beginning Balance, as Adjusted	21,511	14,694
Income from Other Appropriations (Note 12)	2,228	3,162
Imputed Financing	235	257
Net Cost of Operations (Restated) (Note 16)	<u>9,750</u>	<u>3,398</u>
Net Change in Cumulative Results of Operations (Restated)	<u>12,213</u>	<u>6,817</u>
Total Cumulative Results of Operations (Restated)	<u>33,724</u>	<u>21,511</u>
NET POSITION (Restated)	<u>\$ 33,935</u>	<u>\$ 21,722</u>

The accompanying notes are an integral part of these financial statements
EPA's FY 2022 e-Manifest Financial Statements

U.S. Environmental Protection Agency
Hazardous Waste Electronic Manifest System Fund
Statement of Budgetary Resources
For the Fiscal Years Ended September 30, 2022 and 2021
(Dollars in Thousands)

	2022	2021
BUDGETARY RESOURCES		
Unobligated Balance From Prior Year Budget Authority, Net (discretionary and mandatory) (Note 8)	\$ 10,008	\$ 6,166
Spending Authority from Offsetting Collections (discretionary and mandatory)	<u>24,229</u>	<u>25,462</u>
Total Budgetary Resources	<u>\$ 34,237</u>	<u>\$ 31,628</u>
STATUS OF BUDGETARY RESOURCES		
New Obligations and Upward adjustments (total)	\$ 12,630	\$ 21,652
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	21,396	9,765
Expired Unobligated Balance, End of Year	<u>211</u>	<u>211</u>
Unobligated Balance, End of Year (total): (Note 9)	<u>21,607</u>	<u>9,976</u>
Total Budgetary Resources	<u>\$ 34,237</u>	<u>\$ 31,628</u>
OUTLAYS, NET		
Outlays, Net (total) (discretionary and mandatory) (Note 9)	\$ <u>(12,928)</u>	\$ <u>(8,593)</u>
Agency Outlays, Net (discretionary and mandatory)	<u>(12,928)</u>	<u>(8,593)</u>

The accompanying notes are an integral part of these financial statements
EPA's FY 2022 e-Manifest Financial Statements

U.S. Environmental Protection Agency
Hazardous Waste Electronic Manifest System Fund
Notes to the Financial Statements
Fiscal Years Ended September 30, 2022 and September 30, 2021
(Dollars in Thousands)

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The EPA was created in 1970 by executive reorganization from various components of other federal agencies to better marshal and coordinate federal pollution control efforts. The Agency is generally organized around the media and substances it regulates - air, water, 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 user 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* revised June 3, 2022, 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 the OMB directives that are used to monitor and control the EPA's use of budgetary resources.

C. Budgets and Budgetary Accounting

For fiscal years 2022 and 2021, the e-Manifest fund was funded through offsetting collections. For fiscal year 2020 and prior, the e-Manifest fund was funded through both appropriations and offsetting collections.

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 is the official standard-setting body for the Federal Government and the American Institute of Certified Public Accountants (AICPA). 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 liabilities are incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds posted in accordance with OMB directives and the U.S. Treasury regulations.

U.S. Environmental Protection Agency
Hazardous Waste Electronic Manifest System Fund
Notes to the Financial Statements
Fiscal Years Ended September 30, 2022 and September 30, 2021
(Dollars in Thousands)

E. Revenues and Other Financing Sources

For fiscal years 2022 and 2021, EPA received funding from fees collected and recognized revenues from collections to the extent that expenses were incurred during the fiscal year.

F. Funds with the Treasury

The e-Manifest fund deposits receipts and processes disbursements through its operating account maintained at the U.S. Department of Treasury.

G. 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 fiscal year 2017, 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. The Hazardous Waste Electronic Manifest System was placed into production on August 23, 2018.

H. 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 authorized for retention. 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. Liabilities of the Agency arising from other than contracts can be abrogated by the Government acting in its sovereign capacity.

I. 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 "Federal Employee Benefits Payable." Sick leave earned but not taken is not accrued as a liability; it is expensed as it is used.

U.S. Environmental Protection Agency
Hazardous Waste Electronic Manifest System Fund
Notes to the Financial Statements
Fiscal Years Ended September 30, 2022 and September 30, 2021
(Dollars in Thousands)

J. 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, 1987, the Federal Employees Retirement System (FERS) went into effect pursuant to Public Law 99-335. Most employees hired after December 31, 1986, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1987, 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.

K. Prior Period Adjustments and Restatements

Prior period adjustments, if any, are made in accordance with SFFAS No. 21, *Reporting Corrections of Errors and Changes in Accounting Principles*. Specifically, prior period adjustments will only be made for material prior period errors to: (1) the current period financial statements, and (2) the prior period financial statements presented for comparison. Adjustments related to changes in accounting principles will only be made to the current period financial statements, but not to prior period financial statements presented for comparison. For detailed information on the restatements of the FY 2021 e-Manifest Financial Statements, refer to Note 16, Restatements.

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, including environmental and grant liabilities, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

M. Reclassifications and Comparative Figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements in accordance with Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements* revised June 3, 2022. As a result, the form and content of the Balance Sheet, Statement of Changes in Net Position and footnotes have changed to conform with OMB Circular No. A-136.

U.S. Environmental Protection Agency
Hazardous Waste Electronic Manifest System Fund
Notes to the Financial Statements
Fiscal Years Ended September 30, 2022 and September 30, 2021
(Dollars in Thousands)

Note 2. Fund Balance With Treasury (FBWT)

Fund Balance with Treasury as of September 30, 2022 and 2021, consists of the following:

	<u>2022</u>			<u>2021</u>		
	Entity Assets	Non-Entity Assets	Total	Entity Assets	Non-Entity Assets	Total
Revolving Funds:						
E-Manifest	\$ 32,240	\$ -	\$ 32,240	\$ 19,312	\$ -	\$ 19,312
Total	<u>\$ 32,240</u>	<u>\$ -</u>	<u>\$ 32,240</u>	<u>\$ 19,312</u>	<u>\$ -</u>	<u>\$ 19,312</u>

Status of Fund Balances:

	<u>2022</u>	<u>2021</u>
Unobligated Amounts in Fund Balance:		
Available for Obligation	\$ 21,396	\$ 9,765
Unavailable for Obligation	211	211
Obligated Balance not yet Disbursed	<u>10,633</u>	<u>9,336</u>
Total	<u>\$ 32,240</u>	<u>\$ 19,312</u>

Note 3. Accounts Receivable, Net (Restated)

Accounts Receivable as of September 30, 2022 and 2021, consist of the following:

	<u>2022</u>	<u>(Restated) 2021</u>
Intragovernmental:		
Accounts Receivable	\$ 4	\$ -
Total	<u>\$ 4</u>	<u>\$ -</u>
Other Than Intragovernmental:		
Accounts Receivable (Restated)	\$ 2,231	\$ 2,567
Less: Allowance for Uncollectible	<u>(21)</u>	<u>(9)</u>
Total	<u>\$ 2,210</u>	<u>\$ 2,558</u>

The Allowance for Uncollectible Accounts is determined both on a specific identification basis, because of a case-by-case review of receivables, and on a percentage basis for receivables not specifically identified.

Note 4. Accounts Payable

Accounts Payable are current liabilities and consist of the following amounts as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Other Than Intragovernmental:		
Accounts Payable	\$ 341	\$ 760
Total	<u>\$ 341</u>	<u>\$ 760</u>

U.S. Environmental Protection Agency
Hazardous Waste Electronic Manifest System Fund
Notes to the Financial Statements
Fiscal Years Ended September 30, 2022 and September 30, 2021
(Dollars in Thousands)

Note 5. General Property, Plant and Equipment, Net

As of September 30, 2022, General PP&E Cost consisted of the following:

	2022						
	<u>EPA- Held Equipment</u>	<u>Software (production)</u>	<u>Software (development)</u>	<u>Contractor Held Equipment</u>	<u>Land and Buildings</u>	<u>Capital Leases</u>	<u>Total</u>
Balance, Beginning of Year	\$ -	\$ 6,907	\$ -	\$ -	\$ -	\$ -	\$ 6,907
Balance, End of Year	<u>\$ -</u>	<u>\$ 6,907</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,907</u>

As of September 30, 2022, General PP&E Accumulated Depreciation consisted of the following:

	2022						
	<u>EPA- Held Equipment</u>	<u>Software (production)</u>	<u>Software (development)</u>	<u>Contractor Held Equipment</u>	<u>Land and Buildings</u>	<u>Capital Leases</u>	<u>Total</u>
Balance, Beginning of Year	\$ -	\$ 4,664	\$ -	\$ -	\$ -	\$ -	\$ 4,664
Depreciation Expense	-	1,381	-	-	-	-	1,381
Balance, End of Year	<u>\$ -</u>	<u>\$ 6,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,045</u>

As of September 30, 2022, General PP&E, Net consisted of the following:

	2022						
	<u>EPA- Held Equipment</u>	<u>Software (production)</u>	<u>Software (development)</u>	<u>Contractor Held Equipment</u>	<u>Land and Buildings</u>	<u>Capital Leases</u>	<u>Total</u>
Balance, End of Year, Net	<u>\$ -</u>	<u>\$ 862</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 862</u>

U.S. Environmental Protection Agency
Hazardous Waste Electronic Manifest System Fund
Notes to the Financial Statements
Fiscal Years Ended September 30, 2022 and September 30, 2021
(Dollars in Thousands)

As of September 30, 2021, General PP&E Cost consisted of the following:

	2021						Total
	EPA- Held Equipment	Software (production)	Software (development)	Contractor Held Equipment	Land and Buildings	Capital Leases	
Balance, Beginning of Year	\$ -	\$ 6,907	\$ -	\$ -	\$ -	\$ -	\$ 6,907
Balance, End of Year	\$ -	\$ 6,907	\$ -	\$ -	\$ -	\$ -	\$ 6,907

As of September 30, 2021, General PP&E Accumulated Depreciation consisted of the following:

	2021						Total
	EPA- Held Equipment	Software (production)	Software (development)	Contractor Held Equipment	Land and Buildings	Capital Leases	
Balance, Beginning of Year	\$ -	\$ 3,283	\$ -	\$ -	\$ -	\$ -	\$ 3,283
Depreciation Expense	-	1,381	-	-	-	-	1,381
Balance, End of Year	\$ -	\$ 4,664	\$ -	\$ -	\$ -	\$ -	\$ 4,664

As of September 30, 2021, General PP&E, Net consisted of the following:

	2021						Total
	EPA- Held Equipment	Software (production)	Software (development)	Contractor Held Equipment	Land and Buildings	Capital Leases	
Balance, End of Year, Net	\$ -	\$ 2,243	\$ -	\$ -	\$ -	\$ -	\$ 2,243

U.S. Environmental Protection Agency
Hazardous Waste Electronic Manifest System Fund
Notes to the Financial Statements
Fiscal Years Ended September 30, 2022 and September 30, 2021
(Dollars in Thousands)

Note 6. Federal Employee Benefits Payable

Payroll and benefits payable to the EPA employees for the years September 30, 2022, and 2021, consist of the following:

	<u>Covered by Budgetary Resources</u>	<u>Not Covered by Budgetary Resources</u>	<u>Total</u>
FY 2022 Payroll and Benefits Payable			
Accrued Unfunded Annual Leave	\$ -	\$ 144	\$ 144
Total - Non-Current	<u>\$ -</u>	<u>\$ 144</u>	<u>\$ 144</u>

	<u>Covered by Budgetary Resources</u>	<u>Not Covered by Budgetary Resources</u>	<u>Total</u>
FY 2021 Payroll and Benefits Payable			
Accrued Unfunded Annual Leave	\$ -	\$ 143	\$ 143
Total - Non-Current	<u>\$ -</u>	<u>\$ 143</u>	<u>\$ 143</u>

Note 7. Other Liabilities

Other Liabilities consist of the following as of September 30, 2022:

	<u>Covered by Budgetary Resources</u>	<u>Not Covered by Budgetary Resources</u>	<u>Total</u>
Intragovernmental			
Current			
Accrued Liabilities	78	-	78
Total Intragovernmental	<u>78</u>	<u>-</u>	<u>78</u>
Other Than Intragovernmental			
Current			
Accrued Funded Payroll and Benefits	\$ 104	\$ -	\$ 104
Other	721	-	721
Total Other Than Intragovernmental	<u>\$ 825</u>	<u>\$ -</u>	<u>\$ 825</u>

U.S. Environmental Protection Agency
Hazardous Waste Electronic Manifest System Fund
Notes to the Financial Statements
Fiscal Years Ended September 30, 2022 and September 30, 2021
(Dollars in Thousands)

Other Liabilities consist of the following as of September 30, 2021:

	Covered by Budgetary Resources	Not Covered by Budgetary Resources	Total
Current			
Accrued Liabilities	\$ <u>97</u>	\$ <u>-</u>	\$ <u>97</u>
Non-Current			
Total Intragovernmental	\$ <u>97</u>	\$ <u>-</u>	\$ <u>97</u>
Other Liabilities - Other Than Intragovernmental			
Current			
Accrued Funded Payroll and Benefits	\$ 102	\$ -	\$ 102
Other	<u>1,290</u>	<u>-</u>	<u>1,290</u>
Total Other Than Intragovernmental	<u>1,392</u>	<u>-</u>	<u>1,392</u>

Note 8. Recoveries and Resources Not Available, Statement of Budgetary Resources

Recoveries of Prior Year Obligations, Temporarily Not Available, and Permanently Not Available on the Statement of Budgetary Resources consist of the following amounts for September 30, 2022, and 2021:

	2022	2021
Unobligated Balance Brought Forward, Oct 1.	\$ <u>9,976</u>	\$ <u>6,190</u>
Adjustments to Budgetary Resources Made During the Current Year		
Downward Adjustments of Prior Year Undelivered Orders	32	13
Cancelled Authority	-	(70)
Other Adjustments	<u>-</u>	<u>33</u>
Total	\$ 32	\$ (24)
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory)	<u>10,008</u>	<u>6,166</u>

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Note 9. Unobligated Balances Available

Unobligated balances are a combination of two lines on the Statement of Budgetary Resources: Apportioned and Expired Unobligated Balances. Unapportioned, unexpired balances are available to be apportioned by the OMB for new obligations at the beginning of the following fiscal year. The expired unobligated balances are only available for upward adjustments of existing obligations.

The unobligated balances available consist of the following as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Apportioned, Unexpired Accounts	\$ 21,396	\$ 9,765
Expired Unobligated Balance, End of Year	<u>211</u>	<u>211</u>
Total	<u>\$ 21,607</u>	<u>\$ 9,976</u>

Note 10. Undelivered Orders at the End of the Period

Budgetary resources obligated for undelivered orders as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Intragovernmental:		
Unpaid Undelivered Orders	\$ 3,088	\$ 1,572
Paid Undelivered Orders	7	1
Other Than Intragovernmental:		
Unpaid Undelivered Orders	<u>6,310</u>	<u>5,516</u>
Total	<u>\$ 9,405</u>	<u>\$ 7,089</u>

Note 11. Other Adjustments, Statement of Changes in Net Position

The Other Adjustments in Budgetary Financing Sources on the Statement of Changes in Net Position consist of cancellation of funds that expired 5 years ago. These amounts affect Unexpended Appropriations. As of September 30, 2022, there were no other adjustments. As of September 30, 2021, the amount of cancelled general authority was \$70 thousand.

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Note 12. Income and Expenses from Other Appropriations

The Statement of Net Cost reports the program costs that include the full cost 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.

During FYs 2022 and 2021, the indirect rate was 18.60% and 17.96%, respectively.

As illustrated below there is no impact on e-Manifest's Statement of Changes in Net Position.

	<u>2022</u>	<u>2021</u>
Income from Other Appropriations	\$ 2,228	\$ 3,162
Expenses from Other Appropriations	<u>2,228</u>	<u>3,162</u>
Net Effect	<u>\$ -</u>	<u>\$ -</u>

Note 13. Exchange Revenues, Statement of Net Cost

For FYs 2022 and 2021, the exchange revenues reported on the Statement of Net Cost include both Federal and Non-Federal amounts.

Note 14. Intragovernmental Costs and Exchange Revenue (Restated)

	<u>2022</u>	<u>(Restated) 2021</u>
Costs:		
Intragovernmental	\$ 2,042	\$ 2,558
Other than Intragovernmental	9,938	15,045
Expenses from Other Appropriations	<u>2,228</u>	<u>3,162</u>
Total Costs	<u>\$ 14,208</u>	<u>\$ 20,765</u>
Revenue:		
Intragovernmental	13	-
Other than Intragovernmental (Restated)	<u>23,945</u>	<u>24,163</u>
Total Revenue	23,958	24,163
Net Cost of Operations:	<u>\$ (9,750)</u>	<u>\$ (3,398)</u>

Intragovernmental costs relate to the source of the goods or services not the classification of the related revenue.

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Note 15. Reconciliation of Net Costs to Net Outlays (Restated)

For the Fiscal Year Ended September 30, 2022:

	<u>Intra- governmental</u>	<u>Other Than Intra- governmental</u>	<u>Total 2022</u>
NET COST	\$ 2,029	\$ (11,779)	\$ (9,750)
Components of Net Cost That Are Not Part of Net Outlays:			
Property, Plant and Equipment Depreciation	-	(1,381)	(1,381)
Expenses from Other Appropriations	-	(2,228)	(2,228)
Increase/(Decrease) in Assets:			
Accounts Receivable	4	(347)	(343)
Other Assets	6	-	6
(Increase)/Decrease in Liabilities:			
Accounts Payable and Accrued Liabilities	19	418	437
Other Liabilities	-	566	566
Financing Sources:			
Imputed Financing	<u>(235)</u>	<u>-</u>	<u>(235)</u>
Total Components of Net Cost That Are Not Part of Net Outlays	(206)	(2,972)	(3,178)
NET OUTLAYS	\$ <u>1,823</u>	\$ <u>(14,751)</u>	\$ <u>(12,928)</u>

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For the Fiscal Year Ended September 30, 2021 (Restated):

	<u>Intra- governmental</u>	<u>Other Than Intra- governmental</u>	<u>Total 2021</u>
NET COST (Restated)	\$ 2,558	\$ (5,956)	\$ (3,398)
Components of Net Cost That Are Not Part of Net Outlays:			
Property, Plant and Equipment Depreciation	-	(1,381)	(1,381)
Expenses from Other Appropriations	-	(3,162)	(3,162)
Increase/(Decrease) in Assets:			
Accounts Receivable (Restated)	-	(1,324)	(1,324)
Other Assets	(10)	-	(10)
(Increase)/Decrease in Liabilities:			
Accounts Payable and Accrued Liabilities	(32)	469	437
Federal Employee Payroll and Benefits Payable	-	(27)	(27)
Other Liabilities	9	525	534
Financing Sources:			
Imputed Financing	(257)	-	(257)
Total Components of Net Cost That Are Not Part of Net Outlays	2,268	(10,856)	(8,588)
Other Temporary Timing Differences	-	(5)	(5)
NET OUTLAYS	\$ 2,268	\$ (10,861)	\$ (8,593)

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position, so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting. The reconciliation explains the relationship between the net cost of operations and net outlays by presenting components of net cost that are not part of net outlays (e.g., depreciation and amortization expenses of assets previously capitalized, change in asset/liabilities), components of net outlays that are not part of net cost (e.g., acquisition of capital assets), other temporary timing difference (e.g., prior period adjustments due to correction of errors). The analysis above illustrates this reconciliation by listing the key differences between net cost and net outlays.

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Note 16. Restatements

The FY 2021 financial statements were restated because of errors in accounts receivable and revenue due to timing and duplicate billings. The agency implemented an integrated billing system in fiscal year 2022 which will eliminate the timing and duplicate billing issues.

In addition, the Agency identified a prior correction to unexpended appropriations that was reversed. EPA has restated its unexpended appropriations balance to negate this reversal.

For the Year Ended September 30, 2021	Previously Reported	Restatement	Restated Amount
Accounts Receivable, Net	\$ 4,785	(2,227)	\$ 2,558
Earned Revenue	\$ 23,589	574	\$ 24,163
Net Cost of Operations	\$ (2,824)	(574)	\$ (3,398)
Unexpended Appropriations Beginning Balance	\$ 94	187	\$ 281
Cumulative Results of Operations Beginning Balance	\$ 17,682	(2,988)	\$ 14,694

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U.S. Environmental Protection Agency

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