

**ELECTRONICS MANAGEMENT FUND DISTRIBUTIONS
ELECTRONICS MANAGEMENT PROGRAM**

State Authorization: GS 130A-309.137

**N.C. Department of Environmental Quality
Division of Waste Management**

**Agency Contact Person - Program and
Financial**

Program:

John Patrone
Environmental Specialist
919-280-4814
john.patrone@deq.nc.gov

Financial:

Leslie Aycock
Budget Officer
919-707- 8274

Address Confirmation Letters To

Perry Sugg
Solid Waste Section
NC Department of Environmental Quality
1646 Mail Service Center
Raleigh, NC 27699-1646
919-707-8258
perry.sugg@deq.nc.gov

The auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current.

The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

Auditors may request documentation of monitoring visits by the State Agencies.

I. PROGRAM OBJECTIVES

The electronics management program is designed to encourage proper management of discarded televisions and computer equipment. Local governments are encouraged to accept discarded electronics at collection centers or through curbside collection.

II. PROGRAM PROCEDURES

An initial registration fee and annual renewal fee is charged to manufacturers of televisions and computer equipment. The fees aid the unit of local government’s electronics management programs.

The Department distributes the funds collected to the local governments annually by February 15 on a pro rata basis. The distribution amount each year equals the total of the fees collected from computer equipment manufacturers (although 10% of the revenue from computer equipment manufacturers and 100% revenue from television manufacturers may be retained for administration of the Program).

The Electronics Management Fund was established, in part, to provide the funds units of local governments may need to aid in the high costs of recycling and transporting discarded electronics.

ELECTRONICS MANAGEMENT FUND DISTRIBUTIONS, ELECTRONICS MANAGEMENT PROGRAM

III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements that are applicable to the State program. These Types are determined by the State agency noted by "Y."

If the Matrix indicates "Y," the auditor must determine if a particular type of compliance requirement has a direct and material effect on the State program for the auditee.

1	2	3	4	5	6	7	8	9	10	12	13	14
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Conflict of Interest	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	Y	N	Y	N	Y	N	N	Y	N	Y

1. Activities Allowed or Unallowed

Compliance Requirements

Each unit of local government (ULG) which receives funds must have submitted an electronics management plan to the Department. The purposes for which a ULG may use its funds distributions include:

- Operating costs associated with managing electronics. This includes such expenses as transportation and costs charged by electronics' recyclers and may also include labor at county electronics collection facilities.
- Capital improvements for infrastructure to manage discarded electronics, including trailers, loading equipment, and concrete pads.
- Educational materials

A ULG shall not use fund distributions for an expense that does not directly relate to the management of discarded electronics.

A unit of local government is not eligible for a funds distribution unless its electronics management plan includes the necessary components according to G.S. 130A-309.137 and is approved by the Department.

Audit Objectives

1. Determine whether funds distributions are being used only for the management of electronics.

ELECTRONICS MANAGEMENT FUND DISTRIBUTIONS, ELECTRONICS MANAGEMENT PROGRAM

Suggested Audit Procedures

1. Check with the ULG solid waste manager and finance officer to determine how electronics management expense is determined and how the ULG is using the funds.
2. Verify how the ULG is using the funds through accounting records or the General Ledger.
3. Verify expenditures from the General Ledger from the prior fiscal year.
4. Require that ULG use only recycling contractors who are e-Steward or R2 certified.

2. Allowable Costs/Costs Principles

Compliance Requirements

Units of local governments are eligible for a distribution equal to the total amount available in the fund on a pro rata basis. Funds shall only be used for the management of electronics.

Audit Objectives

Determine whether the reported tonnage and expenses are accurate.

Suggested Audit Procedures

1. Confer with the ULG solid waste manager and finance officer to determine how electronics management tonnage and expense is determined.
2. Determine what categories of expense are included, such as contract costs, equipment maintenance, labor (assisting the public, hauling, equipment operation, loading, etc.). After determining what costs are included, verify that expenses are applicable to the programs.
3. Confirm the costs reported are only for electronics management. If an expense benefits both electronics and another program, it will be necessary to verify that the costs are pro-rated.

4. Conflict of Interest

Compliance Requirement

G.S. §14-234 includes a general prohibition against any public official having a personal interest in any contract to which he/she is a party in his/her official capacity. Any other statute or agency policy that applies should be tested as part of this compliance requirement.

Non-State entities, other than non-State entities subject to the reporting requirements of the Local Government Commission (G.S. §159-34), shall file with the State agency disbursing funds to the non-State entity a copy of that non-State entity's policy addressing conflicts of interest that may arise involving the grantee's management employees and the members of its board of directors or other governing body.

Audit Objective

Determine whether there is a conflict of interest involved in the administration of the program.

Suggested Audit Procedure – Compliance

Auditors should review contracts to ensure that the beneficiary or contractor is not an employee or agent of the non-state agency (recipient) who exercises any function or

ELECTRONICS MANAGEMENT FUND DISTRIBUTIONS, ELECTRONICS MANAGEMENT PROGRAM

responsibility with regard to the non-state agency (recipient) has received written waiver of the conflicts of interest provision from the contractor.

Auditors should review policy addressing conflicts of interest to ensure that the policy is being followed, that any violations are addressed, and that appropriate action is taken.

Confirm that a conflicts of interest statement was signed by all employees, officers, and key contractors.

6. Equipment and Real Property Management

Compliance Requirements

The requirements for the use, management, and disposal of equipment are contained in the project/program legislation, laws, regulations, and the term and conditions of the State Awards. The State Agency and the Local Government may have adopted requirements found in 2 CFR 200.313 (equipment), as applied to State awards.

Audit Objectives

Determine whether disposition or encumbrance of any equipment or real property acquired or improved under State awards is in accordance with State requirements, any County procedures, and the terms and conditions of the contract or grant agreement. If applicable, determine whether the State awarding agency was properly compensated for its portion of any property sold or converted to non-State use.

Suggested Audit Procedures

Select a sample from all equipment acquired under State awards from the property records, verify that the property records contain the required information. Physically inspect the equipment and determine whether the equipment is appropriately safeguarded and maintained.

For dispositions of equipment acquired under grants and cooperative agreements, verify that the non-State entity followed the instructions of the State awarding agency, and that the disposal is in accordance with laws, regulations, and the provisions of contracts and grant agreements.

8. Period of Performance

Compliance Requirements

Reported expenses must have occurred during the timeframe of the grant cycle: reimbursement of expenses that occurred during the previous six-month period.

Audit Objectives

Determine whether reported expenses of State funds occurred during the timeframe of the grant cycle.

Suggested Audit Procedures

Test a sample of transactions that were charged to the state project during the period of availability and verify that the underlying obligations occurred within the period of availability.

12. Reporting

Compliance Requirements

Each ULG must complete an annual report on a form prescribed by the Division and

ELECTRONICS MANAGEMENT FUND DISTRIBUTIONS, ELECTRONICS MANAGEMENT PROGRAM

submit it by September 1 each year. This is part of the requirements in G.S. 130A-309.09A.

Audit Objectives

Determine whether reporting is accurate and reliable.

Suggested Audit Procedures

Review ULG fund account information, recycling procedures, and recycler information, to include proof of contract or agreement.

Perform analytical procedures on reported amounts, ascertaining the reason for any unexpected differences.

Select a sample of reports and test specified line items for accuracy and completeness.

14. Special Tests and Provisions

Compliance Requirements

The funds distribution is to provide reimbursement to ULG for expenditures incurred for the collection and recycling of electronics.

Audit Objectives

Determine that distributed monies from the Fund are used for a program to manage discarded computer equipment, televisions, and other electronic devices..

Suggested Audit Procedures

1. The ULG is required to report the intended use of distributed monies from the Fund.
2. Report by September 1 annually, as required by G.S. 130A-309.09A. The ULG is required to provide information regarding permanent recycling programs for discarded computer equipment and televisions for which funds are received and information on operative inter-local agreements executed in conjunction with the distributed monies from the Fund.
3. An Electronics Management Fund Plan submitted by the ULG, required by G.S. 130A-309.137, is required to show amounts of electronics recovered and the method of recovery (contract or agreement with a certified recycler).