

ELECTRONICS MANAGEMENT FUND DISTRIBUTIONS

ELECTRONICS MANAGEMENT PROGRAM

State Authorization: GS 130A-309.137

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

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The auditor may not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor shall be prepared to justify departures from the suggested procedures. The auditor may 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

A registration and annual fee is charged to manufacturers of televisions and computer equipment. The fees aid the county’s electronics management programs.

The Department distributes the fees to the local governments annually on February 15 on a per capita basis. The distribution amount each year equals the total of the revenue generated 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 local governments may need to aid in the high costs of recycling and transporting discarded electronics.

III. COMPLIANCE REQUIREMENTS

1. Activities Allowed or Unallowed

Compliance Requirements

Each local government which receives funds must include an electronics management plan to the Department. The purposes for which a county may use the distributions include:

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

A county shall not use 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 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 distributions are being used only for management of electronics.

Suggested Audit Procedures

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

2. Allowable Costs/Costs Principles

Compliance Requirements

Local governments are eligible for a distribution equal to the total amount available in the fund per capita. Funds shall only be used for the management of electronics.

Audit Objectives

Determine whether the reported expenses are accurate.

Suggested Audit Procedures

1. Confer with the county solid waste manager and finance officer to determine how electronics management 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 Requirements

Refer to GS 14-234 regarding conflict of interest for local governments.

Audit Objectives

Determine compliance with GS 14-234.

Suggested Audit Procedures

Verify compliance with GS 14-234.

6. Equipment and Real Property Management

Compliance Requirements

The county shall follow local procedures and policies for equipment management.

Audit Objectives

Ensure the county follows all local procedures for equipment management.

Suggested Audit Procedures

Obtain a description of local procedures and policies for equipment management and determine it is being followed for equipment purchased by Electronics Management Fund distributions.

8. Period of Availability of State Funds

Compliance Requirements

Reported expenses occur annually to the Department.

Audit Objectives

Determine whether reported distribution use was for electronics recycling and recovery.

Suggested Audit Procedures

Audit county reports.

12. Reporting

Compliance Requirements

Each county must complete an annual report on a form prescribed by the Division and submit it by September 1 each year. This is part of the requirements in GS 130A-309.137.

Audit Objectives

Determine whether reporting is accurate and reliable.

Suggested Audit Procedures

Tabulation of the amount collected by local government and the distributions amounts.

14. Special Tests and Provisions

Compliance Requirements

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

Audit Objectives

Determine fund is used only for electronics collection and recycling.

Suggested Audit Procedures

1. Immediately after distribution the local government is asked to report the intended use of the funds.
2. End of year reporting by the local government, required by GS 130A-309.09A, is required to show amounts of electronics recovered and the method of recovery.