



Report Highlights

Department of Environmental Quality

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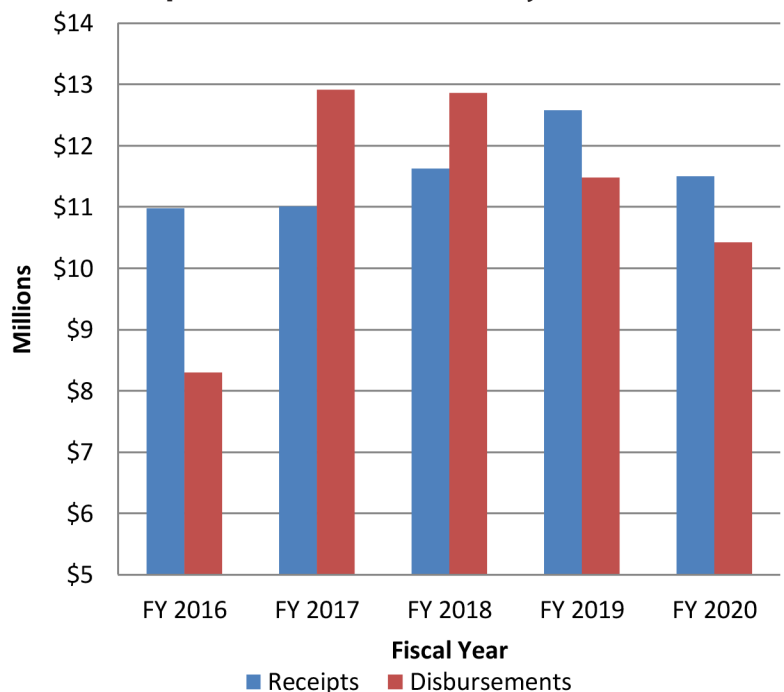
Why We Conducted This Work

We performed certain procedures at the Department of Environmental Quality (DEQ) to evaluate its accountability over public funds and compliance with state laws and regulations for the period July 1, 2018, through June 30, 2020.

What We Found

- For the seventh consecutive engagement, DEQ has not fully implemented effective monitoring procedures over the Waste Tire Management Program (WTMP) to ensure that waste tire data used to calculate subsidized payments to waste tire processors is reasonable. For the period July 1, 2007, through June 30, 2020, DEQ disbursed \$130.6 million in subsidies to six waste tire processors. We first reported weaknesses in controls over payments to WTMP processors in our engagement that covered fiscal years 2008 and 2009.
- DEQ did not timely deactivate fuel card personal identification numbers (PINs) for individuals upon separation of employment with the department, and DEQ did not monitor PINs to ensure that only employees with a business need had access, increasing the risk of unauthorized use.
- DEQ did not have an effective internal audit function and did not fully adhere to the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing during fiscal years 2019 and 2020, increasing the risk that DEQ's internal control processes will not be effective or efficient.
- We compared the most current and prior-year financial activity. In three of the past five fiscal years, fees collected for waste tires exceeded program disbursements. In fiscal year 2016, amounts payable to a processor were withheld due to litigation; however, the outstanding payments were made through a settlement in 2017. In fiscal years 2019 and 2020, processor requests for payment were lower than in previous years.

WTMP Receipts and Disbursements, by Fiscal Year (FY)



Source: Prepared by legislative auditor's staff using agency-generated reports