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OFFICE OF LEGISLATIVE SERVICES
OFFICE OF THE STATE AUDITOR

Department of Environmental Protection
Division of Sustainable Waste Management
Bureau of Recycling and Hazardous Waste Management
Electronic Waste Program

July 1, 2022 to June 30, 2025

David J. Kaschak
State Auditor



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125 SOUTH WARREN STREET • P.O. BOX 067 • TRENTON, NJ 08625-0067
www.njleg.gov

OFFICE OF THE STATE AUDITOR
609-847-3470

David J. Kaschak
State Auditor

Brian M. Klingele
Assistant State Auditor

Thomas Troutman
Assistant State Auditor

The Honorable Philip D. Murphy
Governor of New Jersey

The Honorable Nicholas P. Scutari
President of the Senate

The Honorable Craig J. Coughlin
Speaker of the General Assembly

Ms. Maureen McMahon
Executive Director
Office of Legislative Services

Enclosed is our report on the audit of the Department of Environmental Protection, Division of Sustainable Waste Management, Bureau of Recycling and Hazardous Waste Management, Electronic Waste Program for the period of July 1, 2022 to June 30, 2025. If you would like a personal briefing, please call me at (609) 847-3470.

A handwritten signature in cursive script that reads "David J. Kaschak".

David J. Kaschak
State Auditor
November 5, 2025

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Scope

We have completed an audit of the Department of Environmental Protection (department), Division of Sustainable Waste Management (division), Bureau of Recycling and Hazardous Waste Management (bureau), Electronic Waste Program (program) for the period July 1, 2022 to June 30, 2025. Our audit included financial activities accounted for in the state’s General Fund and the program’s operational activities related to the oversight of the recycling of covered electronic devices (CEDs) within the state.

The program’s primary source of revenue comes from annual registration fees paid by CED manufacturers and authorized recyclers responsible for handling their recycling. The following table summarizes the program’s revenue and expenditures during the audit period:

| Electronic Waste Program | Fiscal Year | | |
|---------------------------------|--------------------|---------------------|---------------------|
| | 2023 | 2024 | 2025 |
| Revenue | \$ 482,402 | \$ 621,267 | \$ 370,000 |
| Expenditures | \$ 576,574 | \$ 772,276 | \$ 547,487 |
| Net Income (Loss) | \$ (94,172) | \$ (151,009) | \$ (177,487) |

The goal of the program is to provide a structured, statewide system for the safe, accessible, and environmentally sound recycling of electronic waste (e-waste) while holding manufacturers accountable and educating the public to reduce the environmental impact of discarded electronics. The department is responsible for administering the program in accordance with the New Jersey Electronic Waste Management Act, N.J.S.A 13:1E-99.94 et seq.

Objectives

The objectives of our audit were to determine whether financial transactions were related to the program, were reasonable, and were recorded properly in the accounting systems. An additional objective was to determine whether the program had adequate controls in place to ensure compliance with statutory and internal requirements.

This audit was conducted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section I, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes.

Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In preparation for our testing, we studied legislation, the administrative code, circulars promulgated by the Department of the Treasury, and policies of the Department of Environmental Protection. Provisions we considered significant were documented, and compliance with those requirements was verified by interview, observation, and through our testing. We also reviewed financial trends and interviewed division and program personnel to obtain an understanding of the program and the internal controls. To achieve our objectives, we performed various tests and analyses, as we determined necessary. Additional detail regarding our methodology and work performed can be found in the Appendix, as well as in the finding section when testing resulted in a reportable condition.

A nonstatistical sampling approach was used. Our samples were designed to provide conclusions on our audit objectives, as well as internal controls and compliance. Sample populations were sorted, and transactions were judgmentally selected for testing. Because we used a nonstatistical sampling approach for our tests, we cannot project the results to the respective populations.

Data Reliability

We relied on data from the New Jersey Comprehensive Financial System. Our office assesses the reliability of the system's data annually, and we have determined it to be sufficiently reliable for the purposes of this report. We also assessed the reliability of e-waste data in the New Jersey Environmental Management System (NJEMS) by performing analysis of the data, reviewing system manuals, and interviewing department officials knowledgeable about the system. We determined that the data was sufficiently reliable for the purposes of this report.

Conclusions

We found that the financial transactions included in our testing were related to the program, were reasonable, and were recorded properly in the accounting systems. Furthermore, we determined that adequate controls were in place to ensure the Electronic Waste Program was in compliance with statutory and internal requirements. In making these determinations, we noted certain deficiencies meriting management's attention regarding revenue reconciliations, timeliness of deposits, a vehicle purchase, and compliance with statutorily required annual reporting to the legislature.

Background

The Electronic Waste Program was first established in 2007 under the Electronic Waste Management Act (the Act), N.J.S.A. 13:1E-99.94 et seq. Notable amendments to the Act occurred in 2017 to expand requirements and improve program effectiveness. The Act was enacted to address the growing environmental and public health concerns associated with the improper disposal of electronic devices, which can contain hazardous materials, and shift the responsibility for recycling from consumers to electronics manufacturers. Under this "producer responsibility" model, manufacturers must register annually with the department, submit recycling collection

plans, and meet collection targets based on their market share of devices sold in the state. The Act also bans the disposal of covered electronics in a manner that poses a significant risk to public health or the environment.

The program’s primary goal is to establish a statewide recycling system for CEDs that is safe, convenient, and environmentally responsible. CEDs include computers, monitors, laptops, printers, fax machines, and televisions sold to consumers but exclude electronics from motor vehicles, appliances, and certain equipment, as well as handheld devices, such as cellphones. The program applies to the following:

- Manufacturers of CEDs
- Collectors, transporters, and authorized recyclers engaged in the recycling system
- Retailers who sell the devices
- Consumers (including individuals, small businesses, and government entities)

Each year, the program acquires publicly available data of CEDs sold to consumers throughout the United States for a 12-month period. This market share data is purchased by the department from the Electronics Recycling Coordination Clearinghouse (ERCC) through the Northeast Recycling Council, Inc. (NERC). The division uses this data, along with collection data from the prior program year, to calculate the upcoming year’s estimated-market-share-in-weight obligation (collection obligation) as a whole and for each manufacturer. We found the manufacturers substantially met the collection obligation made by the division in program years 2023 and 2024.

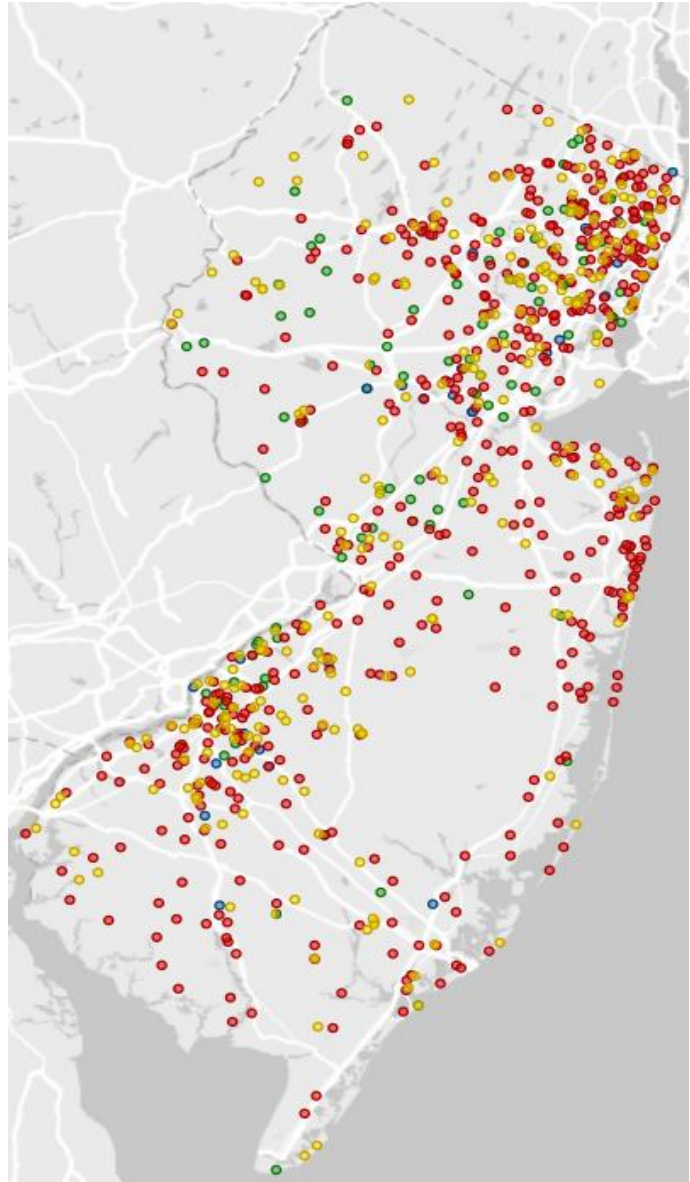
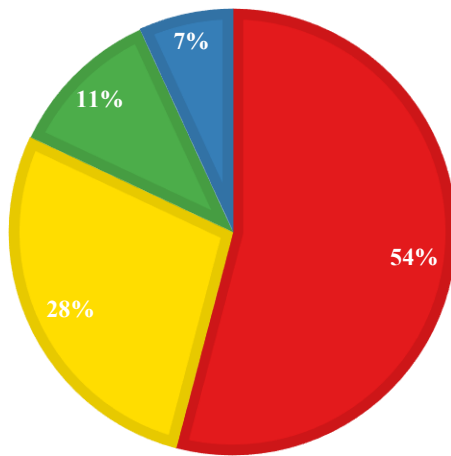
| Program Year | Original Collection Obligation (million pounds) | Revised Collection Obligation* (million pounds) | Collected (million pounds) | Surplus/(Shortage) (million pounds) |
|---------------------|--------------------------------------------------------|--------------------------------------------------------|-----------------------------------|--------------------------------------------|
| 2023 | 53.5 | 53 | 52.9 | (0.10) |
| 2024 | 51.8 | No revision | 53.1 | 1.3 |

*The division revised the original collection obligation in 2023 after reconciling actual CEDs collected and recycled to the obligations assigned to manufacturers.

To achieve the program’s goal, the division oversees and reviews certain statutorily required items from the manufacturers, authorized recyclers, and collection sites of CEDs. For program year 2025, there are 45 registered manufacturers, 16 registered authorized recyclers, and over 500 permanent collection sites.

The adjacent map illustrates all collection locations and events across New Jersey designated for the recycling of CEDs for 2025.

| Collection Site Classification | Count |
|--------------------------------|------------|
| Permanent Public Use | 523 |
| Schools | 270 |
| Special Events (1-4 per year) | 108 |
| Miscellaneous | 66 |
| Total | 967 |



Findings

Revenue Reconciliation

Revenue in the department's system is not being reconciled to the New Jersey Comprehensive Financial System (NJCFIS).

The division uses the department's New Jersey Environmental Management System (NJEMS) to organize and track the various required items received from manufacturers and authorized recyclers of e-waste, such as semi-annual reports and collection plans. The division also uses this system for invoicing the required annual registration fees of \$5,000 from each manufacturer and \$15,000 from each authorized recycler.

Any manufacturer who has a market share greater than 0.01 percent must register with the department, pay the registration fee, and participate in the program each year. Manufacturers under the market-share threshold may voluntarily register without having to pay the registration fee.

When renewing registration, manufacturers or their group plan administrators use the department's online portal to either "pay now" (via electronic payment) or select "bill me". If "bill me" is chosen, the Department of the Treasury, Division of Revenue and Enterprise Services (DORES) mails an invoice, receives and deposits the check, and transfers payment data to NJEMS and NJCFIS.

We tested all 84 manufacturers and 23 authorized recyclers who were required to pay a registration fee and compared all program registration fee revenue recorded in NJCFIS. In fiscal years 2023 and 2024, we found six manufacturer registration overpayments of \$5,000 each in NJCFIS program revenue because the manufacturers made payments despite not being required to do so. Four of the payments went undetected by the division and were not refunded. In fiscal year 2023, we also found an authorized recycler had made a duplicate registration fee payment of \$15,000 that was not detected by the division and was not refunded.

Registration payments are being made by manufacturers despite not being required to do so, thereby resulting in overpayments going undetected. Reconciling NJEMS bill and assessment transactions with NJCFIS revenue transactions could help detect overpayments promptly and ensure accurate recording of receivables and cash receipts.

Recommendation

We recommend the division reconcile revenue transactions between NJEMS and NJCFIS. The division should also enhance its registration process to prevent payments from manufacturers that are not mandated to pay the registration fee. Additionally, all overpayments should be refunded appropriately.



Untimely Deposits

Deposits for the program are not being made timely, thereby resulting in lost interest revenue to the state.

The program receives yearly registration fee payments of \$15,000 from each authorized recycler and \$5,000 from each manufacturer of CEDs. All authorized recycler checks are mailed to the division where they are processed and subsequently hand-delivered via mail courier to DORES for deposit. Because DORES deposits the checks for the program, we analyzed both the number of days between receipt of the checks to deposit date and the number of days the checks were in the division’s possession. We tested all 40 physical checks received in fiscal years 2023 through 2025, totaling \$580,000, and found checks had been in the division’s possession for an average of 7 days, as summarized in the following table:

| Fiscal Year | Count | Amount | Days From Receipt to Mailroom (Range) | Average Days to Mailroom | Days From Receipt to DORES Deposit (Range) | Average Days to DORES Deposit |
|--------------|-----------|-------------------|---------------------------------------|--------------------------|--------------------------------------------|-------------------------------|
| 2023 | 15 | \$ 205,000 | 2-15 | 6 | 4-18 | 8 |
| 2024 | 13 | \$ 195,000 | 2-10 | 7 | 6-18 | 14 |
| 2025 | 12 | \$ 180,000 | 3-19 | 7 | 8-22 | 11 |
| Total | 40 | \$ 580,000 | 2-19 | 7 | 4-22 | 11 |

According to Department of the Treasury Circular No. 12-02-OMB, agencies are to ensure that all state funds are deposited on the same day as received. When deposits are not made timely, there is an increased risk of checks being lost, stolen, or improperly recorded. The delayed deposits also resulted in a loss on interest earnings within the Cash Management Fund with the average annualized daily rate of 3.66 and 5.34 percent in fiscal years 2023 and 2024, respectively.

The division processes payments from authorized recyclers inefficiently because it does not offer them access to the online portal to pay their registration fees, as it does with manufacturers. As a result, the recyclers are required to mail their payments, registration forms, and necessary certifications to the division, thereby requiring a division employee to manually enter the recyclers’ payment information into NJEMS. We found that deposit delays could be avoided if the program were to invoice the recyclers upfront and instruct them to send payments directly to DORES.

We also noted that division employees who open the mail containing checks are not date-stamping the checks or the accompanying registration forms. Program employees are manually inputting check receipt dates into a log located at an employee’s desk. This lack of control increases the risk of checks being misplaced or stolen.

Recommendation

We recommend the division revise its procedures to have all physical checks sent directly from recyclers to DORES. Alternatively, the division could transition to accepting electronic payments, further enhancing efficiency.



Vehicle Purchase

A vehicle purchase charged to the program was not related to the program’s functions.

We tested all eight non-payroll related expenditure transactions totaling approximately \$148,000 from fiscal years 2023 through 2025 (as of December 2024). We found two transactions related to a vehicle purchase in fiscal year 2024 totaling approximately \$53,000 and determined the transactions were not related to the program. While the primary user of the vehicle works for the bureau, they are under a different program.

The following table summarizes the mileage log for the vehicle, as provided by its primary user:

| Month | Commuting (mi) | Business (mi) | Total (mi) |
|-----------|----------------|---------------|------------|
| Apr 2025* | 294 | 232 | 526 |
| Mar 2025 | 646 | 91 | 737 |
| Feb 2025 | 650 | 192 | 842 |
| Jan 2025 | 763 | 128 | 891 |
| Dec 2024 | 663 | 115 | 778 |
| Nov 2024* | 443 | 14 | 457 |

*partial month

According to Department of the Treasury circulars regarding state vehicle use and assignment, “vehicles cannot be assigned under any circumstances whereby the primary purpose is commutation when comparing business miles to commutation miles.” As shown in the table above, commutation miles exceeded business miles in all months, with 80 percent of its total usage being for commutation. In addition, the vehicle fails to meet the required minimum mileage of an average of 750 miles per month for official state business as required by the Treasury circulars.

A lack of oversight could result in misuse of program funds and state vehicle usage.

Recommendation

We recommend that only expenditures specifically related to electronic waste be charged to the program. Additionally, we recommend the division comply with the Treasury circular regarding the proper use of state vehicles.



Annual Report Submission

The department is not submitting required annual reports to the legislature.

The department is statutorily required to provide an annual report to the legislature detailing critical data related to the collection and recycling of CEDs in the state. The report must include:

- The total weight of CEDs collected during the previous calendar year
- A complete listing of all collection sites, including the entities operating them, and the amount of material collected at each location
- A comprehensive list of authorized recyclers and the corresponding weight of material recycled annually

The statute's effective date was January 13, 2008; however, an annual report has never been submitted to the legislature. This could hinder the ability of policymakers, stakeholders, and the public to evaluate the performance and effectiveness of e-waste collection and recycling efforts statewide.

The department is also statutorily required to publish the annual report online. Annual collection data, including the total weight of CEDs collected for each program year since 2011, is made available through the department's website. Although online resources provide a current list of collection sites and the entities operating them, they do not include the amount of material collected at each location, as required. Similarly, while authorized recyclers are identified, the corresponding weight of materials recycled by each is not reported.

Recommendation

The department should prepare and publish a complete annual report that includes all statutorily required data and submit it to the legislature as mandated. It should also ensure all required data is posted to the department's website.



Appendix

Methodologies to Achieve Audit Objectives

To determine whether employee benefits costs attributed to the program were calculated correctly, we recalculated the program's allocation of salary and benefits calculation done by the department's Division of Budget and Finance for three fiscal years.

To determine whether shortfall fees were appropriately imposed on manufacturers, we first compared weights collected and reported by manufacturers to their obligations for two program years. If a shortfall existed, we determined whether the manufacturer was fined the appropriate fee.

To determine if the division correctly calculated the market share and weight obligations for each manufacturer, we recalculated two program years' worth of market share percentages and collection weight obligations using raw data the program purchased from the Electronics Recycling Coordination Clearinghouse. We recalculated these figures for 57 manufacturers for both program years 2022 and 2023.

To determine if manufacturers and authorized recyclers submitted their required annual registrations and semi-annual reports in a timely manner as statutorily required, we tested the submission dates of 41 manufacturers and 14 authorized recyclers for program year 2023 and 43 manufacturers and 14 authorized recyclers for program year 2024.

To determine whether the division is notifying manufacturers of their required collection obligations in a timely manner as required by N.J.A.C. 7:26A-13, we tested the dates of the obligation notice emails sent to manufacturers for four program years.

To determine whether the division reviewed the semi-annual reports for comparability and accuracy between manufacturers and authorized recyclers, we compared the weight collected and reported from each report for two program years. A total of 43 manufacturers and 13 authorized recyclers reports were compared for program year 2022. A total of 41 manufacturers and 14 authorized recyclers reports were compared for program year 2023.





State of New Jersey

DEPARTMENT OF ENVIRONMENTAL PROTECTION

MANAGEMENT AND BUDGET

DIVISION OF BUDGET AND FINANCIAL OPERATIONS

428 East State Street-PO Box 420-Mail Code 428-04

Trenton, New Jersey 08625-0420

Tel. (609) 940-4130 • Fax (609) 633-3727

www.nj.gov/dep

PHILIP D. MURPHY

Governor

TAHESHA L. WAY

Lt. Governor

SHAWN M. LATOURETTE

Commissioner

October 27, 2025

Brian M. Klingele
Assistant State Auditor
Office of the State Auditor
125 South Warren Street
P.O. Box 067
Trenton, New Jersey 08625-0067

Dear Mr. Klingele,

Thank you for the opportunity to review and respond to the draft audit report regarding the Department of Environmental Protection, Division of Sustainable Waste Management, Bureau of Recycling and Hazardous Waste Management, Electronic Waste Program, for the period of July 1, 2022, to June 30, 2025. We would like to commend your staff for their professionalism, courtesy and constructive feedback.

We are pleased that the audit concluded that the financial transactions included in your testing were reasonable and were recorded properly in the State's accounting systems and that the Department has adequate controls in place to ensure the Electronic Waste Program is in compliance with statutory and internal requirements.

The audit report also noted several matters which merit management's attention. We hereby offer the following information on current program status, as well as our planned corrective actions to address these issues and their corresponding recommendations.

Revenue Reconciliation

Audit Recommendation: *We recommend the division reconcile revenue transactions between NJEMS and NJCFS. The division should also enhance its registration process to prevent payments from manufacturers that are not mandated to pay a registration fee. Additionally, all overpayments should be refunded appropriately.*

Response: The Division of Sustainable Waste Management (DSWM) acknowledges the need to perform reconciliations to prevent payments to manufacturers who are not required to pay a registration fee as well as identify potential overpayments. DSWM will coordinate with the DEP Division of Budget & Financial Operations to develop and routinely run reconciliation reports to identify and address potential payment errors.

Untimely Deposits

Audit Recommendation: *We recommend the division revise its procedures to have all physical checks sent directly from recyclers to DORES. Alternatively, the division could transition to accepting electronic payments, further enhancing efficiency.*

Response: Since this audit was conducted, DSWM has already revised its procedures to require recyclers to send checks directly to DORES. The DEPOnline portal currently does not allow Authorized Recyclers to submit registrations or renewal registrations electronically, but this is currently being explored. If technologically possible, DSWM will also pursue adding functionality to issue invoices in advance of registration deadlines, which would greatly enhance the efficiency of payment processing. DSWM's Bureau of Recycling and Hazardous Waste Management (BRHWM) has and will continue to inform regulated entities that paper checks are no longer accepted and advise that all future payments should be submitted directly to the NJ Division of Revenue Enterprises to ensure timely processing. Paper checks sent contrary to that instruction will be accepted and promptly processed.

Vehicle Purchase

Audit Recommendation: *We recommend only expenditures specifically related to electronic waste be charged to the [Electronic Waste] program. Additionally, we recommend the division comply with the Treasury circular regarding the proper use of state vehicles.*

Response: DEP concurs with this recommendation and confirms that it adheres to this practice in its financial management of this program. The vehicle purchased in fiscal year (FY) 2024 using revenue received in the Electronic Waste Program was intended to be used for conducting inspections related to the Electronic Waste Program. DEP's Division of Health, Safety & Facility Management (HSFM) is responsible for overseeing DEP's vehicle fleet and conducting audits to ensure compliance with relevant rules and regulations. Since the vehicle was acquired less than a year ago, its usage has not yet been reviewed. We plan to assess the vehicle's usage after one year of service, and based on the findings, reimburse the E-Waste account as appropriate.

Annual Report Submission

Audit Recommendation: *The department should prepare and publish a complete annual report that includes all statutorily required data and submit it to the legislature as mandated. It should also ensure all required data is posted to the department's website.*

Response: DSWM posts covered electronic device (CED) collection and recycling data to our public facing website. We will ensure that the data contained on our website contains all the statutorily required information, and we will also prepare a report that contains the same data and submit to the legislature as mandated.



Sincerely,

Stephen C. Matis

Stephen C. Matis, Director
Division of Budget and Financial Operations
Department of Environmental Protection

C: Adrienne Kreipke, Chief Financial & Operations Officer
Paul Baldauf, Assistant Commissioner, Air, Energy & Materials Sustainability
Seth Hackman, Director, Division of Sustainable Waste Management
Dana Lawson, Bureau Chief, Division of Sustainable Waste Management

