



Transmitted via e-mail

October 21, 2011

Mr. Mark Leary, Acting Director  
Department of Resources Recycling and Recovery  
801 K Street, MS 25A  
Sacramento, CA 95814

Dear Mr. Leary:

### **Covered Electronic Waste Recycling Program Net Cost Reports Review**

The Department of Resources Recycling and Recovery (CalRecycle) requested the Department of Finance, Office of State Audits and Evaluations (Finance), to conduct a review of the Covered Electronic Waste (CEW) Recycling Program Net Cost Reports for the period January 1, 2010 through December 31, 2010. This letter summarizes the review results.

CalRecycle's response to this letter is attached. CalRecycle agreed with our recommendations and we appreciate their willingness to implement corrective actions.

### **Background**

The California Electronic Recycling Act of 2003 is intended to provide free and convenient recycling services for CEW. The program is funded by a fee of \$8 to \$25<sup>1</sup> for specified electronic devices, and is collected at the time of sale by the retailer. CEW includes the following types of discarded products with a viewable screen size greater than four inches:

- Cathode ray tube devices including televisions and computer monitors
- Liquid crystal display desktop monitors, laptop computers, and televisions
- Plasma televisions

The program includes collectors and recyclers who receive funding from CalRecycle to process CEW. Specifically, the collectors recover CEW from residences, individuals, commercial businesses, institutions, government, and nonprofit entities. The recyclers dismantle the CEW into materials (plastics, glass, metals, etc.) for final disposal or sale. Dual entities are authorized to recover and recycle CEW.

During 2010, CalRecycle paid the recyclers 39 cents per pound for dismantling CEW; of this amount, CalRecycle requires the recyclers to pay approved collectors a standard recovery rate of 16 cents per pound for CEW transferred to the recyclers. However, recyclers often pay the collectors more than the standard recovery rate to be competitive within the industry.

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<sup>1</sup> Effective January 1, 2011, the fees are \$6.00 to \$10.00 for covered electronic devices.

## Scope and Methodology

The review included a validation of the information reported on the Annual CEW Net Cost Report (Form 220) and related Net Cost Worksheets for Collectors and Recyclers (Forms 220A and 220B) for the period January 1, 2010 through December 31, 2010.

To evaluate the reliability of the self-reported data on the Net Cost Reports and related worksheets, we visited 12 approved collectors, of which 6 also operate as recyclers (dual entities). At each site, we performed the following procedures:

- Interviewed key staff.
- Toured the operations.
- Reviewed a sample of supporting documents and records used to prepare the Net Cost Reports and related worksheets.
- Determined whether the CEW revenues, costs, and pounds of CEW recovered were supported by financial records and accurately reported in the Net Cost Reports and related worksheets.

To compile the results, the Net Cost Report and related worksheet information was ranked in the following three categories:

1. Reported revenue, costs, or pounds of CEW recovered are supported and reasonably accurate.
2. Reported revenue, costs, or pounds of CEW recovered are supported, but may be higher or lower than actual.
3. Reported revenue, costs, or pounds of CEW recovered cannot be supported because necessary documents are not available or the reported amount pertains to non-CEW activities.

This review was not considered an audit, the objective of which would be to provide an opinion on the material correctness of the Net Cost Reports and supporting worksheets. Therefore, we are not expressing such an opinion. Furthermore, the review included only the data reported on the Net Cost Reports and supporting worksheets and did not include the collector's or recycler's entire business enterprise.

## Results

As reported in previous years, the Net Cost Reports and supporting worksheets are generally supported, but may not always be accurate due to the following continuing challenges:

- *Cost Allocation*—Most entities could support the revenues earned and costs incurred, but could not provide data to support the cost allocation methodologies for CEW versus non-CEW activities, or collector versus recycler activities. Cost allocations significantly impact the accuracy of the Net Cost Reports and related worksheets because most entities process both CEW and non-CEW (“dual entities”). Additionally, such “dual entities” perform both collector and recycler activities.

- *Net Cost Report Categories*—Entities had difficulty extracting data from their general ledger accounts to conform to the Net Cost Report and supporting worksheet categories, resulting in clerical errors, miscalculations, and reporting costs in incorrect categories.

A summary of the results is provided in Tables 1 and 2. The detailed rankings for each collector and recycler by revenue and expenditure category is provided in Attachments A and B.

**Table 1: Average Rating for Collectors**

<b>Form 220</b>	<b>Average rating</b>
Line 13: Total Revenues for CEW Recovery	1.8
Line 14: Total Costs for CEW Recovery	1.8
<b>Line 15: Net Costs</b>	<b>1.8</b>
Line 16: Total Pounds of CEW Recovered	1.6
<b>Line 17: Net Cost Per Pound</b>	<b>1.7</b>

**Table 2: Average Rating for Recyclers**

<b>Form 220</b>	<b>Average rating</b>
Line 13: Total Revenues for CEW Recycling	1.3
Line 14: Total Costs for CEW Recycling	1.8
<b>Line 15: Net Costs</b>	<b>1.6</b>
Line 16: Total Pounds of CEW Recycled	1.5
<b>Line 17: Net Cost Per Pound</b>	<b>1.5</b>

## Recommendations

To improve the accuracy of the information reported by the collectors and recyclers, we recommend the following:

1. **Provide additional guidance and training to improve the reliability of the Net Cost Reports and supporting worksheets.** For the reporting year 2009, the Guide to Net Cost Reporting (Guide), Net Cost Report, and supporting worksheet forms were revised in an effort to improve reporting accuracy. However, because entities continue to experience difficulty understanding the forms and developing cost allocations based on verifiable data, we recommend the following:
  - Include more descriptive instructions in the Guide on the information entities are to report, and provide examples of allocation methodologies. Examples of allocation methodologies should include sample calculations and types of documentation to support CEW, collector, and recycler costs. The entities could still retain the flexibility to use any reasonable and supported allocation methodology, even if it is not one of the methods in the Guide.

- Provide a training workshop to assist in the accurate preparation of the Net Cost Reports. Due to the various locations of the collectors and recyclers, posting the training on the Internet would enhance accessibility to the guidance. Training was provided in 2007; however, the Net Cost Report forms have changed since that time.
  - Provide a CalRecycle contact to provide timely guidance to the collectors and recyclers as questions arise during the Net Cost Report preparation.
2. **CalRecycle should consider whether the Net Cost Report and related worksheet categories can be aligned more closely with the common general ledger account classifications.** This would simplify form completion, reduce the amount of analysis required to convert the data to the reporting categories, and result in more comparable data.

This letter will be placed on our website. If you have any questions regarding this letter, please contact Kimberly Tarvin, Manager, or Rick Cervantes, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

David Botelho, CPA  
Chief, Office of State Audits and Evaluations

Enclosure

cc: Mr. Tom Estes, Deputy Director, Administration, Finance, and Information Technology Division, Department of Resources Recycling and Recovery  
Mr. Jeff Hunts, Manager, Materials Management and Local Assistance Division, Department of Resources Recycling and Recovery  
Mr. Andrew Hurst, Supervisor, Materials Management and Local Assistance Division, Department of Resources Recycling and Recovery  
Ms. Audrey Traina, Acting Audits Branch Manager, Department of Resources Recycling and Recovery  
Mr. Brian Kono, Audit Manager, Statewide Disbursements Section, Audits Branch, Department of Resources Recycling and Recovery

**Review of Net Cost Reports  
Summary of Rankings  
Collectors**

Company Name	A-1 Electronic Recycling Team	Advanced Computer Recycling	Alianza Recycling and Recovery, LLC	AMR Environmental Inc.	Burrtec Recycling and Transfer Co.	California Electronic Asset Recovery (CEAR)	eWaste Center, Inc.	Goodwill of San Joaquin Valley	Greenview Resource Management	Los Angeles County Department of Public Works	Ruuhwa Dann Associates (Cal Micro)	Society of St. Vincent de Paul of Alameda	Average Rating for All Collectors
<b>Covered Electronic Waste (CEW) ID Number</b>	<b>106098</b>	<b>100035</b>	<b>110994</b>	<b>107113</b>	<b>103233</b>	<b>100194</b>	<b>102174</b>	<b>101878</b>	<b>109137</b>	<b>101388</b>	<b>110527</b>	<b>109764</b>	
<b>Type</b>	<b>Collector</b>	<b>Dual</b>	<b>Dual</b>	<b>Collector</b>	<b>Collector</b>	<b>Dual</b>	<b>Dual</b>	<b>Collector</b>	<b>Dual</b>	<b>Collector</b>	<b>Dual</b>	<b>Collector</b>	
<b>Form 220</b>													
L12 Handle Covered Electronic Waste (CEW) Y/N	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
L13 Total Revenues for CEW Recovery	2.5	1.0	n/a	3.0	1.0	2.0	2.5	2.0	n/a	1.0	n/a	1.0	1.8
L14 Total Costs for CEW Recovery	1.4	1.9	2.0	3.0	1.0	2.0	2.0	2.0	2.0	1.5	1.0	1.2	1.8
<b>L15 Net Costs</b>	<b>1.9</b>	<b>1.5</b>	<b>2.0</b>	<b>3.0</b>	<b>1.0</b>	<b>2.0</b>	<b>2.3</b>	<b>2.0</b>	<b>2.0</b>	<b>1.3</b>	<b>1.0</b>	<b>1.1</b>	<b>1.8</b>
L16 Total Pounds of CEW Recovered	1.0	1.0	2.0	3.0	1.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.6
<b>L17 Net Cost Per Pound</b>	<b>1.5</b>	<b>1.2</b>	<b>2.0</b>	<b>3.0</b>	<b>1.0</b>	<b>2.0</b>	<b>2.1</b>	<b>2.0</b>	<b>2.0</b>	<b>1.1</b>	<b>1.0</b>	<b>1.1</b>	<b>1.7</b>
<b>Form 220A</b>													
<b>REVENUE FROM CEW RECOVERY ACTIVITIES</b>													
L1 Revenue from Recyclers (in excess of Payment Rate: \$0.16)	2.0	n/a	n/a	3.0	1.0	n/a	3.0	2.0	n/a	1.0	n/a	1.0	1.9
L2 Revenue from Recovery Services (e.g. fees charged)	3.0	1.0	n/a	n/a	n/a	2.0	2.0	n/a	n/a	n/a	n/a	n/a	2.0
L3 Other Allowable Revenues	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.0	1.0
<b>L4 Total Revenue from Recovery Activities</b>	<b>2.5</b>	<b>1.0</b>	<b>n/a</b>	<b>3.0</b>	<b>1.0</b>	<b>2.0</b>	<b>2.5</b>	<b>2.0</b>	<b>n/a</b>	<b>1.0</b>	<b>n/a</b>	<b>1.0</b>	<b>1.8</b>
<b>COSTS OF CEW RECOVERY ACTIVITIES</b>													
<b>Labor Costs</b>													
L5 Direct Labor	1.0	2.0	2.0	3.0	1.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.7
<b>Transportation Costs (e.g., fuel, registration, insurance, maintenance, &amp; repair)</b>													
L6 Transporting CEW to Collection Facility	2.0	2.0	2.0	3.0	n/a	2.0	2.0	2.0	2.0	n/a	1.0	n/a	2.0
L7 Transporting CEW from Collection Facility to Recycler	n/a	n/a	2.0	n/a	n/a	n/a	2.0	n/a	n/a	n/a	n/a	n/a	2.0
<b>Other Costs (exclude any transportation costs)</b>													
L8 Advertising, Marketing, and Public Education	2.0	2.0	2.0	n/a	n/a	2.0	2.0	n/a	2.0	1.0	1.0	1.0	1.7
L9 Supplies Used in Recovery Activities	1.0	2.0	2.0	3.0	n/a	2.0	2.0	2.0	2.0	n/a	1.0	1.0	1.8
L10 Payments Made in Exchange for CEW	1.0	1.0	2.0	3.0	n/a	2.0	2.0	n/a	2.0	n/a	1.0	n/a	1.8
L11 Fees Charged by Recyclers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.0	n/a	n/a	3.0
<b>Overhead</b>													
L12 Depreciation	n/a	2.0	2.0	3.0	n/a	2.0	n/a	n/a	n/a	n/a	1.0	1.0	1.8
L13 Insurance (non-transportation)	1.0	2.0	2.0	3.0	n/a	2.0	n/a	n/a	2.0	n/a	1.0	1.0	1.8
L14 Debt Service	n/a	n/a	2.0	n/a	n/a	2.0	n/a	n/a	n/a	n/a	1.0	n/a	1.7
L15 Maintenance	2.0	2.0	2.0	3.0	n/a	2.0	2.0	n/a	2.0	n/a	1.0	n/a	2.0
L16 Fuel (non-transportation)	2.0	2.0	2.0	3.0	n/a	2.0	n/a	n/a	n/a	n/a	n/a	n/a	2.2
L17 Property Taxes	n/a	n/a	n/a	n/a	n/a	2.0	n/a	n/a	2.0	n/a	1.0	n/a	1.7
L18 Utilities	1.0	2.0	2.0	n/a	n/a	2.0	2.0	n/a	2.0	n/a	1.0	1.0	1.6
L19 Facilities and Equipment Rent or Lease	1.0	2.0	2.0	3.0	n/a	2.0	2.0	n/a	2.0	n/a	1.0	n/a	1.9
L20 Security	1.0	2.0	2.0	n/a	n/a	2.0	2.0	n/a	n/a	n/a	1.0	n/a	1.7
L21 Indirect Labor	2.0	2.0	2.0	n/a	1.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.6
L22 Other Overhead (related to CEW recovery)	1.0	2.0	2.0	n/a	n/a	2.0	2.0	n/a	n/a	n/a	1.0	2.0	1.7
L23 Additional Cost	n/a	2.0	2.0	n/a	n/a	n/a	2.0	n/a	2.0	n/a	n/a	2.0	2.0
<b>L24 Total Cost of CEW Recovery Activities</b>	<b>1.4</b>	<b>1.9</b>	<b>2.0</b>	<b>3.0</b>	<b>1.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>1.5</b>	<b>1.0</b>	<b>1.2</b>	<b>1.8</b>

**Rating Definitions:**

- 1 = Supported and reasonably accurate
- 2 = Supported high/low
- 3 = Unsupported or amount reported pertains to Non CEW Activities
- n/a = Entity reported zero in this category

**Review of Net Cost Reports  
Summary of Rankings  
Recyclers**

Company Name	Advanced Computer Recycling	Alianza Recycling and Recovery, LLC	California Electronic Asset Recovery (CEAR)	eWaste Center, Inc.	Greenview Resource Management	Ruuhwa Dann Associates (Cal Micro)	Average Rating for All Recyclers
<b>Covered Electronic Waste (CEW) ID Number</b>	<b>100035</b>	<b>110994</b>	<b>100194</b>	<b>102174</b>	<b>109137</b>	<b>110527</b>	
<b>Type</b>	<b>Dual</b>	<b>Dual</b>	<b>Dual</b>	<b>Dual</b>	<b>Dual</b>	<b>Dual</b>	
<b>Form 220</b>							
L12 Handle Covered Electronic Waste (CEW) Y/N	Yes	Yes	Yes	Yes	Yes	Yes	
L13 Total Revenues for CEW Recycling	1.0	1.0	1.5	2.5	1.0	1.0	1.3
L14 Total Costs for CEW Recycling	1.8	1.9	2.0	1.9	1.9	1.0	1.8
<b>L15 Net Costs</b>	<b>1.4</b>	<b>1.5</b>	<b>1.7</b>	<b>2.2</b>	<b>1.5</b>	<b>1.0</b>	<b>1.6</b>
L16 Total Pounds of CEW Recycled	2.0	1.0	1.0	2.0	2.0	1.0	1.5
<b>L17 Net Cost Per Pound</b>	<b>1.7</b>	<b>1.2</b>	<b>1.4</b>	<b>2.1</b>	<b>1.7</b>	<b>1.0</b>	<b>1.5</b>
<b>Form 220B</b>							
<b>REVENUE FROM CEW RECYCLING ACTIVITIES</b>							
L1 Revenue from the Sale of CEW Residual Commodities	1.0	1.0	1.0	2.0	1.0	1.0	1.2
L2 Revenue from the Sale of CEW Components	N	N	n/a	n/a	n/a	n/a	n/a
L3 Revenue from Fees Charged	n/a	1.0	2.0	3.0	n/a	n/a	2.0
L4 Other Allowable Revenues	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>L5 Total Revenue from Recycling Activities</b>	<b>1.0</b>	<b>1.0</b>	<b>1.5</b>	<b>2.5</b>	<b>1.0</b>	<b>1.0</b>	<b>1.3</b>
<b>COSTS FROM CEW RECYCLING ACTIVITIES</b>							
<b>Labor Costs</b>							
L6 Direct Labor	2.0	2.0	2.0	2.0	2.0	1.0	1.8
<b>Transportation Costs (e.g., fuel, registration, insurance, maintenance, &amp; repair)</b>							
L7 Transporting CEW from Collector to Recycler	2.0	2.0	2.0	2.0	n/a	1.0	1.8
L8 Transporting Residuals to Market/Disposal Facility	1.0	2.0	2.0	2.0	1.0	n/a	1.6
L9 Other Allowable Transportation	n/a	3.0	2.0	n/a	n/a	n/a	2.5
<b>Other Costs (exclude any transportation costs)</b>							
L10 Advertising, Marketing, and Public Education	2.0	2.0	2.0	2.0	n/a	1.0	1.8
L11 Supplies Used in Recycling Activities	2.0	2.0	2.0	2.0	2.0	1.0	1.8
L12 CRT Glass Management	1.0	1.0	1.0	2.0	2.0	1.0	1.3
<b>Overhead</b>							
L13 Depreciation	2.0	2.0	2.0	2.0	n/a	1.0	1.8
L14 Insurance (non-transportation)	2.0	2.0	2.0	2.0	2.0	1.0	1.8
L15 Debt Service	n/a	2.0	2.0	2.0	n/a	1.0	1.8
L16 Maintenance	2.0	2.0	2.0	2.0	2.0	1.0	1.8
L17 Fuel (non-transportation)	2.0	2.0	2.0	2.0	2.0	n/a	2.0
L18 Property Taxes	n/a	n/a	2.0	n/a	2.0	1.0	1.7
L19 Utilities	2.0	2.0	2.0	2.0	2.0	1.0	1.8
L20 Facilities and Equipment Rent or Lease	2.0	2.0	2.0	2.0	2.0	1.0	1.8
L21 Security	2.0	2.0	2.0	2.0	2.0	1.0	1.8
L22 Indirect Labor	2.0	2.0	2.0	2.0	2.0	1.0	1.8
L23 Other Overhead (related to CEW Recycling)	2.0	2.0	2.0	2.0	n/a	1.0	1.8
L24 Additional Cost	2.0	2.0	2.0	2.0	2.0	1.0	1.8
L25 Cost to Purchase CEWs in excess of Recovery Rate	1.0	1.0	2.0	1.0	n/a	1.0	1.2
<b>L26 Total Cost of CEW Recycling Activity</b>	<b>1.8</b>	<b>1.9</b>	<b>2.0</b>	<b>1.9</b>	<b>1.9</b>	<b>1.0</b>	<b>1.8</b>

**Rating Definitions:**

- 1 = Supported and reasonably accurate
- 2 = Supported high/low
- 3 = Unsupported or amount reported pertains to Non CEW Activities
- n/a = Entity reported zero in this category
- N = Reported but not rated due to unclear criteria





## DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

801 K STREET, MS 19-01, SACRAMENTO, CALIFORNIA 95814 • (916) 322-4027 • WWW.CALRECYCLE.CA.GOV

October 14, 2011

David Botelho, CPA  
Department of Finance  
Office of State Audits and Evaluations  
300 Capitol Mall, Suite 801  
Sacramento, CA 95814

Re: Covered Electronic Waste Recycling Program Net Cost Reports Review

Dear Mr. Botelho:

As Acting Director of the California Department of Resources Recycling and Recovery (CalRecycle), I appreciate the opportunity to respond to the Department of Finance (DOF) Management Letter regarding the 2011 review of Net Cost Reports submitted by participants in the Covered Electronic Waste (CEW) Recycling Program for reporting year 2010. CalRecycle accepts the conclusions of the review summarized in the Management Letter, and takes the included recommendations under advisement.

The CEW recovery and recycling cost data received by CalRecycle through the annual Net Cost Report exercise is a key consideration during CalRecycle's biennial determination of payment rates in the CEW recycling payment system. The data also informs policy development by revealing market trends. It is vital this information be as reliable as possible so payment rates and policy initiatives properly support the intent of the Electronic Waste Recycling Act of 2003.

For several years now, CalRecycle has retained the services of DOF to assess the validity of cost and revenue data contained in the Net Cost Reports. DOF has done this by evaluating whether reported data was supported through available documentation maintained by program participants. An evaluation performed in 2008, which assessed reports covering collection and recycling operations conducted in 2007, concluded that the examined reports were reasonably accurate, albeit often imperfect. That determination allowed what was then the California Integrated Waste Management Board (CIWMB) to adjust downward recovery and recycling payment rates, pursuant to statute, with confidence. Similar findings of "reasonable, but imperfect" in subsequent years supported CalRecycle's decision to leave payment rates unchanged in 2010, the most recent statutory opportunity to make rate adjustments.

This year's evaluation, which reviewed cost data submitted by a selected subset of program participants reflecting activities conducted in 2010, continues to indicate that the accuracy of information submitted is reasonable, but less than optimal. Although cost data submitted by recyclers continues to exhibit a higher degree of accuracy than that of collectors, both groups' reports suffered from misallocations and inconsistencies relative to the cost and revenue documentation examined by DOF. This finding raises questions about the long term utility of the Net Cost Report as a primary means of assessing industry costs, at least as currently designed. However, substantially altering the existing approach would either entail rulemaking, and necessarily imposing additional costs on CEW system participants, or would require additional resource allocations at the program level to conduct or contract for first-hand assessments of industry operating costs.



With an eye towards continually improving data quality, all options should remain in consideration, even as CalRecycle responds to this report cycle's recommendations and prepares for the next round of reports, which will be due March 1, 2012. Near term improvements will be pursued, as best able, because accurate cost data is vital to CalRecycle's statutorily required review of the recovery and recycling payment rates. With 2012 being the next opportunity for such a review, this next cycle of Net Cost Reports must be of the highest quality feasible.

With regard to Recommendation 1 -- Provide additional guidance and training to improve the reliability of the Net Cost Reports and supporting worksheets. This recommendation was provided by DOF both last year and the year before. In response, CalRecycle revised reporting worksheets, forms, guidance documents, and reporting options to better capture accurate cost data. Specifically, in 2010 CalRecycle removed all reference to "estimations" and instead emphasized standardized cost allocations and generally accepted accounting methods. Additionally, CalRecycle established an online reporting capability allowing for more consistent entry of cost and revenue calculations directly into program data systems. CalRecycle will continue to reevaluate the forms and guidance used in the Net Cost Report cycle, and will investigate incorporating more reporting assistance directly into the online interface. Resources to engage in a significant training effort remain limited; however, CalRecycle will look for ways to provide report preparation assistance through lower cost avenues such as webinars.

With regard to Recommendation 2 -- CalRecycle should consider whether the Net Cost Report and related worksheet categories can be aligned more closely with the common general ledger account classifications. CalRecycle's efforts to refine its reporting worksheets have attempted to balance simplicity with an interest in extracting certain cost details. This last report cycle focused on better understanding the cost impacts of both business practices and market dynamics. Specifically, CalRecycle sought to assess the prevalence of excess payments being made by system participants to secure additional volumes of CEW, and the effects of increasing cathode ray tube (CRT) glass management costs resulting from diminishing market options. In light of possible complications created by this quest for detail, CalRecycle will evaluate the merits of securing specific cost information through separate means in favor of further simplifying the Net Cost Report worksheet categories. The degree to which this simplification can align with general ledger classifications without obscuring revenues and costs unique to the management of CEW will also be evaluated.

CalRecycle remains committed to achieving the highest degree of data accuracy feasible given the resources allocated to administering the program. The ongoing workload of the CEW recycling payment system has consumed all available program staffing and any redirection to address matters such as reporting guidance, or more fundamental issues such as regulatory revisions, may come at the expense of timely review of payment claims and cause hardship on participating recyclers. However, CalRecycle sees the imperative of securing quality data upon which to consider any program adjustments and will take the necessary steps toward that goal.

We greatly appreciate DOF's continuing service in evaluating the validity of the Net Cost Report data. If you have any questions, please feel free to contact me directly at 341-6544, or Jeff Hunts, Manager of the Electronic Waste Recycling Waste Program, at 341-6603.

Sincerely,

Original signed by:

Maik Leary  
Acting Director