



U.S. Nuclear Waste Technical Review Board

**Agency Financial Report
Fiscal Year 2019**

November 19, 2019

This page intentionally left blank

TABLE OF CONTENTS

MESSAGE FROM THE CHAIR	3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4
MISSION AND ORGANIZATIONAL STRUCTURE	4
PERFORMANCE GOALS, OBJECTIVES, AND RESULTS FOR FY2019	5
ANALYSIS OF FINANCIAL STATEMENTS AND STEWARDSHIP INFORMATION	9
ANALYSIS OF SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE.....	9
Digital Accountability and Transparency Act	9
Debt Collection Improvement Act	9
Anti-Deficiency Act	10
MANAGEMENT’S STATEMENT OF ASSURANCE	11
FINANCIAL STATEMENTS AND NOTES	12
FINANCIAL STATEMENTS	13
Balance Sheet	13
Statement of Net Cost.....	14
Statement of Changes in Net Position	15
Statement of Budgetary Resources.....	17
NOTES TO THE FINANCIAL STATEMENTS	18
SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCE	28
INDEPENDENT AUDITORS REPORT	29



MESSAGE FROM THE CHAIR

November 19, 2019

The U.S. Nuclear Waste Technical Review Board (Board) is an independent federal agency in the Executive Branch. The Board performs ongoing unbiased peer review of the technical and scientific validity of activities undertaken by the Secretary of Energy related to the Nuclear Waste Policy Act (NWPA) (P.L. 97- 425, as amended). In addition to reviewing U.S. Department of Energy (DOE) activities, the Board advises and makes recommendations to Congress and the Secretary on technical and scientific issues related to managing and disposing of spent nuclear fuel (SNF) and high-level radioactive waste (HLW). The Board's independent technical and scientific perspective and its objective evaluation are intended to enhance confidence in the technical and scientific validity of DOE activities.

Following is the Board's fiscal year 2019 Agency Financial Report, in accordance with Office of Management and Budget Circular A-136 (Revised), Section II. This report includes an overview of the Board's mission, organization, strategic goals, performance objectives, and a brief summary of the Board's performance for fiscal year 2019. The report also includes the Board's financial statements and notes to the financial statements for the fiscal year ending September 30, 2019. This report includes a discussion and analysis of the Board's financial standing as well as a statement of assurance regarding the Board's internal control over financial reporting. Finally, included in this report are the findings from the independent auditing firm, Rocha & Company, PC.

A handwritten signature in cursive script that reads "Jean M Bahr".

Jean M. Bahr

Chair

U.S. Nuclear Waste Technical Review Board

MANAGEMENT'S DISCUSSION AND ANALYSIS

The U.S. Nuclear Waste Technical Review Board (Board) has produced this AFR to meet Office of Management and Budget's (OMB) annual financial reporting requirements for FY2019. Pursuant to the requirements noted in the Statement of Federal Financial Accounting Standards, included in this Management Discussion and Analysis (MD&A) is an overview of the Board's mission and organizational structure.

Per OMB Circular A-123, the Board is responsible for establishing and maintaining effective internal controls and financial management systems that meet the objectives of the Federal Manager's Financial Integrity Act (FMFIA). With respect to any and all internal and external reviews of the Board, to the best of our knowledge and belief, the Board provides reasonable assurance on the effectiveness of internal controls over operations, management systems, and financial reporting and that its internal controls over the effectiveness and efficiency of operations were in compliance with applicable laws and regulations as of September, 30, 2019, and no material weaknesses were identified in the design or operations of internal controls. Furthermore, the Board strengthened its internal controls to ensure sufficient funds were available to support mission needs and ensure obligations did not exceed budget authority. The Board relies on the U.S. Department of Agriculture (USDA) and the General Services Administration (GSA), both shared services providers, for accounting, payroll and financial services, systems, and reporting requirements. The Board has no in-house financial systems; however, the Board considers USDA's financial system, Pegasys, as well as any other financial systems used by USDA and GSA to support the Board's financial operations, to be reliable and effective. The Board reviewed each entity's Statement on Standards for Attestation Engagements (SSAE) No. 18 audit report to assist in assessing internal controls over the Board's financial reporting. After a review of FY 2019 results in which both USDA and GSA received favorable opinions on their SSAE No. 18 audits, the Board did not identify any significant issues or deviations in its financial reporting during FY 2019, and therefore believes its internal controls over financial reporting are sufficiently strong.

MISSION AND ORGANIZATIONAL STRUCTURE

The U.S. Nuclear Waste Technical Review Board (Board) is an independent agency in the Executive Branch of the federal government. The Board performs ongoing and objective peer review of the technical and scientific validity of activities undertaken by the Secretary of Energy including the packaging, transportation, and disposal of spent nuclear fuel (SNF) and high-level radioactive waste (HLW) in accordance with its enabling legislation in the Nuclear Waste Policy Act (NWPA) (Public Law 97-425, as amended). The Board also advises and makes recommendations to Congress and the Secretary on technical issues related to nuclear waste management and disposal.

The Board is a micro-agency with 11 presidentially appointed Board members (currently staffed at nine) and, at this time, fewer than 10 full-time staff. The Board's organization is outlined in Figure 1. Board members are appointed by the President from a list of nominees submitted by the National Academy of Sciences. Nominees to the Board must be eminent in a field of science or engineering and are selected based on established records of distinguished service. The Board

is nonpartisan and apolitical. By law, no nominee to the Board may be an employee of the Department of Energy (DOE), a National Laboratory under contract to DOE, or any entity performing HLW or SNF activities under contract to DOE. Board members serve part-time and are special government employees.

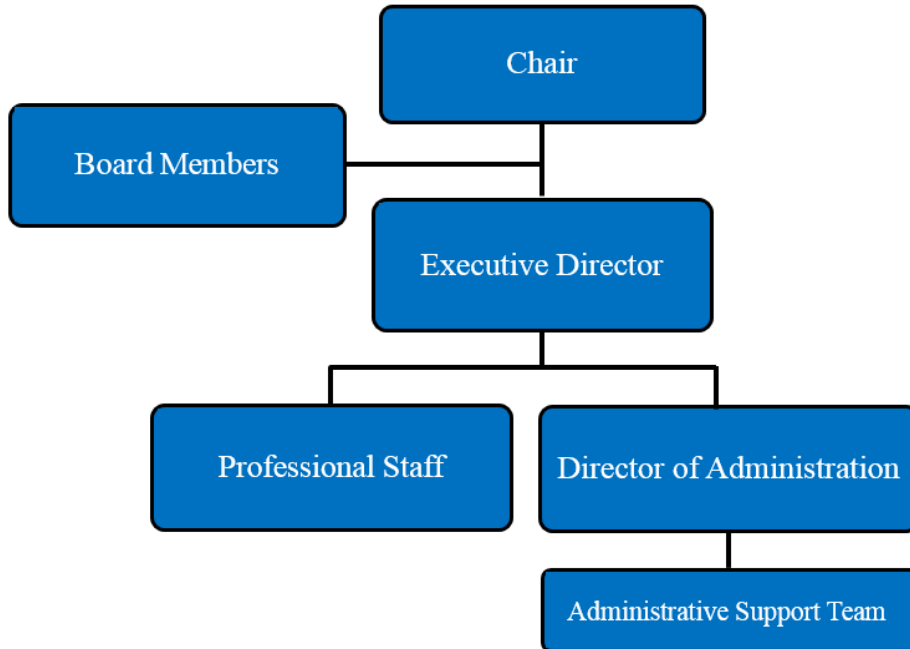


Figure 1. Organization Chart as of September 30, 2019

PERFORMANCE GOALS, OBJECTIVES, AND RESULTS FOR FY2019

The Board uses annual evaluations of its performance as input in updating its Performance Goals (PGs) for the current year and identifying PGs for the subsequent year. The PGs reflect the objectives of the agency leadership and are outcome-oriented. The annual evaluations of the Board's performance also are used as input to the development of the Board's annual budget request submittal.

Board FY2019 Goals and Performance. The PGs, which are the subject of this evaluation, were included as part of the Board's Performance Plan for FYs 2019 through 2020 contained in the Board's Budget Request Submittal for FY 2020. In the following evaluation, the Strategic Objectives on which the PGs are based are stated followed by a table displaying the associated PGs and the activities undertaken by the Board to accomplish the PGs in FY 2019.

STRATEGIC OBJECTIVE #1: The Board will continue its evaluation of DOE activities related to implementation of the NWPA and relevant amendments to that Act. Based on its evaluation, the Board will report its findings, conclusions, and recommendations to Congress and the Secretary.

FY 2019 Performance Goal	Board Activities
<p>PG 1-A: The Board will hold a public meeting on DOE’s SNF-related R&D activities, including R&D on casks for high burnup SNF and activities and studies on direct disposal of SNF dry-storage canisters.</p>	<p>On October 24, 2018, the Board held a public meeting in Albuquerque, New Mexico, on DOE R&D activities related to cask storage of high burnup SNF and on direct disposal of SNF dry-storage canisters: October 24, 2018, Board Meeting.</p> <ul style="list-style-type: none"> ➤ Following the meeting, the Board issued a letter to DOE, providing the Board’s observations: November 27, 2018, Board letter.
<p>PG 1-B: The Board will review DOE R&D activities related to the management and disposal of aluminum-based and accident-tolerant SNF.</p>	<p>In May 2019, the Board attended the annual campaign meeting of the DOE Office of Nuclear Energy, Office of Spent Fuel and Waste Disposition to remain fully apprised of DOE R&D activities in areas related to the management and disposal of SNF.</p> <p>In June 2019, the Board began planning a Fall 2019 public meeting on DOE R&D on the packaging, drying, and storage of SNF.</p>
<p>PG 1-C: The Board will continue to monitor, and review DOE R&D activities related to transport, storage, and disposal of borosilicate glass waste.</p>	<p>Throughout 2019, the Board obtained and reviewed DOE research results and reports on the disposal of borosilicate glass waste to remain cognizant of ongoing DOE efforts in this area.</p>
<p>PG 1-D: The Board will continue to review the technical issues DOE will need to address before it can begin the implementation of an integrated program for the nationwide transport of SNF and HLW.</p>	<p>In 2019, the Board continued its review of issues related to the transport of SNF and HLW, which contributed to the completion of a Board report detailed in PG 2-A.</p>

STRATEGIC OBJECTIVE #2: The Board will develop objective technical and scientific information that will be useful to policy makers in Congress and the Administration on issues related to SNF and HLW management and disposal. The Board will communicate such information to Congress and the Secretary in letters, reports, and testimony.

FY 2019 Performance Goal	Board Activities
<p>PG 2-A: The Board will issue a report on the technical issues DOE will need to address before it can begin the implementation of an integrated program for the nationwide transport of SNF and HLW.</p>	<p>In 2019, the Board issued a report to Congress and the Secretary of Energy on <i>Preparing for Nuclear Waste Transportation: Technical Issues that Need to be Addressed in Preparing for a Nationwide Effort to Transport Spent Nuclear Fuel and High-Level Radioactive Waste.</i></p> <ul style="list-style-type: none"> ➤ In 2019, the Board issued a Synopsis to accompany the Transportation Report.
<p>PG 2-B: The Board will issue a report summarizing its review activities, and its findings, conclusions and recommendations, from January 1, 2016, through June 30, 2018.</p>	<p>In 2019, the Board continued to develop a report to Congress and the Secretary of Energy summarizing its review activities, and its findings, conclusions, and recommendations. The reporting period of the report has been extended to include January 1, 2016, through December 31, 2018. The report is expected to be completed in FY 2020.</p>
<p>PG 2-C: The Board plans to issue a report on the performance of high burnup SNF during extended dry storage and transportation.</p>	<p>In 2019, the Board continued to draft a report on the performance of high burnup SNF during extended dry storage and transportation. The report is expected to be completed in FY 2020.</p>
<p>PG 2-D: The Board plans to issue a report on the system-wide implications of using large canisters for the dry storage of SNF.</p>	<p>In 2019, the Board continued to draft a report on the system-wide implications of using large canisters for the dry storage of SNF. The report is expected to be completed in FY 2020.</p>

STRATEGIC OBJECTIVE #3: The Board will compile information and report to Congress and the Secretary on its findings, conclusions, and recommendations from experience gained over more than twenty-five years of reviewing the U.S. nuclear waste management and disposal program and from observing waste management efforts in other countries.

FY 2019 Performance Goal	Board Activities
<p>PG 3-A: The Board will hold a workshop on advances in repository science and operations from international underground research laboratory collaborations.</p>	<p>During April 24-25, 2019, the Board held a workshop in Burlingame, California, on advances in repository science and operations from international underground research laboratory collaborations: April 24-25, 2019, Workshop.</p> <ul style="list-style-type: none"> ➤ The Board began drafting a report and a letter to Congress and the Secretary of Energy that will include the Board’s findings and recommendations. The report is expected to be completed in FY 2020.
<p>PG 3-B: The Board will continue to monitor activities in other countries related to programs for the management and disposal of SNF and HLW and update the information on its website, as appropriate.</p>	<p>The Board invited several presenters from other countries to participate in its April 24-25, 2019, workshop on advances in repository science and operations from international underground research laboratory collaborations. The presentations given at the workshop are posted on the Board’s website: April 24-25, 2019, Workshop.</p> <p>In May 2019, the Chair and a member of the staff attended a meeting of the Advisory Bodies to Government, where the Board and advisory bodies from other countries shared new information and lessons learned on the topics of nuclear waste management and disposal.</p>

ANALYSIS OF FINANCIAL STATEMENTS AND STEWARDSHIP INFORMATION

The Board's FY2019 budgetary resources were dedicated to meeting the Board's mission. For FY2019, the Board was appropriated \$3,600,000 under the Consolidated Appropriations Act, 2019 (Public Law 115-244). The Board's unobligated balances and recoveries from unpaid obligations for FY2019 were \$1,930,204. The Board's total available budgetary resources for FY2019 were \$5,530,204. As of September 30, 2019, the Board's Assets and Fund Balance with Treasury was \$2,436,680. The agency's liabilities and net position totaled \$2,436,680, and the net cost of operations for FY2019 was \$3,423,047.

There were no significant variances when comparing FY2018 financial statements to the FY2019 financial statements. For FY2018, the Board was appropriated \$3,600,000 under the Consolidated Appropriations Act, 2018 (Public Law 115-141). The Board's unobligated balances and recoveries from unpaid obligations for FY2018 were \$1,299,314. The Board's total available budgetary resources for FY2018 were \$4,899,314. As of September 30, 2018, the Board's assets and Fund Balance with Treasury was \$2,216,277. The agency's liabilities and net position totaled \$2,216,277 and the net cost of operations for FY2018 was \$3,093,588.

ANALYSIS OF SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE

DIGITAL ACCOUNTABILITY AND TRANSPARENCY ACT

The Digital Accountability and Transparency Act of 2014 (DATA Act) (Public Law 113-101) was enacted to increase accountability and transparency in federal spending and expand the requirements of the Federal Funding Accountability and Transparency Act of 2006. The DATA Act requires executive branch agencies to report spending data using the standardized data structure established by the Treasury Department and OMB.

In collaboration with our shared service provider, the Board reviewed and certified the expenditure information and posted on the USASpending.gov website for each quarter in FY2019.

DEBT COLLECTION IMPROVEMENT ACT

The Debt Collection Improvement Act of 1996 (DCIA) (31 U.S.C. §§ 3711-3720E) as amended prescribes standards for carrying out federal agency collection actions and for referring an agency's uncollectible debts to the proper federal agency for collection and litigation. The act has no material effect on NWTRB because the Board operates with virtually no delinquent debt. DCIA was amended by the DATA Act to require transfer of debts outstanding for more than 120 days to the Treasury Department for collection under the Treasury Offset Program.

The Board did not identify any debts in FY 2019 that were required to be transferred to the Treasury Department.


ANTI-DEFICIENCY ACT

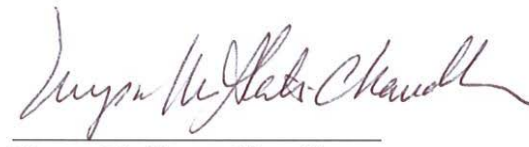
The Anti-Deficiency Act (ADA) (31 U.S.C. §§ 1341, 1342, 1350, 1351, 1517) consists of provisions of law that were passed by the Congress (beginning in the nineteenth century and later codified in Title 31 of the United States Code) to prevent departments and agencies from spending their entire appropriations during the first few months of the year. The Act prohibits any Federal employee from entering into contracts that exceed the enacted appropriations for the year and purchasing services and merchandise before appropriations are enacted.


The Board is proud to report that due to continuous strengthening and monitoring internal controls, no ADA violations have occurred since the Board was established in 1987.

MANAGEMENT'S STATEMENT OF ASSURANCE

The U.S. Nuclear Waste Technical Review Board's management is responsible for establishing and maintaining effective internal controls to support effective and efficient programmatic operations and reliable financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations (FMFIA § 2). As part of the annual audit, the Board contracted an independent audit firm who considered the Board's internal control over financial reporting in accordance with OMB Circular A-123, *Management's Responsibility for Internal Control*. That consideration was not an expression of opinion on NWTRB's internal control over financial reporting. Based on the results of the evaluation, the Board can provide reasonable assurance that internal control over financial reporting as of September 30, 2019 were operating effectively, and no material weaknesses were found in the design or operation of the internal controls over financial reporting.


Nigel Mote
Executive Director


Neysa M. Slater-Chandler
Director of Administration


Casey Waithe
Financial Manager

FINANCIAL STATEMENTS AND NOTES

Limitations of Financial Statements

The following financial statements are prepared to report the financial position and results of operations of the reporting entity, pursuant to the requirements of 31 U.S.C. § 3515(b). The statements are prepared from the books and records of Federal entities in accordance with federal generally accepted accounting principles (GAAP) and the formats prescribed by OMB. Reports used to monitor, and control budgetary resources are prepared from the same books and records. The financial statements should be read with the realization that they are for a component of the U.S. Government.

FINANCIAL STATEMENTS

Nuclear Waste Technical Review Board Balance Sheet As of and For the years ended September 30, 2019 and 2018

	2019	2018
Assets:		
Intragovernmental:		
Fund Balance With Treasury (Note 2)	\$ 2,247,707.24	\$ 2,216,277.27
Total Intragovernmental	\$ 2,247,707.24	\$ 2,216,277.27
General Property, Plant and Equipment, Net (Note 3)	\$ 188,972.50	
Total Assets	\$ 2,436,679.74	\$ 2,216,277.27
Liabilities:		
Intragovernmental:		
Other: (Note 5)		
Employer Contributions and Payroll Taxes Payable	\$ 15,217.41	\$ 16,347.04
Total Intragovernmental	\$ 15,217.41	\$ 16,347.04
Liabilities With the Public:		
Accounts Payable		\$ 1,612.00
Other: (Note 5)		
Accrued Funded Payroll and Leave	\$ 65,351.53	\$ 63,538.88
Employer Contributions and Payroll Taxes Payable	\$ 2,426.73	\$ 2,755.56
Unfunded Leave	\$ 173,323.41	\$ 224,419.58
Total Liabilities	\$ 256,319.08	\$ 308,673.06
Net Position:		
Cumulative Results of Operations - All Other Funds (Consolidated Totals)	\$2,180,360.66	\$1,907,604.21
Total Net Position - All Other Funds (Consolidated Totals)	\$2,180,360.66	\$1,907,604.21
Total Net Position	\$2,180,360.66	\$1,907,604.21
Total Liabilities and Net Position	\$2,436,679.74	\$2,216,277.27

The accompanying notes are an integral part of these statements

Nuclear Waste Technical Review Board
Statement of Net Cost
As of and For the years ended September 30, 2019 and 2018

	2019	2018
Program Costs:		
NWTRB:		
Gross Costs	\$ 3,423,046.75	\$ 3,093,588.17
Net Program Costs	\$ 3,423,046.75	\$ 3,093,588.17
Net Cost of Operations	\$ 3,423,046.75	\$ 3,093,588.17

The accompanying notes are an integral part of these statements

Nuclear Waste Technical Review Board
Statement of Changes in Net Position
As of and For the years ended September 30, 2019 and 2018

FY 2019 (CY)

	Funds From Dedicated Collections (Consolidated Totals)	All Other Funds (Consolidated Totals)	Eliminations	Consolidated Total
Cumulative Results of Operations:				
Beginning Balances		\$ 1,907,604.21		\$ 1,907,604.21
Beginning Balances, as adjusted		\$ 1,907,604.21		\$ 1,907,604.21
Budgetary Financing Sources:				
Appropriations Used				
Transfers-in/out without reimbursement (+/-)		\$ 3,600,000.00		\$ 3,600,000.00
Other Financing Sources (Nonexchange):				
Imputed Financing		\$ 95,803.20		\$ 95,803.20
Total Financing Sources		\$ 3,695,803.20		\$ 3,695,803.20
Net Cost of Operations (+/-)		\$ 3,423,046.75		\$ 3,423,046.75
Net Change		\$ 272,756.45		\$ 272,756.45
Cumulative Results of Operations		\$ 2,180,360.66		\$ 2,180,360.66
Net Position		<u>\$ 2,180,360.66</u>		<u>\$ 2,180,360.66</u>

The accompanying notes are an integral part of these statements

Nuclear Waste Technical Review Board
Statement of Changes in Net Position
As of and For the years ended September 30, 2019 and 2018

FY 2018 (PY)

	Funds From Dedicated Collections (Consolidated Totals)	All Other Funds (Consolidated Totals)	Eliminations	Consolidated Total
Cumulative Results of Operations:				
Beginning Balances		\$ 1,307,990.60		\$ 1,307,990.60
Beginning Balances, as adjusted		\$ 1,307,990.60		\$ 1,307,990.60
Budgetary Financing Sources:				
Appropriations Used				
Transfers-in/out without reimbursement (+/-)		\$ 3,600,000.00		\$ 3,600,000.00
Other Financing Sources (Nonexchange):				
Imputed Financing		\$ 93,201.78		\$ 93,201.78
Total Financing Sources		\$ 3,693,201.78		\$ 3,693,201.78
Net Cost of Operations (+/-)		\$ 3,093,588.17		\$ 3,093,588.17
Net Change		\$ 599,613.61		\$ 599,613.61
Cumulative Results of Operations		\$ 1,907,604.21		\$ 1,907,604.21
Net Position		<u>\$ 1,907,604.21</u>		<u>\$ 1,907,604.21</u>

The accompanying notes are an integral part of these statements

Nuclear Waste Technical Review Board
Statement of Budgetary Resources
As of and For the year ended September 30, 2019 and 2018

	2019	2018
	Budgetary	Budgetary
Budgetary Resources:		
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 1,930,204.24	\$ 1,299,314.24
Appropriations (discretionary and mandatory)	<u>\$ 3,600,000.00</u>	<u>\$ 3,600,000.00</u>
Total budgetary resources	<u>\$ 5,530,204.24</u>	<u>\$ 4,899,314.24</u>
Status of Budgetary Resources:		
New obligations and upward adjustments (total) (Note 7)	\$ 3,613,739.87	\$ 2,969,447.50
Unobligated balance, end of year:		
Apportioned, unexpired account		
Exempt from apportionment, unexpired accounts	<u>\$ 1,827,332.89</u>	<u>\$ 1,857,612.68</u>
Unexpired unobligated balance, end of year	\$ 1,827,332.89	\$ 1,857,612.68
Expired unobligated balance, end of year	<u>\$ 89,131.48</u>	<u>\$ 72,254.06</u>
Unobligated balance brought forward, end of year	<u>\$ 1,916,464.37</u>	<u>\$ 1,929,866.74</u>
Total budgetary resources	<u><u>\$ 5,530,204.24</u></u>	<u><u>\$ 4,899,314.24</u></u>
Outlays, Net:		
Outlays, net (discretionary and mandatory)	<u>\$ 3,568,570.03</u>	<u>\$ 3,052,260.93</u>
Agency outlays, net (discretionary and mandatory)	<u><u>\$ 3,568,570.03</u></u>	<u><u>\$ 3,052,260.93</u></u>

The accompanying notes are an integral part of these statements

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The U.S. Nuclear Waste Technical Review Board (Board) is an independent agency in the Executive Branch of the federal government. The Board performs ongoing and objective peer review of the technical and scientific validity of activities undertaken by the Secretary of Energy including the packaging, transportation, and disposal of spent nuclear fuel (SNF) and high-level radioactive waste (HLW) in accordance with its enabling legislation in the Nuclear Waste Policy Act (NWPA) (Public Law 97-425, as amended). The Board also advises and makes recommendations to Congress and the Secretary on technical issues related to nuclear waste management and disposal.

According to the legislative history, Congress created the Board because ongoing technical peer review that is unquestionably independent is essential to acceptance by the public and the scientific community of any approach for managing nuclear waste. The Board is the only entity that performs an independent and integrated technical evaluation of all elements of the nuclear waste management system, including waste acceptance, transportation, packaging and handling, facility operation and design, and waste storage and disposal.

The Board received a federal appropriation of \$3,600,000 for fiscal year 2019 through the Consolidated Appropriations Act, 2019 (Public Law 115-244) which shall remain available until September 30, 2020. Furthermore, the Board received a federal appropriation of \$3,600,000 for fiscal year 2018 through the Consolidated Appropriations Act, 2018 (Public Law 115-141) which remained available until September 30, 2019.

Basis of Presentation

These financial statements have been prepared from the accounting records of the NWTRB in accordance with Generally Accepted Accounting Principles (GAAP), and the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in OMB Circular A-136, Financial Reporting Requirements. GAAP for Federal entities are standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which has been designated the official accounting standards-setting body for the Federal Government by the American Institute of Certified Public Accountants. OMB Circular A-136 requires agencies to prepare financial statements, which include a Balance Sheet, a Statement of Net Cost, a Statement of Changes in Net Position, and a Statement of Budgetary Resources. The Balance Sheet presents, as of September 30, 2019 and 2018, amounts of future economic benefits owned or managed by NWTRB (assets), amounts owed by NWTRB (liabilities), and amounts, which comprise the difference (net position). The Statement of Net Cost reports the full cost of the program, both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within NWTRB and other reporting entities. The Statement of Budgetary Resources reports an agency's budgetary activity.

Basis of Accounting

Transactions are recorded on the accrual accounting basis in accordance with OMB Circular A-136. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Budgets and Budgetary Accounting

The Board follows standard federal budgetary accounting policies and practices in accordance with OMB Circular A-11, Preparation, Submission, and Execution of the Budget, dated June 2019. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds. Each year, Congress provides the Board appropriations to incur obligations in support of agency programs. For Fiscal Years (FY) 2019 and 2018, the Board is accountable for general fund appropriations and no-year fund carryover. The Board recognizes budgetary resources as assets when cash (funds held by Treasury) is made available through a non-expenditure transfer from DOE and when spending authority from the offsetting collection is incurred.

Revenues and Other Financing Sources

The Board receives the funding needed to support its programs through appropriations. In FY 2019, the Board received multi-year appropriations that may be used, within statutory limits, for operating and capital expenditures. Prior to FY 2014, the Board received no-year appropriations. Appropriations are recognized as revenues as the related program or administrative expenses are incurred. In FY 2019 and 2018, budgetary resources for the Board included unobligated balances at the beginning of the period, Transfers In during the period, and recoveries of prior year obligations.

Other financing sources for the Board consist of imputed financing sources which are costs financed by other federal entities on behalf of the Board, as required by SFFAS No. 5, Accounting for Liabilities of the Federal Government. In certain instances, operating costs of the Board are paid out of funds appropriated to other federal agencies. In accordance with SFFAS 5, all expenses of a federal entity should be reported by that agency regardless of whether the agency will ultimately pay those expenses. Amounts for certain expenses of the Board, which will be paid by other federal agencies, are recorded in the Statement of Net Cost. A related amount is recognized in the Statement of Changes in Net Position as an imputed financing source. The Board records imputed expenses and financing sources for employee retirement plan contributions, group term life insurance, and health benefit costs, which are paid by the Office of Personnel Management (OPM).

Personnel Compensation and Benefits

Salaries and wages of employees are recognized as accrued payroll expenses and related liabilities as earned. These expenses are recognized as a funded liability when accrued. Annual leave is accrued as it is earned by employees and is included in personnel compensation and benefit costs. An unfunded liability is recognized for earned but unused annual leave, since from a budgetary standpoint, this annual leave will be paid from future appropriations when employees use the leave. The amount accrued is based upon current pay rates for employees. Sick leave and other types of leave that are not vested are expensed when used and no future liability is recognized for these amounts.

The Board's employees participate in one of two retirement programs, either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS), which became effective on January 1, 1987. The Board and its employees both contribute to these systems. Although the Board funds a portion of the benefits under CSRS and FERS and makes the necessary payroll withholdings, it does not report assets associated with these benefit plans in accordance with SFFAS 5.

For CSRS employees, the Board contributes an amount equal to 7% of the employees' basic pay to the plan. For FERS employees, the Board contributes an amount equal to 13.29% of the employees' basic pay to the plan. For FERS-RAE and FRAE employees, NWTRB contributes an amount equal to 11.1% of the employees' basic pay to the plan. Both CSRS employees and FERS employees are eligible to participate in the Thrift Savings Plan (TSP). The TSP is a defined contribution retirement plan intended to supplement the benefits provided under CSRS and FERS.

For FERS employees, the Board contributes an amount equal to 1% of the employee's basic pay to the TSP and matches employee contributions up to an additional 4%. CSRS employees receive no matching contribution from the Board.

OPM is responsible for reporting assets, accumulated plan benefits, and unfunded liabilities, if any, applicable to CSRS participants and FERS employees government-wide, including the Board's employees. The Board has recognized an Imputed Cost and Imputed Financing Source for the difference between the estimated service cost and the contributions made by the Board and its covered employees. The estimated cost of pension benefits is based on rates issued by OPM. Employees are entitled to participate in the Federal Employees Group Life Insurance (FEGLI) Program. Participating employees can obtain "basic life" term life insurance, with the employee paying two-thirds of the cost and the Board paying one-third. Additional coverage is optional, to be paid fully by the employee. The basic life coverage may be continued into retirement if certain requirements are met. OPM administers the FEGLI program and is responsible for the reporting of related liabilities. Each fiscal year, OPM calculates the U.S. Government's service cost for the post-retirement portion of basic life coverage. Because the Board's contributions to the basic life coverage are fully allocated by OPM to the pre-retirement portion of coverage, the Board has recognized the entire service cost of the post-retirement portion of basic life coverage as an Imputed Cost and Imputed Financing Source.

Assets and Liabilities

Intra-governmental assets and liabilities arise from transactions between the Board and other Federal entities. Funds with the U.S. Treasury comprise of the majority of assets on the Board's balance sheet. All other assets result from activity with non-federal sources.

Liabilities represent amounts that are likely to be paid by the Board as a result of transactions that have already occurred. The accounts payable portion of liabilities consist of amounts owed to federal agencies and commercial vendors for goods, services, and other expenses received but not yet paid. Liabilities covered by budgetary or other resources are those liabilities of the Board for which Congress has appropriated funds, or funding is otherwise available to pay amounts due.

Fund Balance with Treasury

The U.S. Department of the Treasury (Treasury) processes the Board's receipts and disbursements. Fund Balance with Treasury is the aggregate amount of the agency's accounts with Treasury for which the agency is authorized to liquidate obligations, pay funded liabilities, and make expenditures. The fund balance is increased through the receipt of non-expenditure Treasury warrants for appropriations, positive non-expenditure transfers, and other expenditure inflows of funds. The Fund Balance with Treasury is reduced through non-expenditure Treasury Warrants for recessions, negative non-expenditure transfers, disbursements, and other expenditure cash outflows of funds.

The Board's funds with the U.S. Treasury are cash balances from appropriations as of the fiscal year-end from which the Board is authorized to make expenditures and pay liabilities resulting from operational activity.

Property, Plant and Equipment (PPE)

Property, plant, and equipment (PP&E) have been defined in the Federal Government as tangible items owned by the Federal Government and having an expected useful life of greater than two years. The following policies will be effective for PP&E: (1) PP&E will be reported at acquisition cost, and (2) the capitalization threshold will be established at \$100,000 for assets with a useful life of two or more years.

Prepaid and Deferred Charges

Payments in advance of the receipt of goods and services are recorded as prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

Liabilities

Liabilities represent amounts expected to be paid as the result of a transaction or event that has already occurred. Liabilities covered by budgetary resources are liabilities incurred which are covered by realized budgetary resources as of the balance sheet date. Available budgetary resources include new budget authority, spending authority from the offsetting collections, recoveries of unexpired budget authority through downward adjustments of prior year obligations,

Liabilities (continued)

and unobligated balances of budgetary resources at the beginning of the year. Unfunded liabilities are not considered to be covered by such budgetary resources. Examples of unfunded liabilities are actuarial liabilities for future Federal Employees' Compensation Act (FECA) payments and annual leave. The Government, acting in its sovereign capacity, can abrogate liabilities arising from other than contracts.

Contingencies

The criteria for recognizing contingencies for claims are (1) a past event or exchange transaction has occurred as of the date of the statements; (2) a future outflow or other sacrifice of resources is probable; and (3) the future outflow or sacrifice of resources is measurable (reasonably estimated). The Board recognizes material contingent liabilities in the form of claims, legal action, administrative proceedings, and environmental suits that have been brought to the attention of legal counsel and that the ultimate resolution of these proceedings, actions, and claims, will not materially affect the financial position or results of operations.

Net Position

Net position consists of unexpended appropriations and cumulative results of operations. Unexpended appropriations represent amounts of budget authority to include unobligated or obligated balances not rescinded or withdrawn. Cumulative results of operations are comprised of the following: (1) the difference between revenues and expenses; (2) the net amount of transfers of assets in and out without reimbursement; and (3) donations, all since inception of the fund(s).

NOTE 2 – FUND BALANCE WITH TREASURY

The Board's Fund Balance with Treasury is coming from unobligated balances at the beginning of the period and transferred in during the period. No trust, revolving, or other fund type is used to fund the Board's activities. The Board operates with a multi-year fund and a no-year fund, where the fund balance of the previous fiscal year is carried forward to the next fiscal year.

A. Fund Balance with Treasury	<u>2019</u>	<u>2018</u>
General Funds	\$2,247,707.24	\$2,216,277.27
B. Status of Fund Balance with Treasury		
1) Unobligated Balance		
a) Available	\$ 1,827,332.89	\$ 1,857,612.68
b) Unavailable	89,131.48	72,254.06
2) Obligated Balance not yet Disbursed	331,242.87	286,410.53
Total	<u>\$2,247,707.24</u>	<u>\$2,216,277.27</u>

NOTE 3 – GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET

As of September 30, 2019, the Board shows Equipment – Administrative total cost of \$188,972.50 and a net book value of \$188,972.50. The Accumulated Depreciation to date is \$0.00. The depreciation calculation method used for equipment is Straight Line with a useful life of 5 years. Leasehold improvements are amortized over the term of the lease. A \$100,000 threshold is used to determine whether items are capitalized.

2019	Equipment	Leasehold	Total
Cost	\$188,972.50	\$	\$188,972.50
Accum. Depr.	\$0.00	\$	\$0.00
Net Book Value	<u>\$188,972.50</u>	<u>\$</u>	<u>\$188,972.50</u>

2018	Equipment	Leasehold	Total
Cost	\$21,645.00	\$	\$21,645.00
Accum. Depr.	(\$21,645.00)	\$	(\$21,645.00)
Net Book Value	<u>\$0.00</u>	<u>\$</u>	<u>\$0.00</u>

NOTE 4 – LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities of the Board are classified as liabilities covered or not covered by budgetary resources. As of September 30, 2019, the Board showed liabilities covered by budgetary resources of \$82,995.67 and liabilities not covered by budgetary resources of \$173,323.41. As of September 30, 2018, the Board showed liabilities covered by budgetary resources of \$84,253.48 and liabilities not covered by budgetary resources of \$224,419.58.

	2019	2018
Intragovernmental		
Employer Contributions & Payroll Taxes	\$ 15,217.41	\$ 16,347.04
Total Intragovernmental	<u>15,217.41</u>	<u>16,347.04</u>
With the Public		
Accounts Payable	-	1,612.00
Accrued Funded Payroll & Leave	65,351.53	63,538.88
Employer Contributions & Payroll Taxes	2,426.73	2,755.56
Unfunded Leave	<u>173,323.41</u>	<u>224,419.58</u>
Total With the Public	<u>241,101.67</u>	<u>292,326.02</u>
Total Liabilities	<u>\$ 256,319.08</u>	<u>\$ 308,673.06</u>
Total liabilities not covered by budgetary resources	173,323.41	224,419.58
Total liabilities covered by budgetary resources	<u>82,995.67</u>	<u>84,253.48</u>
Total Liabilities	<u>\$ 256,319.08</u>	<u>\$ 308,673.06</u>

NOTE 5 – OTHER LIABILITIES

Other liabilities with the public for the year ended September 30, 2019 and 2018 consist of Accrued Funded Payroll and Leave, Employer Contributions and Payroll Taxes Payable and Unfunded Leave in the amounts shown below. Other Intragovernmental liabilities consist of Employer Contributions and Payroll Taxes Payable.

	FY 2019		
	Non-Current	Current	Total
Intragovernmental			
Employer Contributions and Payroll Taxes	-	\$15,217.41	\$15,217.41
Total Intragovernmental	-	\$15,217.41	\$15,217.41
Liabilities with the Public			
Employer Contributions and Payroll Taxes	-	\$2,426.73	\$2,426.73
Unfunded Leave	\$173,323.41	-	\$173,323.41
Accrued Funded Payroll & Leave	-	\$65,351.53	\$65,351.53
Total Liabilities with the Public	\$173,323.41	\$67,778.26	\$241,101.67
Total Other Liabilities	\$173,323.41	\$82,995.67	\$256,319.08

	FY 2018		
	Non-Current	Current	Total
Intragovernmental			
Employer Contributions and Payroll Taxes	-	\$16,347.04	\$16,347.04
Total Intragovernmental	-	\$16,347.04	\$16,347.04
Liabilities with the Public			
Employer Contributions and Payroll Taxes	-	\$2,755.56	\$2,755.56
Unfunded Leave	\$224,419.58	-	\$224,419.58
Accrued Funded Payroll & Leave	-	\$63,538.88	\$63,538.88
Total Liabilities with the Public	\$224,419.58	\$66,294.44	\$290,714.02
Total Other Liabilities	\$224,419.58	\$82,641.48	\$307,061.06

NOTE 6 – LEASES

Entity as Lessee

The Board leases office space at 2300 Clarendon Boulevard, Suite 1300, Arlington, VA. The lease entered on July 2012, became effective August 2012, and was scheduled to expire July 2017. The lease was extended effective August 1, 2017 and is now scheduled to expire July 31, 2027. Tenant improvements were removed from the lease and therefore reduced the lease payments for each year.

The following is a schedule of future minimum lease payments required by the lease:

Fiscal Year Ended	<u>Minimum Lease Payments</u>
30-Sep-19	\$243,620
30-Sep-20	\$251,647
30-Sep-21	\$253,861
30-Sep-22	\$256,143
30-Sep-23	\$258,492

Thereafter Details:

30-Sep-23	\$258,492
30-Sep-24	\$260,912
30-Sep-25	\$263,405
30-Sep-26	\$265,973
30-Sep-27	\$216,478

NOTE 7 – APPORTIONMENT CATEGORIES OF NEW OBLIGATIONS AND UPWARD ADJUSTMENTS: DIRECT VS. REIMBURSABLE OBLIGATIONS

Apportionment is a plan, approved by OMB, to spend resources provided by one of the annual appropriations acts, a supplemental appropriations act, a continuing resolution, or a permanent law (mandatory appropriations). Resources are apportioned by Treasury Account Fund Symbol (TAFS). The apportionment identifies amounts available for obligation and expenditure.

It specifies and limits the obligations that may be incurred, and expenditures made (or makes other limitations, as appropriate) for specified time periods, programs, activities, projects, objects, or any combination thereof. An apportioned amount may be further subdivided by an agency into allotments, sub-allotments, and allocations. The Board is not subject to apportionment, nor does it have reimbursable authority. Therefore, all obligations are direct, exempt.

	<u>2019</u>	<u>2018</u>
Exempt	\$3,613,739.87	\$2,969,447.50

NOTE 8 – UNDELIVERED ORDERS AT THE END OF THE PERIOD

Undelivered orders represent the value of goods and services ordered and obligated that have not been received. This amount includes any orders for which advance payment has been made but for which delivery or performance has not yet occurred.

The amount of the Board’s budgetary resources obligated for undelivered orders was \$248,247.20 and \$202,157.05 as of September 30, 2019 and 2018, respectively.

	Unpaid Undelivered Orders	Paid Undelivered Orders	Total Undelivered Orders
2019	\$ 248,247.20	0.00	\$248,247.20
2018	\$ 202,157.05	0.00	\$202,157.05

NOTE 9 – EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE US GOVERNMENT

SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, requires an explanation of material differences between budgetary resources available, the status of those resources and outlays as presented in the Statement of Budgetary Resources to the related actual balances published in the Budget of the United States Government (Budget). The Budget that will include FY 2019 actual budgetary execution information is scheduled for publication in February 2020, and will be available through OMB’s website at <http://www.whitehouse.gov/omb>. Accordingly, information required for such disclosure is not available at the time of publication of these financial statements.

Balances reported in the FY 2018 SBR and the related President’s Budget reflect the following:

FY2018	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources	\$ 4,899,314.24	\$ 2,969,447.50	\$ -	\$ 3,052,260.93
<i>Budget of the U.S. Government</i>	5,000,000.00	3,000,000.00	\$ -	3,000,000.00
Difference	\$ (100,685.76)	\$ (30,552.50)	\$ -	\$ 52,260.93

The difference between the Statement of Budgetary Resources and the Budget of the United States Government for budgetary resources, obligations incurred, and net outlays are primarily due to rounding. A portion of the difference in the budgetary resources is due to expired unobligated balances being reported in the Statement of Budgetary Resources but not in the Budget of the United States Government.

NOTE 10 – RECONCILIATION OF NET COST TO OUTLAYS

The Board has reconciled its budgetary obligations and non-budgetary resources available to its net cost of operations as of September 30, 2019.

Net Operating Cost (SNC)	Intragovernmental	With the Public	Total
Budgetary Resources Obligated	\$3,423,046.75		\$3,423,046.75
Components of Net Operating Cost Not Part of the Budgetary Outlays:			
Property, Plant, and Equipment			
Increase/Decrease in Assests not Affecting Budget Outlays:			
Accounts Receivable			
Increase/Decrease in Liabilities not Affecting Budget Outlays:			
Accounts Payable		\$1,612.00	\$1,612.00
Salaries and Benefits	\$1,129.63	(\$1,483.82)	(\$354.19)
Other Resources or Adjustment to Net			
Obligated Resources that Do Not Affect Net Cost of Operations			
Other Liabilities		\$51,096.17	\$51,096.17
Components Not Requiring or Generating Resources			
Total Components of Net Operating Cost not Part of the Budgetary Outlays:	\$1,129.63	\$51,224.35	\$52,353.98
Federal employee retirement benefit costs	(\$95,803.20)		(\$95,803.20)
Total Components of Net Operating Cost not Part of the Budgetary Outlays:			
Acquisition of Capital Assets		\$188,972.50	
Net Outlays (Calculated Total)	\$3,328,373.18	\$240,196.85	\$3,568,570.03
Related Amounts in the Statement of Budgetary Resources:			
Outlays, net (SBR Line 4190)			\$3,568,570.03
Other Resources or Adjustment to Net			
Obligated Resources that Do Not Affect Net Cost of Operations			
Agency Outlays, Net (SBR Line 4210)			\$3,568,570.03

NOTE 11 – SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 15, 2019, which is the date the financial statements were available to be issued.

SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCE

Summary of Financial Statement Audit

Audit	Unmodified					
Restatement	No					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
None	0	0	0	0	0	0

Summary of Management Assurances¹

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)

Audit	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
None	0	0	0	0	0	0

Effectiveness of Internal Control over Operations (FMFIA § 2)

Audit	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
None	0	0	0	0	0	0

¹ The Board does not provide management assurance related to Federal Managers' Financial Integrity Act § 4 or Section 803(a) of the Federal Financial Management Improvement Act as it obtains accounting services from a federal shared service provider and thus does not operate a financial management system.

INDEPENDENT AUDITORS REPORT



Independent Auditor's Report

Board Chair and Executive Director
Nuclear Waste Technical Review Board
Arlington, VA

In our audits of the fiscal years 2019 and 2018 financial statements of the Nuclear Waste Technical Review Board (NWSTRB), we found

- a) NWTRB's financial statements as of and for the fiscal years ended September 30, 2019, and 2018, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- b) no material weaknesses in internal control over financial reporting based on the limited procedures we performed; and
- c) no reportable noncompliance for fiscal year 2019 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements, which includes required supplementary information (RSI), such as "Management's Discussion and Analysis"; (2) our report on internal control over financial reporting; and (3) our report on compliance with laws, regulations, contracts, and grant agreements.

Report on the Financial Statements

In accordance with Generally Accepted Government Auditing Standards (GAGAS) and Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*, we have audited NWTRB's financial statements. NWTRB's financial statements comprise the balance sheets as of September 30, 2019, and 2018; the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended; and the related notes to the financial statements.

We conducted our audits in accordance with U.S. generally accepted government auditing standards. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITORS REPORT

Management's Responsibility for the Financial Statements

NWTRB's management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in documents containing the audited financial statements and auditor's report, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. U.S. generally accepted government auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also responsible for applying certain limited procedures to RSI and other information included with the financial statements.

An audit of financial statements involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the auditor's assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit of financial statements also involves evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audits also included performing such other procedures as we considered necessary in the circumstances.

Opinion on Financial Statements

In our opinion, NWTRB's financial statements present fairly, in all material respects, NWTRB's financial position as of September 30, 2019 and 2018, and its net costs of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Although the RSI is not a part of the financial statements, FASAB considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's inquiries, the financial statements, and other knowledge we obtained during the audit of the

INDEPENDENT AUDITORS REPORT

financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

NWTRB's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. We read the other information included with the financial statements in order to identify material inconsistencies, if any, with the audited financial statements. Our audit was conducted for the purpose of forming an opinion on NWTRB's financial statements. We did not audit and do not express an opinion or provide any assurance on the other information.

Report on Internal Control over Financial Reporting

In connection with our audits of the NWTRB's financial statements, we considered the NWTRB's internal control over financial reporting, consistent with our auditor's responsibility discussed below. We performed our procedures related to the NWTRB's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility for Internal Controls

NWTRB management is responsible for maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

In planning and performing our audit of NWTRB's financial statements as of and for the year ended September 30, 2019, in accordance with U.S. generally accepted government auditing standards, we considered the NWTRB's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the NWTRB's internal control over financial reporting. Accordingly, we do not express an opinion on the NWTRB's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

INDEPENDENT AUDITORS REPORT

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described above, and was not designed to identify all deficiencies in internal control that might be material weaknesses and significant deficiencies or to express an opinion on the effectiveness of the NWTRB's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our 2019 audit, we identified deficiencies in NWTRB's internal control over financial reporting that we do not consider to be material weaknesses. Nonetheless, these deficiencies warrant the attention of NWTRB management. We have communicated these matters to NWTRB management and, where appropriate, will report on them separately.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of the NWTRB's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of the NWTRB's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audits of NWTRB's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibility discussed below. We caution that noncompliance may occur and not be detected by these tests. We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

INDEPENDENT AUDITORS REPORT

Management's Responsibility for Compliance with Laws, Regulations, Contracts and Grant Agreements

NWTRB management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to NWTRB.

Auditor's Responsibility

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to NWTRB that have a direct effect on the determination of material amounts and disclosures in NWTRB's financial statements, and perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to NWTRB.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2019 that would be reportable under U.S. generally accepted government auditing standards. However, instances of noncompliance may exist that have not been identified. The objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to NWTRB. Accordingly, we do not express such an opinion.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.



*Gaithersburg, Maryland
November 18, 2019*