

Final Audit Finding Resolutions
Region E - Solid Waste Management District
January 1, 2005 – December 31, 2006

1. Management Structure

Auditor Recommendation:

We recommend that the District be required to comply with Missouri state statutory requirements regarding their Executive Board management structure.

District Response:

The District stated, “The original by-laws do not specify the need for a secretary and treasurer, however, the District will comply with the Missouri statutory requirements.” Additionally, the District has a plan in place for the creation of an advisory committee that will be implemented in fiscal year 2007.

SWMP Response:

We concur with the auditor’s recommendation.

SWMP Recommendations:

The SWMP recommends the District provide documentation of the following actions to resolve Finding #1:

- a. The executive board should modify the District’s by-laws to include a secretary and treasurer.
- b. Any modifications made to the District’s by-laws should be in writing and approved by the board and documented within the District’s signed meeting minutes with copies provided to the SWMP.
- c. Upon implementation of the advisory committee, please provide to the SWMP, with the District’s next quarterly report, a copy of the advisory committee membership and signed meeting minutes from the committee’s first meeting.

Region E Resolution:

The district’s original bylaws, approved by MDNR, did not stipulate a secretary and treasurer; therefore, the district believed it was operating under an alternative management structure. And, although an official “advisory committee” was not formed prior to 2007, the district has always operated with an open door, inclusive policy for anyone interested in serving on committees or participating in district meetings. The district will comply with all recommendations.

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The District proposes the following resolution:

- a. The District's bylaws will be amended to include a secretary and treasurer. Changes are noted in bold.

District Bylaws Article V – Executive Board, Section 6. The officers of the MARC Solid Waste Management District shall be a chairman and a vice-chairman who shall be members of the executive board. **The chairman shall appoint an executive board member, district planner, or other designee to serve as the District's secretary and/or treasurer each calendar year upon approval of the executive board.**

- b. The proposed bylaws changes must be presented to the management council at a special or regular meeting held at least 14 days prior to the meeting at which the vote to amend the bylaws is taken. Since the management council meets bimonthly, district staff will submit the signed meeting minutes within six months of the date the district's response is mailed to MDNR.
- c. An invitation was mailed to a list of 30 candidates for a kick-off meeting of the advisory committee. Fifteen people attended the meeting on 9/20/07. All expressed interest in serving on the committee which will meet at least once annually. One citizen candidate expressed interest but was unable to attend the meeting. District staff will submit the invitation list, committee overview and 9/20/07 meeting minutes, initialed by the district planner, with the District's next quarterly report. A committee roster will be maintained on a regular basis. District staff will work to ensure participation of stakeholders as defined in RSMo, including citizen representation.

SWMP Response:

The SWMP has reviewed the District's resolution actions and upon submission of all documentation cited in paragraphs a. through c. will provide a written notice to the District of Finding 1 resolution.

2. Sunshine Law Compliance

Auditor Recommendation:

We recommend that the District be required to immediately adopt all required forms of documentation as stipulated by the Missouri Sunshine Law.

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District Response:

The District agreed with the finding and recommendation.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

The SWMP recommends the District take the following actions to resolve Finding #2:

- a. The Executive Board will review and make needed amendments to the District's policy and related procedure to ensure all Executive Board meeting minutes include the following:
 - i. whether the meeting was opened or closed to the public;
 - ii. the place in which the meeting was held;
 - iii. the time of the meeting; and
 - iv. the Executive Board members absent from the meeting.
- b. Any modifications made to the District's policies and procedures should be in writing and approved by the board and documented within the District's signed meeting minutes with copies provided to the SWMP.

Region E Resolution:

The District proposes the following resolution:

- a. The District's current policies and procedures reads: all meetings are open to management council representatives and other interested persons. The "Meetings" section under Article II will be amended to include a new paragraph with reference to specific recommendations listed above.

District Policies Article II – Organization of the MARC SWMD, Meetings
Section. New Paragraph:

Meeting minutes will reflect whether the meeting was open or closed to the public, meeting time and location, and absent executive board members.

- b. District staff will submit copies of the revised policies and procedures approved by the board and the relevant signed meeting minutes within six months of the date the District's response is mailed to MDNR.

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SWMP Response:

The SWMP has reviewed the District's resolution plan and upon submission of the documentation cited in paragraphs a. and b. will provide a written notice to the District of Finding 2 resolution.

3. Printed Materials

Auditor Recommendation:

We recommend that the District be required to implement procedures to ensure that all printed materials distributed by the District or any sub-grantee receiving district grant funds properly credit MDNR for funding and identify the Department and its logo.

District Response:

The District agreed with the finding and recommendation.

SWMP Response:

We concur with the auditor's recommendation

SWMP Recommendations:

The SWMP recommends the District take the following actions to resolve Finding #3:

- a. The executive board should review and modify the policy to require District staff and the District's sub-grantees to conduct a review of all materials prior to their printing to ensure the Department and its logo are identified and credit is given for funding the project; and
- b. Modifications made to the District's policies should be in writing and approved by the executive board and documented within the District's signed meeting minutes with a copy provided to SWMP.

Region E Resolution:

Attachment 2A of the District Grant Financial Assistance Agreement reads: "On most projects, identification should include the department logo with the full department name. This applies to publications, news releases, videos, displays and all other projects from which information may be obtained by reading, watching or simply seeing the material...For other projects, such audio cassette tapes and news releases, the department should be identified audibly by including its full name."

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The district agrees to acknowledge MDNR as required in reports, publications, news releases, videos and public service announcements. The same requirement applies to sub-grantees. Outreach materials like paid advertising, banners, display boards, and giveaway items, i.e., pencils, magnets, totes, etc., purchased in mass quantities, used to inform and educate the general public about key messages and available resources do not always lend themselves to include multiple logos or taglines. In these circumstances, the district includes a website and/or phone number with the message. On occasion, the district's "Rethink*ReDo*ReNew" logo may be printed on the item if space allows. Sub-grantees also face similar circumstances with outreach materials. The District requests MDNR to reconsider its policy as it relates to the "Public Information Guidelines" in the Financial Assistance Agreement to allow for exceptions as described above. District staff would be interested in participating in further discussions with MDNR, solid waste districts and subgrantees about this issue.

The District proposes the following resolution:

- a. The District will amend its policies and procedures to include a provision to conduct a review of all materials prior to printing to ensure the District Grant FAA Attachment 2A MDNR Public Information Guidelines are met for both the district and sub-grantees.

District Policies Article IV – District Grant Program, New Section:

Public Information Guidelines. District staff will review all district-related and sub-grantee materials prior to printing to ensure the Missouri Department of Natural Resources (MDNR) and its logo are identified and credit is given for funding the project, when applicable, and specifically in reports, publications, new releases, videos and public service announcements. Outreach materials, not limited to paid advertising, banners, display boards and giveaway items, will be considered on a case-by-case basis and in concurrence with MDNR.

- b. District staff will submit copies of the revised policies and procedures approved by the board and the relevant signed meeting minutes within six months of the date the District's response is mailed to MDNR.

SWMP Response:

The SWMP requests District Policies, Article IV – Public Information Guidelines be amended to read as follows: "For those items, where the MDNR and its logo are not identified, layouts or a copy of the outreach material, such as, but not limited to paid

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advertising, banners, display boards and giveaway items, be provided to the MDNR for determination of the need for inclusion of such logo information on a case-by-case basis. The MDNR will provide a timely written response (i.e., e-mail or via U.S. mail) to such requests. We agree with the District's request to work together with the other Districts and MDNR SWMP staff to develop a reasonable method to include the department information on district and district subgrantee informational materials.

The SWMP has reviewed the District's resolution plan and upon submission of the documentation cited in paragraphs a. and b. will provide a written notice to the District of Finding 3 resolution.

4. Annual District Financial Audit

Auditor Recommendation:

We recommend the District be required to implement a plan to ensure that the required annual financial audit report is complete and submitted to MDNR prior to the deadline as stated in RSMo and MDNR Special Terms and Conditions.

District Response:

The District experienced a change in the fiscal year in 2005 from June 30, 2005 to December 31, 2005 which accounted for the untimely submission of the fiscal year 2005 annual financial report and in fiscal year 2006, the District submitted the annual financial report at the annual SWAB meeting in order to save postage expense. Additionally, the rule change to 180 days of the close of the District's fiscal year should ensure that reports will be timely submitted in the future.

SWMP Response:

We concur the District should comply with the requirement to timely submit the annual financial audit report. With the October 30, 2007 revision to 10 CSR 80-9.050, the due date of the annual financial statement audit is within 180 days of the close of the fiscal year. We believe this change will assist the District in meeting the compliance date.

SWMP Recommendations:

The SWMP recommends the District take the following actions to resolve Finding #4:

- a. The District should review and amend the current written policy and related procedures for filing the annual financial statement audit with DNR to ensure timely

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- completion or requesting a waiver in sufficient time to allow the SWMP to respond prior to the District being out of compliance; and
- b. Modifications to any District policies to bring the District into compliance should be in writing and approved by the executive board and documented within the District's signed meeting minutes with a copy provided to the SWMP.

Region E Resolution:

MARC's independent financial audit was submitted to MDNR as a part of the requirement to receive the annual allocation of district administrative grant funds until the program was eliminated under SB-225. The 2005 Audit Report was due to MDNR on October 30, 2006 as part of its FY05 annual report submission. District staff received written permission from MDNR staff to hand deliver the report at the November 1 SWAB meeting in lieu of mailing. Email documentation will be attached to the response submittal. In an effort to comply with the auditing requirements under the new statute and rule, the district changed its fiscal year to coincide with MARC's calendar fiscal year to lower auditing costs. Development of the first audit report took additional time and exceeded the stipulated deadline. MDNR staff reviewed a draft of the report and provided feedback to MARC's accounting department during the process. Upon final submittal, the report was approved by MDNR and it used as a model during the District Grant Workshop with planners in October 2007. The district does not foresee any future causes for late submittals and agrees to incorporate the requirement into its policies and procedures manual.

The District proposes the following resolution:

- a. The District will amend its policy and procedures add a section outlining the submission requirement with MDNR to ensure timely completion or requesting a waiver in sufficient time to allow the SWMP to respond prior to the District being out of compliance.

District Policies Article III – General Financial Management, New Section:

Annual Financial Statement Audit. The district will submit an annual independent financial statement to the Missouri Department of Natural Resources no later than 180 days after the close of the fiscal year. If necessary, District staff will request a waiver in writing to SWMP at least 10 business days prior to the due date to allow sufficient time for waiver approval.

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- b. District staff will submit copies of the revised policies and procedures approved by the board and the relevant signed meeting minutes within six months of the date the District's response is mailed to MDNR.

SWMP Response:

The SWMP has reviewed the District's resolution plan and upon submission of the documentation cited in paragraphs a. and b. will provide a written notice to the District of Finding 4 resolution.

5. Notification Requesting Project Proposals

Auditor Recommendation:

We recommend the District be required to implement procedures to ensure that notices requesting project proposals are timely published in the designated newspaper for each county within the District as required by state regulations.

District Response:

The District agreed with the findings and recommendation.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

We understand District staff has already taken action to ensure compliance with this requirement. Please provide documentation of the actions taken to resolve Finding #5:

- a. The executive board should review and modify the policy to require District staff to ensure that notices requesting project proposals are timely published in the designated newspapers as required by state regulations; and
- b. Modifications made to the District's policies are in writing and approved by the executive board and documented within the District's signed meeting minutes with a copy provided to SWMP.

Region E Resolution:

Two instances occurred in the past where district staff submitted requests to local papers to post district grant solicitation notices. Although our records indicated the notice was

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received, it was not published and district staff did not immediately discover the oversight. District staff has addressed this issue to ensure that notices are published on a timely basis and within state guidelines. District staff telephones each official county newspaper to verify the request is received and again after the publication date. The district agrees to incorporate the procedure into written policy.

The District proposes the following resolution:

- a. The District will amend its policy and procedures to include a paragraph describing its proposal solicitation process:

District Policies Article IV – District Grant Program, Section C. Proposal Solicitation will be amended to include the following paragraph:

District staff will conform to the proposal solicitation requirements outlined in CSR 80-9.050. Specifically, the district will:

- i. Notify each mayor and county presiding commissioner in writing and retain a certificate of mailing;**
- ii. Post notices in each official county newspaper and obtain affidavit of publication;**
- iii. Verify receipt and publication by telephone with each newspaper;**
- iv. Issue press releases to newspapers in the Greater Kansas City metro area; and,**
- v. Conduct district grant information sessions for prospective applicants and the general public.**

SWMP Response:

The SWMP has reviewed the District's resolution plan and if District staff will submit a copy of the revised District Policies Article IV – District Grant Program, Section C. Proposal Solicitation approved by the board and the relevant signed meeting minutes within six months of the date the District's response is mailed to MDNR, the SWMP will provide a written notice to the District of Finding 5 resolution.

6. Quarterly Reports Not Submitted Timely

Auditor Recommendation:

We recommend that the District implement procedures to ensure that the thirty-day deadline for submitting quarterly reports to MDNR is achieved in accordance with state regulations and MDNR guidelines.

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District Response:

The District will work to ensure that all quarterly reports are submitted to MDNR within the required deadline.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

The SWMP recommends the District take the following actions to resolve Finding #6:

- a. The District should review and amend the current written policy and related procedures for filing the quarterly reports with MDNR to ensure timely submission or requesting a waiver in sufficient time to allow the SWMP to respond prior to the District being out of compliance; and
- b. Any modifications made to the District policies should be in writing and approved by the executive board and documented within the District's signed meeting minutes with a copy provided to the SWMP.

Region E Resolution:

Auditors noted two instances of late reports submitted by the district to MDNR. These reports were related to the due date falling on a Sunday (10/30/05 and 4/30/06). MDNR records indicated that these reports were received on 11/1/05 and 5/1/06, respectively. Region E takes the submission of its quarterly and final reports to MDNR very seriously and works diligently to ensure timely and complete submissions. The district agrees to incorporate a written procedure into its policies.

The District proposes the following resolution:

- a. The District will amend its policy and procedures to include a paragraph describing the submittal of quarterly reports to MDNR.
District Policies Article IV – District Grant Program, Section D. Contract Requirements, Quarterly Reports subsection will be amended to read Quarterly & Final Reports. New Paragraph:

The District will submit its quarterly and final reports on time as outlined in the General Terms and Conditions, J2. If necessary, District staff will request an extension from MDNR a minimum of two days in advance before the due

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date. E-mail correspondence will be utilized in order to preserve records of communication.

SWMP Response:

The SWMP has reviewed the District's resolution plan and has determined that two days notice might prove insufficient for the SWMP to provide a written approval of the extension request to the District. We believe a minimum of a five (5) business-day notice of the need for an extension is reasonable. (Please note should an emergency arise, an exception to this requirement will be accommodated.) If this alternative is acceptable to the District, District staff may submit a copy of the revised District Policies Article IV – District Grant Program, Section D. Contract Requirements, Quarterly Reports subsection approved by the board and the relevant signed meeting minutes within six months of the date the District's response is mailed to MDNR. Upon receipt of this documentation, the SWMP will provide a written notice to the District of Finding 6 resolution.

7. Final Reports Not Submitted Timely

Auditor Recommendation:

We recommend that the District implement procedures to ensure that final reports are timely submitted to MDNR within thirty days from the project completion date as stated in the FAA.

District Response:

The District will work to ensure that all final reports are submitted to MDNR within the required deadline.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

The SWMP recommends the District take the following actions to resolve Finding #7:

- a. The District should review and amend the current written policy and related procedures for filing the quarterly reports with MDNR to ensure timely submission or requesting a waiver in sufficient time to allow the SWMP to respond prior to the District being out of compliance; and

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- b. Any modifications made to the District policies should be in writing and approved by the executive board and documented within the District's signed meeting minutes with a copy provided to the SWMP.

Region E Resolution:

MDNR guidelines require that all final reports be submitted within thirty days of the project completion date. In the past final reports were submitted with the next quarterly report. The district agrees to amend its policies and procedures to take the steps necessary to ensure sub-grantee final reports are submitted to MDNR to meet the thirty-day deadline or district staff will request an extension in advance.

The District proposes the following resolution:

The resolution for this matter is described in Finding #6.

(From Finding #6 above: The District proposes the following resolution:

- a. The District will amend its policy and procedures to include a paragraph describing the submittal of quarterly reports to MDNR.

District Policies Article IV – District Grant Program, Section D. Contract Requirements, Quarterly Reports subsection will be amended to read Quarterly & Final Reports. New Paragraph:

The District will submit its quarterly and final reports on time as outlined in the General Terms and Conditions, J2. If necessary, District staff will request an extension from MDNR a minimum of two days in advance before the due date. E-mail correspondence will be utilized in order to preserve records of communication.)

SWMP Response:

As noted in SWMP's Response to Finding 6, the SWMP has reviewed the District's resolution plan and has determined that two days notice is insufficient for the SWMP to provide the written approval of an extension request to the District. We require a minimum of a five (5) business day notice of the need for an extension and believe this timeframe is reasonable. (Again, please note should an emergency arise, an exception to this requirement can be accommodated.) If this alternative is acceptable to the District, District staff may submit a copy of the revised District Policies Article IV – District Grant Program, Section D. Contract Requirements, Quarterly Reports subsection

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approved by the board and the relevant signed meeting minutes within six months of the date the District's response is mailed to MDNR. Upon receipt of this documentation, the SWMP will provide a written notice to the District of Finding 7 resolution.

8. Sub-grantee Reports Not Submitted Timely

Auditor Recommendations:

We recommend the District take measures to ensure that sub-grantees submit quarterly progress reports timely in accordance with the FAA and MDNR guidance.

District Response:

The District deals with many issues related to sub-grantee reporting and no funds are distributed until adequate reporting is received by the District. Additionally, applicants are penalized for late reports on future grant proposals. The District will continue to make improvements in the area of sub-grantee reporting.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

The SWMP recommends the District take the following actions to resolve Finding #8:

- a. The District should review and amend the current written policy and related procedures for sub-grantee submission of quarterly progress reports with the District to ensure the District's reports can also then be timely filed or the District have sufficient time to request a waiver allowing the SWMP to respond prior to the District being out of compliance; and
- b. Modifications to any District policies to bring the District into compliance should be in writing and approved by the Executive Board and documented within the District's signed meeting minutes with a copy provided to the SWMP.

Region E Resolution:

The District proposes the following resolution: The District will amend its policy and procedures to include a subsection on penalties assessed on sub-grantees in non-compliance of reporting requirements. In addition, this policy statement will be included in all future sub-grantee grant assistance agreements.

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District Policies Article IV – District Grant Program, Section D. Contract Requirements, New Subsection:

Late Report Penalties

If the district does not receive quarterly or final reports within seven days from the due date stipulated in the grant assistance agreement’s special terms and conditions, the grantee is considered out of compliance. Within those seven days, the grantee may either submit the late report or negotiate an alternate due date with the grant administrator. If no contact has been initiated by the grantee to negotiate an alternate due date, the district will send a warning letter to inform the grantee of noncompliance and possible fiscal penalty measures.

If the report is not received within 14 days from the original due date or upon the negotiated due date, fiscal penalties may be incurred, effective immediately, in the amount of two percent (2%) of the original grant award and remain in effect at the rate of one percent (1%) per week until the outstanding report(s) is received and accepted by the grant administrator. The grant administrator will obtain authorization from the grant review committee chair to implement the penalty phase and inform the executive board. The grantee will be notified by certified letter that the penalty phase is in effect. Noncompliance of reporting requirements will be noted in the grantee’s record for consideration of future grant awards. Extreme cases may be taken before the executive board for further resolution.

SWMP Response:

The SWMP has reviewed the District’s resolution plan and if District staff will submit a copy of the revised District Policies Article IV – District Grant Program, Section D. Contract Requirements approved by the board and the relevant signed meeting minutes within six months of the date the District’s response is mailed to MDNR, the SWMP will provide a written notice to the District of Finding 8 resolution.

9. Lack of Adequate Supporting Documentation Provided by the Sub-grantee

Auditor Recommendation:

We recommend that the District implement procedures to ensure that subgrant reimbursements are made only upon receipt of proper source documentation for project expenses as required by the FAA and MDNR General Terms and Conditions.

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District Response:

The District agreed with the finding and recommendation.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

The SWMP recommends the district take the following actions to resolve Finding #9:

- a. The district should establish a written policy and related procedure to ensure subgrant reimbursements are made only upon receipt of proper source documentation (i.e., accounting payroll records, paid invoices, paid receipts, cancelled checks, and employee timesheets) for project expenses; and
- b. Modifications or the addition of district policies should be in writing and approved by the Executive Board and documented within the district's signed meeting minutes with a copy provided to the SWMP.

Region E Resolution:

The District proposes the following resolution:

The district will amend its policy and procedures to include a paragraph describing required documentation for reimbursements.

District Policies Article IV – District Grant Program, Section D. Contract Requirements, New Subsection:

Reimbursements

Grant project expenses will be reimbursed only upon receipt of proper source documentation. Documentation accepted is:

- **Paid invoices**
- **Paid receipts**
- **Credit card statements indicating payment**
- **Cancelled checks**
- **Employee time sheets**
- **Accounting payroll sheets**

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SWMP Response:

The SWMP has reviewed the District's resolution plan and if District staff will submit a copy of the revised District Policies Article IV – District Grant Program, Section D. Contract Requirements, Reimbursements approved by the board and the relevant signed meeting minutes within six months of the date the District's response is mailed to MDNR, the SWMP will provide a written notice to the District of Finding 9 resolution.

(Please note the District may want to consider adding to the list of acceptable documentation an item for appropriate electronic verification of cleared checks in lieu of actual cancelled checks.)

10. Untimely Filing of UCC Financing Statement

Auditor Recommendation:

We recommend that the District be required to implement procedures to ensure that the District is in compliance with state regulations pertaining to the timely filing of UCC Financing Statements.

District Response:

The District agreed with the finding and recommendation.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

The SWMP recommends the District take the following actions to resolve Finding #10:

- a. The District should review their current written policy and related procedures for filing of UCC Financing Statements and determine the need for modifications to ensure accurate and timely filing with the Secretary of State; and
- b. Modifications to District policies should be in writing and approved by the council or executive board and documented within the District's signed meeting minutes with copies provided to the SWMP.

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Region E Resolution:

The District proposes the following resolution:

The district will amend its policy and procedures to include a paragraph describing the submittal of UCC Financing Statements for equipment, a certificate of title through DOR for vehicles or a deed of trust for property improvements. In addition, the sub-grantee grant assistance agreement will include a copy of security agreement instruments.

District Policies Article IV - District Grant Program, Section D. Contract Requirements, Revised Subsection:

Security Agreements for Vehicles, Equipment, Site Improvements and Buildings Purchased with Grant Funds

Grant purchases of equipment or buildings and site improvements over \$5,000, or a combined value of over \$5,000; require a security agreement between the MARC SWMD and sub-grantee.

Following purchase, district staff will meet with grantee to confirm purchase and location.

Prior to reimbursement, sub-grantee will:

- i. Provide signed Security Interest Agreement**
- ii. Provide proof of insurance**
- iii. Provide any documents necessary to indicate district as lien holder**
- iv. Pay appropriate filing fees**

District staff will:

- i. Apply decal to equipment indicating funders**
- ii. Photograph vehicle, equipment and/or site improvements**
- iii. File paperwork with appropriate agency and provide copy of filings and security interest agreement to sub-grantee**
- iv. Authorize disbursement of reimbursement check**

SWMP Response:

The SWMP has reviewed the District's resolution plan and if District staff will submit a copy of the revised District Policies Article IV – District Grant Program, Section D. Contract Requirements, Security Agreements for Vehicles, Equipment, Site Improvements and Buildings Purchased with Grant Funds approved by the board and the relevant signed meeting minutes within six months of the date the District's response is

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mailed to MDNR, the SWMP will provide a written notice to the District of Finding 10 resolution.

11. Utilization of Sub-grantee Equipment

Auditor Recommendation:

We recommend that the District be required to implement procedures to ensure that equipment and improvements purchased with district grant funds are kept in good condition by the sub-grantee. Additionally, we recommend that any and all changes in project status be reported to MDNR on a quarterly basis and that these reports accurately reflect any problems with the project.

District Response:

The District will not provide the sub-grantee additional reimbursement until the condition of the concrete pad is corrected. Additionally, the District will work to ensure that quarterly reports submitted to the District by the sub-grantee are complete and accurate.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

The SWMP recommends the District take the following actions to resolve Finding #11:

- a. The District provided reports from the sub-grantee that did not provide accurate information about the status of the project and the District did not directly provide any information stating problems with the project. The District should promptly take action to correct this misreporting to MDNR and provide a report that accurately reflects the status of this project. Further, the report should clearly state the date full compliance with the grant award between the District and their sub-grantee is anticipated and achieved.
- b. The District should review their current written policy and related procedures for on-site inspections of sub-grantee projects and determine the need for modifications to ensure project status is accurately reported to the District and MDNR;
- c. The District should review their current written policy and related procedures for sub-grantee equipment and improvements purchased with district grant funds and their associated maintenance requirements to determine the need for modifications; and

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- d. Modifications to District policies should be in writing and approved by the Executive Board and documented within the District's signed meeting minutes with copies provided to the SWMP.

Region E Resolution:

The auditor noted that a concrete pad for Grant #2006005 was believed to be in poor condition; however, there was a misunderstanding on the area actually paved using grant funds. District staff has resolved this issue. The area paved for the grant project, used to set a specific container for food waste, was a fraction of the loading area and is surrounded by pavement of lesser quality. The area paid for using district funds (\$1,980) remains in good condition. (See photograph attached).

The District proposes the following resolution:

The district will amend its policy and procedures to include a paragraph describing the equipment inventory and annual reporting requirements.

District Policies Article IV – District Grant Program, Section D. Contract Requirements, Revised Subsection:

Equipment Inventory

Following the initial site visit with sub-grantees, district staff will conduct a physical equipment inventory every two years to track all equipment/site improvements purchased with district grant funds.

During the term of the security interest agreement, sub-grantees are required to report the use and condition of district-funded equipment and/or site improvements, provide proof of insurance and report tonnages diverted. District staff will send a reminder notice to each sub-grantee 30 days prior to the submission deadline.

SWMP Response:

The SWMP has reviewed the District's resolution plan and if District staff will submit a copy of the revised District Policies Article IV – District Grant Program, Section D, Equipment Inventory approved by the board and the relevant signed meeting minutes within six months of the date the District's response is mailed to MDNR, the SWMP will provide a written notice to the District of Finding 11 resolution.

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12. Decals Not Displayed on Equipment

Auditor Recommendation:

We recommend that the District be required to timely affix a District identification decal to equipment purchased with State funds to ensure that District property is properly identified in accordance with MDNR General Terms and Conditions.

District Response:

The District agreed with the finding and recommendation.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

The SWMP will consider Finding 12 resolved upon receipt of:

- a. A copy of the Executive Board's approved written policy that identifies the District's procedure to account for and report equipment and other capital assets including when the District's decal will be affixed to the equipment purchased with State funds; and
- b. A copy of the signed meeting minutes documenting approval of the policies with a copy provided to the SWMP.

Region E Resolution:

The District proposes the following resolution:

The resolution for this matter is described in Finding #10. As described, decals will be applied to district-funded vehicles, equipment and/or site improvements at the subgrantee security interest meeting.

SWMP Response:

The SWMP concurs the District's resolution plan for Finding 10 also addresses Finding 11 and if District staff will submit a copy of the revised District Policies Article IV – District Grant Program, Section D, Contract Requirements, Security Agreements for Vehicles, Equipment, Site Improvements and Buildings Purchased with Grant Funds approved by the board and the relevant signed meeting minutes within six months of the

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date the District's response is mailed to MDNR, the SWMP will provide a written notice of resolution for Findings 10 and 11.