

**Final Audit Finding Resolutions**  
**Region H -- Mid-Missouri Solid Waste Management District**  
July 1, 2005 – June 30, 2007

**1. Executive Board/Council Meeting Minutes Incomplete and No Sunshine Law Policy**

*Auditor Recommendation:*

We recommend that the District include in its public notice/agenda whether the board/council meeting is open or closed to the public and include the time of the meeting and the place the meeting occurred in the minutes. We also recommend the District adopt a written policy in compliance with the open meetings and record law as required by state law.

*District Response:*

The District stated "Recommendations to include "open" or "closed" meeting, date, time and place of meeting on the agenda, public notice, and meeting minutes were implemented effective June 11, 2008. A written policy for the open meetings and records laws including a form to request documents will be drafted and submitted for Executive Board approval at the August 13, 2008 meeting."

*SWMP Response:*

We concur with the auditor's recommendation.

*SWMP Recommendations:*

The District has indicated this recommendation has been implemented. Please document the following actions to fully resolve Finding #1:

- a. The Executive Board has reviewed and made amendments to the District's Sunshine Law policy and related procedures to ensure that "open" or "closed" meeting, date, time and place of meeting are included on the agenda, public notice, and within the meeting minutes, and that the District's policy has been approved and implemented by the District's Executive Board; and
- b. These modifications are in writing and their approval by the Executive Board is documented within the District's signed meeting minutes. Please provide a copy of the approved policies and procedures to the SWMP for inclusion in our audit resolution file. Further, we request that for the period December through May 2009, a copy of the Executive Board's meeting agendas, public notices, and approved minutes be provided along with the District's quarterly status reports to verify compliance with the Sunshine Law requirements.



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**2. District's Quarterly Project Financial Summary Forms Not Accurately Prepared – Questioned Costs: \$7,805**

*Auditor Recommendation:*

The District properly prepare its quarterly financial reports by subgrant noting the receipts and disbursements from each grant funded by the MDNR and any carryover funds unobligated. The balances remaining in each subgrant should be reconciled to the total cash balance held by the District. Any unidentified funds must be obligated by the District during the next grant cycle.

*District Response:*

The District stated, "The excess \$7,805 is unidentified monies that will be obligated in FY2009. In FY2008, the District was diligent in obligating monies from carryover (\$29,769), program income (\$4,000), and interest (\$21,375). The District will ensure unobligated monies are documented and re-obligated in future grant cycles."

*SWMP Response:*

We concur with the auditor's recommendation. The \$7,805 that remains unidentified must be identified for the next grant cycle as district grant funding (i.e., state funds) as no records are available to support the funds were received from a source unrelated to the district grant process. The District will need to ensure in the future that all monies are adequately identified in the District's accounting records by source of funding (i.e., district grant funding, interest income, program income, or other).

*SWMP Recommendations:*

While the District has indicated this recommendation has been implemented, we would appreciate receiving information related to the following to allow for full resolution of Finding #2:

- a. The Executive Board must ensure the district's accounting system is in compliance with 10 CSR 80-9.050(7)(B) which states, "An executive board receiving funds from the Solid Waste Management Fund for district grants shall themselves maintain, and require recipients of financial assistance to maintain, an accounting system according to generally accepted accounting principles that accurately reflects all fiscal transactions, incorporates appropriate controls and safeguards, and provides clear references to the project as agreed to in the Financial Assistance Agreement. Accounting records must be supported by source documentation such as cancelled

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- checks, paid bills, payrolls, time and attendance records, contract, and agreement award documents.”
- b. The Executive Board should review and amend the District’s policy and related procedure to ensure the District’s accounting system and internal controls are maintained at all times and are reviewed periodically for weaknesses in accordance with 10 CSR 80-9.050(7)(B) to ensure assets are adequately safeguarded and identified; and
  - c. Modifications or the addition of District policies are required to be in writing and approved by the Executive Board and documented within the District’s signed meeting minutes. Copies of any modifications or additions made to address this finding should be provided to the SWMP.

**3. Interest Income and Program Income Not Timely Obligated**

*Auditor Recommendation:*

We recommend that the District timely obligate the interest income and program income remaining in its bank accounts to future grant projects.

*District Response:*

Since FY2007 (Grant #2007001), the District has documented and obligated program and interest income to reach "reasonable" fund balances. The District will continue to document, monitor, and obligate funds in future grant cycles. Monies were also obligated during FY2008 grant cycles.

*SWMP Response:*

We concur with the auditor’s recommendation.

*SWMP Recommendations:*

The District has indicated this recommendation has been implemented. Please document the following actions to fully resolve Finding #3:

- a. The Executive Board has reviewed and made amendments to the District’s policy and related procedures to ensure that unobligated program income and interest income are timely obligated while maintaining a reasonable fund balance; and
- b. Any modifications to the District’s policies made to address this issue were in writing and their approval by the Executive Board was documented within the District’s signed meeting minutes. Please provide a copy of the approved policies and procedures to the SWMP for inclusion in our audit resolution file.



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**4. Recycled Paper**

*Auditor Recommendation:*

We recommend the District display the chasing arrow symbol on at least one page of materials provided to any parties.

*District Response:*

The chasing arrows symbol has been added to our templates and will be reflected on at least one page of future documentation.

*SWMP Response:*

We concur with the auditor's recommendation.

*SWMP Recommendations:*

The District has indicated this recommendation has been implemented. Please provide to the SWMP with the District's next Quarterly Status Report submission a copy of the District's templates with the chasing arrows symbol, which will allow for full resolution of Finding #4.

**5. Proof of Insurance on Capital Assets Not Obtained**

*Auditor Recommendation:*

We recommend that the District obtain insurance coverage documentation from the subgrantee for all equipment, buildings, and site improvements purchased or constructed with SWMF monies.

*District Response:*

The District has requested and received notification of insurance on equipment from subgrantees on projects 2006002, 2006004, 2006005, and 2006007. Herein forward, subgrantees will be required to provide insurance on or before the date on which they submit their first request for reimbursement. They will also need to provide the cover sheet of their insurance policy. No reimbursement will be made prior to receipt of insurance documentation. This requirement will be included in the District's Application and Guidance Documents, District Grant Workshops, and FAA documents and discussions with subgrantees.

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*SWMP Response:*

We concur with the auditor's recommendation. The District should request that sub-grantees submit with the invoice requesting reimbursement for equipment, buildings, and site improvements proof of insurance on such equipment, buildings, and site improvements.

*SWMP Recommendations:*

The SWMP recommends the District take the following actions to fully resolve Finding #5:

- a. The Executive Board shall review and make needed amendments to the District's policy and related procedure to ensure all sub-grantees are required to submit proof of insurance on equipment, buildings, or site improvements purchased with district grant funds prior to reimbursement being made;
- b. Modifications or the addition of District policies are in writing and approved by the Executive Board and documented within the District's signed meeting minutes with a copy provided to the SWMP; and
- c. During FY09, the District will submit copies of the proof of insurance provided by sub-grantees to the SWMP along with the District's Quarterly Project Status Reports to document compliance.

**6. Documentation of Competitive Bids Not Required from Subgrantees**

*Auditor Recommendation:*

We recommend that the District obtain documentation from the subgrantees regarding the solicitation and the awarding of bids for items purchased with district grant monies.

*District Response:*

This will be implemented and required in the same manner as the insurance notification. Copies of bids must be submitted on or before the date of the first request for reimbursement.

*SWMP Response:*

We concur with the auditor's recommendation



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*SWMP Recommendations:*

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

- a. The Executive Board should modify the District's sub-grantee procurement policies and related procedures to address the need for compliance with state procurement requirements. Specifically, the procedures must include adequately documenting bids including sole source justification and retention of procurement records;
- b. To ensure compliance, the District should request submission of the sub-grant applicant's procurement policies as part of the grant application process;
- c. Further, we suggest implementation of a District-wide procurement form for ease in recording bids and for record retention purposes as this is a good business practice and will assist District staff in their review of the submitted information; and
- d. 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 copies provided to the SWMP.
- e. During FY09, the District along with the submission of their Quarterly Status Reports should provide a copy of bid documentation submitted by the District's subgrantees to the SWMP.

**7. District Spent Monies After Lapse of Financial Assistance Agreement – Questioned Costs: \$54,464**

*Auditor Recommendation:*

We recommend that the District approve future FAA amendments before the grants are complete and seek SWMP approval prior to the expiration date. We also recommend the District resolve the questioned costs with the MDNR.

*District Response:*

The District stated "The issue from the Grant #2007001 and Grant #2008001 was recognized and addressed at the time of the incident as MMSWMD and DNR worked through the issue. A procedure written and included in District H's by-laws has been approved by the MMSWMD Executive Board and adopted by the MMSWMD District Council on May 21, 2008.

*SWMP Response:*

The District's Executive Board should approve future Financial Assistance Agreement (FAA) amendments prior to the expiration date as detailed within the original FAA



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document. The period of time that occurs between expiration of the original FAA and the department's approval of an amendment are not allowable charges to district grant funds.

Late in FY2007, the District hired a new District Planner who was not familiar with the process for amending FAAs. As stated in Jim Hull's November 14, 2007 letter "SWMP is aware of the necessity of the District to incur expenditures associated with the proper and efficient performance and administration of the District; however, these expenditures must receive prior approval from the SWMP. While there is the potential of an audit finding in regard to this situation, please understand it is not SWMP's intent to penalize the District. We recommend that the District document this issue in the board meeting minutes to provide documentation during future audits of the District's actions and measures taken to prevent recurrence of this issue. When the Executive Board meets, it should consider amending the District's procedures to provide that extensions must be timely submitted and approval received back from the SWMP before the District can incur expenditures."

*SWMP Recommendations:*

The District has implemented the SWMP's recommendations. We would appreciate receiving for inclusion in the District's audit file, a copy of the following:

- a. The approved and signed board meeting minutes documenting this issue; and
- b. The District's amended policies/procedures approved and implemented by the Executive Board and documented within the District's signed meeting minutes to ensure this issue does not recur.