

Lake of the Ozarks Solid Waste Management District T

**P.O. Box 786
106 W. Highway 54
Camdenton, MO 65020
(573) 346-5616**

**James R. Dickerson
Director**

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SWMP OPERATIONS

July 30, 2008

**Mr. Jim Hull, Director
Solid Waste Management Program
Missouri Department of Natural Resources
P.O. Box 176
Jefferson City, Missouri 65101**



Dear Mr. Hull:

The Executive Board of Lake of the Ozarks Solid Waste Management District T met July 3, 2008 to further discuss the findings of the recent Performance Audit of our District and developed the following response that has been reviewed and approved by the Executive Board.

We appreciate your offer in your June 5, 2008, letter to work cooperatively with us in addressing the audit issues. In turn, we want to assure you that our goal is to meet or exceed compliance in every respect. While we noted that our District did not have some findings listed in a number of other district audits, we assure you that we regard compliance on the issues in our audit as very important and in need of immediate attention.

Compliance with the Sunshine Law

The district believes procedures have improved considerably during the July 1, 2007 to June 30, 2008 program year. From this time forward the Chairman of the Board will personally review the meeting notice for completeness before it is mailed or posted within the required timeframe and the Board will review each set of minutes to make certain the time and place of the meeting is included in any set of minutes and that members absent from the meeting and votes cast as to yea or nay are listed by member in those cases where the vote can not be listed as unanimous and that the minutes are approved by the Board at each meeting and signed and dated by a Board member. Any change in written procedures will be approved by the Board and the District will submit signed and approved copies of approved copies of our District's Board meeting minutes with each of the District's quarterly status reports through June 30, 2009. In addition, the public members of our Board have committed to posting notices of each Board meeting in their city halls and courthouses. This practice began at our July 3, 2008 meeting. Finally, public news announcements of meetings will be adopted as a regular practice by virtue of the Board's July 3 meeting discussion.

Frequency of Meetings

The Board adopted a new set of bylaws after the State Auditor's Report 2006-10 was issued and those bylaws, drawn up and approved by the Board, feature a required number and frequency of meetings as stated in state law. For the current year the Board has exceeded the number of required meetings but will adhere closely to the bylaws in the future, also. As Council and Executive Board meetings are held through June 30, 2009, the District will provide a copy of the meeting notices to SWMP.

Bank Reconciliations

The District did begin reconciliations that were reviewed by staff, beginning with July, 2007—the first month after the audit period and several months before the audit team arrived. Copies of those reconciliations are enclosed. Beginning with the July, 2008 accounting period, the reconciliations will be reviewed, signed and dated by an Executive Board member each month. Any modifications in procedures will be documented in the Executive Board minutes and a copy will be supplied to the SWMP. Written policies will be presented for consideration at the District's next Executive Board meeting.

District Financial Audit Not Completed

Revised procedures will be submitted for consideration by the Executive Board at its next meeting. Any changes will be documented in the Board's minutes and a copy will be supplied to the SWMP. The District did notify the SWMP program before this audit was due and received a waiver. The auditing firm has now completed its site visit, and the District is awaiting receipt of the audit. Once approved by the Executive Board, a copy of the financial audit will be supplied to the SWMP.

Incomplete Documentation of Grant Evaluation Process

The District now utilizes evaluation sheets that are signed and dated by Board members. Additional policies will be presented for consideration by the Executive Board at its next meeting and any changes in procedures, including procedures for applicant notification when a proposal is determined to be ineligible or incomplete, will be in writing and copies will be submitted to the SWMP. In the next grant cycle the District will submit to the SWMP, upon approval and signing by the Executive Board, a copy of the Executive Board minutes for the meetings where grant awards are discussed and made. The District will adopt conflict of interest policies and has requested samples from the SWMP. This policy will include a requirement for disclosure statements for Board and staff as well as an annual update to these disclosure statements and review and approval of the statements by the Executive Board. Copies of the disclosure statements will be provided for Executive Board members and staff to the SWMP by October 30, 2008. Any modifications or additions to a conflict of interest policy will be in writing and approved by the Executive Board and documented within the District's signed minutes. A copy will be provided to the SWMP.

Quarterly Reports Not Accurate or Complete

The District has not been late on quarterly reports for the last year but will adopt written policies and related procedures for subgrantee submission of quarterly progress reports to the District to ensure the District's reports can then be timely prepared and filed. The District will begin, in the next grant cycle, to provide training to subgrantees related to the appropriate use of grant funds and the budget amendment. The District will review written policies and related procedures for the District's filing of quarterly reports with the SWMP 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. Any modifications made to District policies will be in writing and approved by the Executive Board and documented within the Board's signed meeting minutes with a copy provided to the SWMP.

Project Administration—Questioned Costs: \$1, 756

All District Financial Assistance Agreements are now current. The Board will review a policy relating to timely review and amendment, as appropriate of Financial Assistance Agreements with subgrantees. Modification of policies will be in writing and approved by the Executive Board and documented within the District's signed meeting minutes with copies provided to the SWMP. The District will provide supporting documentation on grants 2004-185 and 2005-196. Documentation is being submitted relating to these expenditures and District staff will be available to provide additional documentation and address this issue with the SWMP staff.

Administrative Cost Allocations-Questioned Costs: \$38,722

The District has changed procedures relating to time reporting and supporting documentation to a system of direct billing rather than time allocation. Copies of the reports generated by this new system have been provided to the SWMP and SWMP have provided technical assistance on how to make the system better. The Executive Board will consider and approve these modified procedures in writing, document the modified procedures in signed meeting minutes and provide a copy of those minutes to the SWMP. District staff has already met with SWMP staff and has begun providing documentation. District staff will continue to work with SWMP staff to address this issue.

Surety Bonding

The District has provided a copy of the surety bond to the SWMP's auditors. The Executive Board will review policies to make sure adequate surety bond coverage is maintained at all times for District staff and Executive

Board members, as needed. Modifications or the addition of District policies will 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.

Fixed Assets Inventory

The District will establish a written policy and related procedure to account for capital assets, including equipment, in accordance with the general terms and conditions. A copy of the most recent physical inventory is enclosed. The procedures followed for this inventory has been reviewed with the SWMP staff and revisions will be considered by the Executive Board to make the process better. Modifications or the addition of District policies will be in writing and approved by the Executive Board and documented within the District's signed meeting minutes. A copy of these documents will be provided to the SWMP.

District Organization

Copies of the District organizational resolutions from 1992 are enclosed as well as correspondence from the DNR that officially designated the District.

Policy reviews and approvals mentioned in this letter will be considered at the District's Executive Board soon-to-be scheduled meeting in August. SWMP staff will be invited to attend.

Sincerely,



Robert O'Keefe, Chairman

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