



Missouri Department of dnr.mo.gov

NATURAL RESOURCES

Michael L. Parson, Governor

Carol S. Comer, Director

SEP 04 2019

Mr. Gary L. Collins
South Central SWMD
123 Sea Ridge Dr.
Dora, Mo 65637

Dear Mr. Collins:

The Missouri Department of Natural Resources' Waste Management Program (WMP) has received the final Independent Auditors' Report Performance Audit of Region P- South Central Solid Waste Management District (District), conducted by McBride, Lock & Associates, LLC of Kansas City, Missouri. The performance audit of District "P" was completed in accordance with 260.325.9, Revised Statutes of Missouri.

We have reviewed the findings made by the accounting firm and the District's responses to those findings. We have prepared a list of recommended actions (enclosed) that we recommend the District take to correct problems identified in the audit. Our recommended actions are addressed in the same order as the issues in the accountants' report.

Your response to our recommended actions should be submitted in writing to WMP within 90 days of this letter's date. We will be able to review your response more quickly if you follow the same order as the list of recommended actions.

After the WMP receives your written comments regarding the recommended actions, WMP will contact you to reach a final resolution of the audit findings.

We appreciate your assistance with these auditing efforts. If you have any questions, please contact Ms. Lauren Cole at Missouri Department of Natural Resources, Waste Management Program, P.O. Box 176, Jefferson City, MO 65102, by phone at 573-526-3843 or by email at lauren.cole@dnr.mo.gov.

Sincerely,

WASTE MANAGEMENT PROGRAM

Richard A. Kempker, Chief
Operations Section

RK/dik

Enclosure List of Recommend Actions

c: District P Planner

Performance Audit Follow-up
Region P – South Central Solid Waste Management District
July 1, 2014 through June 30, 2017

1. Compliance with Missouri Sunshine Law

Auditor Recommendation:

We recommend the District adopt all required forms of documentation as stipulated by the Missouri Sunshine Law to ensure that they are complete and accurate as required by Chapter 610, RSMo.

District Response:

The District agreed with the finding and the recommendation. The District minutes will note whether the meeting is open or closed. In all future meetings, the location of the meeting will be included at the beginning of the minutes. The District sent the minutes for the first meeting held after audit fieldwork had concluded to demonstrate that the minutes did denote the location of the meeting.

Waste Management Program (WMP) Response:

WMP agrees with the auditor's recommendation. Each public governmental body shall provide a reasonable written policy in compliance with sections 610.010 to 610.030.

WMP Recommendation:

The District shall submit a written updated Sunshine Law Policy to WMP within 90 days. The District should refer to the Missouri Sunshine Law for guidance on what needs to be in the District policy.

2. Bank Reconciliations and Quarterly Project Financial Summary Reports Not Reviewed by the Board.

Auditor Recommendation:

We recommend the District implement procedures to ensure bank reconciliations performed on district bank account along with supporting documentation is reviewed, dated, and signed by the Treasurer or other executive board member, evidencing their review. Additionally, we recommend the District implement procedures to ensure the accuracy of QPFS reports prepared and submitted to the DNR.

District Response:

The District agreed with the finding and recommendation. Bank reconciliations will be reviewed by the executive board at all future meetings, signed, and dated by the chairman once approved. This was started with the district meeting held after the exit conference for the audit had concluded.

I have undertaken the task of developing an entire new filing form which will allow me to better present my data, ensure accuracy, and be able to show where all data in the summary came from rather than referring to haphazard worksheets. The latest QPFS report is being compiled using an entire new approach to its development.

The interest income of \$134.13 accrued during the month of March 2017, that apparently was not included in the QPFS, will be researched and added into the next quarterly report if it is determined that this interest payment was overlooked.

WMP Response:

WMP agrees with the auditor's recommendation.

WMP Recommendation:

We recommend all bank reconciliations be reviewed, initialed, and dated by someone independent of the reconciliation process. We also recommend the approval of all bank transfers by someone independent of the bank transfer process, preferably prior to such transfer. We further recommend financial transactions are recorded in the current year's financial statements and the bank reconciliation process include reconciling the cash balance to the accounting records and financial statements, including the QPFS.

3. Incomplete Inventory Records

Auditor Recommendation:

We recommend the District use the inventory sheets provided by DNR to ensure equipment records are adequately maintained and include the items necessary to meet the requirements of the MDNR General Terms and Conditions (GTC).

District Response:

The District agreed with the finding and recommendation. The District equipment list of items valued at over \$5,000 currently contains thirteen pieces of equipment. The additional requested information is being added to the list and will be present as of April 1, 2019.

WMP Response:

WMP agrees with the auditor's recommendation. We recommend the District ensure all data required in Section I.M.2 a of WMP GTC is present in the fixed asset inventory.

WMP Recommendation:

WMP recommends the District provide, within the next 90 days, a copy of the District property records/equipment inventory including cost percentage of state funds, use, and condition of the assets and asset identification/serial numbers.

4. Identification of the DNR as a Funding Source Not Included on Equipment

Auditor Recommendation:

We recommend the District follow the DNR GTC and ensure equipment properly identifies the DNR as a funding source when applicable.

District Response:

The District agreed with the finding and recommendation. Equipment tags do designate the funding source as both the DNR and the South Central Solid Waste Management District (SCSWMD). These logo tags of ownership by MDNR-WMP and SCSWMD will be on all equipment in which the District has an ownership interest by April 1, 2019

WMP Response:

WMP agrees with the auditor's recommendation. District monitoring and on-site visits pertaining to subgrantee projects should include inspection of equipment and proper tagging/identification.

WMP Recommendation:

WMP recommends the District provide, within the next 90 days, a copy of the District property records/equipment inventory showing the serial number or identification number of the equipment. For projects P2015-003, P2015-006, P2015-008, P2016-005, P2016-006, a picture of the equipment tagged with the serial number or identification number and source of funding. If the source of funding signage is separate from the equipment tag, please provide a picture for the applicable projects.

5. District Subgrantees Not Required to Submit Annual Statement Certifying Use of Equipment

Auditor Recommendation:

We recommend the District follow the DNR GTC to ensure an annual statement from subgrantees certifying the use of equipment is for project activities during the term of the agreement, and for four years thereafter is required.

District Response:

The District agreed with the finding and recommendation. As of April 1, 2019, the District will require and obtain an annual statement, for the current Fiscal Year, from each subgrantees that certifies the awarded equipment is for the use of designated project activities only; as specified in the grant for the term of the agreement period of five years.

WMP Response:

WMP agrees with the auditor's recommendation. The District and District Subgrantee agreed that any equipment purchased pursuant to this agreement should be used for the performance of services under the Financial Assurance Assistance during the term of the FAA. Annual statements must be submitted to provide confirmation of appropriate usage.

WMP Recommendation:

SWMP recommends the District submit a form to the subgrantee for certification that the use of the equipment is for project activities for the years of the audit period. The District must submit to WMP the annual statement from each subgrantee regarding the use of equipment within 90 days, for the years audited. Furthermore, the District shall review project files for all open grants to ensure annual statements are obtained and on file.

6. District did not Retain Fifteen Percent of Funds from the Recipient Until the Project is Complete

Auditor Recommendation:

We recommend the District retain fifteen percent of the funds from the recipient until the project is complete unless approval for early release of the funds has been obtained from the executive board and the WMP prior to providing funds to the subgrantee.

District Response:

The District agrees with the finding and recommendation. WMP agreed with the finding and recommendation. The District has opted to obtain approval from the District executive board to forego the 15 percent retainage fee, since this is a district where the character and status of most organizations are known, and the chance of a subgrantee failing to live up to the terms of their grant are very unlikely. Upon advice from MDNR-WMP, all future grant rounds, including the current round for Fiscal Year 2020, will have a statement and documentation excluding the 15percent retainage fee from being required.

WMP Response:

WMP agrees with the auditor's recommendation. The District's response is not accurate for the finding.

WMP Recommendation:

WMP requires the District to refer to 10 CSR 80-9.050(7)(D) for the correct way to address the 15 percent retainage finding. The District must submit a written request for every payment not withholding the 15 percent retainage, before the actual payment. The District may submit to WMP a policy that states the 15 percent retainage procedures. If the District passes a so policy, it must be submitted to WMP within 90 days.

7. Written Notification to Request Grant Proposals Not Timely Published

Auditor Recommendation:

We recommend the District follow the CSRs and ensure newspaper notices requesting grant proposals be timely published at least thirty days prior to the proposal due date.

District Response:

The District agreed with the finding and recommendation. In order to endure the full 30 day period of published notice in all seven counties is fulfilled without incident, the period has been adjusted to a 45-day window to allow the weekly newspapers to get their grant call notices published with adequate time.

WMP Response:

WMP agrees with the auditor's recommendation. The District must follow 10 CSR 80-9.050(5) (A).

WMP Recommendation:

The District must ensure that all counties are included in the publishing's and they must be done at least 30 days prior to the proposal due date. WMP requests the District to submit copies of the newspaper notices for the next grant proposal. This finding will remain open until receipt of the notices.

8. Annual District Financial Audit Report Not Complete and Timely Submitted

Auditor Recommendation:

We recommend the District ensure financial audits are timely performed and submit the required audit report to DNR within 180 days of the end of the period covered by the audit.

District Response:

The District agreed with the finding and recommendation. In all future annual audits conducted by the SCSWMD, the bid advertisements will be more specific to the CPAs and accounting firms wishing to be considered for performing the District's audit and will include wording specifically denoting the need for the following:

- Schedule of Receipts and Expenditures of State Awards, to include:
- Sub-grant period
- Project number
- Subgrantee name
- Award amount and unobligated amount
- Report on Internal Controls over Financial Reporting, Compliance and Other Matters
- Notes to the Schedule of Receipts and Expenditures of State Awards
- Section allowing for Management's Discussion and Analysis (MDA), which will be for providing an analytical overview of the District's financial activities.

The District administrators will ensure the contracted audit firm will be made aware of these additional requirements and follow the requirements as set forth in the MDNR-WMP GTC in regards to audits.

It is understood that District audits are required to be filed no later than December 27, (or 180 days after the end of the Fiscal Year).

WMP Response:

WMP agrees with the auditor's recommendation.

9. Quarterly Project Reports Not Filed Timely and Quarterly and Final Project Reports Not Timely Files

Auditor Recommendation:

We recommend the District follow the CSRs and ensure quarterly and final project reports are timely prepared, properly signed and dated, and submitted to the DNR within required timeframes.

District Response:

The District agreed with the finding and recommendation. The new district planner has corrected all of FY 2019 surveys to date and has gone back and started reentering the data for the surveys in the previous years, pulling the corrected data to submit to the Re-Tract system. The entire Re-Tract system, tonnage and other entries, should be correct for Region P within the next month or two.

WMP Response:

WMP agrees with the auditor's recommendation regarding submittal and completeness of reports.

WMP Recommendation:

The District shall submit District and District Subgrantee information within 30 days after the end of each state fiscal year quarter. The executive board shall retain all records and supporting documents directly related to the funds and projects for a period of three years from the date of submission.