



Jeremiah W. (Jay) Nixon, Governor • Sara Parker Pauley, Director

## DEPARTMENT OF NATURAL RESOURCES

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**JUN 19 2012**

Mr. Thomas A. Groves  
Region H – Mid-Missouri Solid Waste  
Management District  
101 N. Jefferson, Room 102  
Mexico, MO 65265

Dear Mr. Groves:

The Department of Natural Resources' Solid Waste Management Program (SWMP) has completed a desk review of the financial audit report of Mid-Missouri Solid Waste Management District – Region H, prepared by Casey-Beard-Boehmer PC of Columbia, Missouri, for the year ended June 30, 2011. This letter serves to notify the district of the reporting deficiencies identified by our review to allow you to work with the audit firm to ensure the district's future financial statement audits are in compliance.

The purpose of our review was to determine whether the audit report met applicable auditing standards, accounting principles and financial assistance agreement requirements. We did not examine the related audit documentation including working papers to evaluate the adequacy of the audit work performed necessary to determine whether the auditor followed all applicable standards in the actual conduct of the audit, reported all instances of noncompliance or control deficiencies noted, or whether certain required financial disclosures were completely omitted from the audit report, which is beyond the scope of our desk review.

The district's audit report was submitted after the required filing date. The report was due on or before December 27, 2011 and was received by the SWMP on April 3, 2012. The report contained an unqualified opinion with two reported findings. The report on internal control over financial reporting and on compliance and other matters identified an internal control issue related to the district's trial balance as of June 30, 2011, which was found to be "not properly stated". Further, the report noted the district's quarterly project financial summary report for the quarter ending June 30, 2011, was not accurate and did not reconcile to the total cash held by the district. Apparently financial transactions had not been properly recorded in the accounting system resulting in misstatement of the trial balance, the monthly financial statements presented to the executive board and the quarterly financial report submitted to the SWMP.

In its response, the district concurred with the findings and indicated that errors had occurred as a result of staff changes at the district. The district also stated that corrections have been made and that future transactions will be thoroughly reviewed to ensure accuracy of financial records.

However, the district's response did not give any specifics on the corrective actions to be taken or what modifications were being made to the processes to ensure future transactions are entered properly and financial records and reports are accurate; therefore, the district's response does not sufficiently address the findings. The district will need to prepare a detailed corrective action plan that describes in specific terms the actions planned or already taken to correct the finding. The plan needs to provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date. Further, the plan must provide for copies of the district's monthly trial balance, monthly financial statements presented to the executive board and the quarterly financial report submitted to the SWMP be reconciled and submitted for a six month period beginning July 1, 2012 and continuing through the period ended December 31, 2012 to document corrective action has occurred.

Additionally, our review disclosed some instances of noncompliance with certain reporting requirements related to the auditor's reports, financial statements and supplementary information presentation, including the omission of required content. Please be sure to refer to this letter as you prepare for your next audit and provide the district's auditor a copy to ensure the deficiencies listed below are not repeated. In future periods, deficiencies of this type will result in the audit being returned to the district for correction by the audit firm.

#### Auditor's Reports

- The report on the schedule of receipts and expenditures of state awards does not contain an opinion on whether the schedule is fairly stated in relation to the financial statements as a whole; rather it contains a disclaimer.
- The report on internal control over financial reporting and on compliance and other matters stated: "We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies, as defined above", but no definition of significant deficiency was included in the report. Furthermore, current standards state the auditor should not issue a report stating that no significant deficiencies were identified during the audit.

#### Financial Statements and Schedules

- The schedule of receipts and expenditures of state awards does not identify award amounts; prior year expenditures; program income earned and expended, as applicable; interest income earned and expended, as applicable; award amount remaining available; program income remaining available; or unobligated amount by source of funding.
- Notes to the schedule of receipts and expenditures of state awards were not included.
- A corrective action plan was not included.

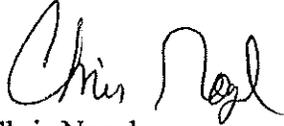
Mr. Groves  
Page Three

Desk reviews are part of the SWMP's oversight of solid waste management district activities to ensure public moneys are fully accounted for, appropriately reported upon and promote fiscal accountability at the district level. We are committed to working cooperatively with you to ensure compliance with applicable standards and requirements and we are confident that you will establish procedures to fulfill the district's fiduciary responsibilities over these public moneys.

We appreciate your efforts in fulfilling the audit reporting requirements. If you have questions, please contact Ms. Brenda Ardrey at (573) 751-5401 or P.O. Box 176, Jefferson City, MO 65102-0176.

Sincerely,

SOLID WASTE MANAGEMENT PROGRAM

A handwritten signature in cursive script that reads "Chris Nagel".

Chris Nagel  
Director

c: Ms. Deanna Trass, Planner, Region H – Mid-Missouri Solid Waste Management District

