



Region M Solid Waste Management District
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Jim Hull, Director
Solid Waste Program
Missouri Department of Natural Resources
P.O. Box 176
Jefferson City, MO. 65101



Dear Mr. Hull,

The Region M Solid Waste District Executive Board has completed its review of the report on the most recent DNR audit.

Each item is separately addressed, however, we have attempted to show that similar issues are incorporated into a broad policy that the Board has incorporated into its policies over the last three years.

Some issues were reported in a previous audit by the Missouri State Auditors office. The DNR Auditors reviewed all of the documentation of this previous audit. Some of the rules and regulations were changing during this time and we feel that some of the problems were being addressed and changes had been made that corrected the problem.

The Executive Board will continue to improve the operations in Region M and to diligently communicate with DNR/SWP staff.

We look forward to a bright future of cooperation.

Sincerely

A handwritten signature in blue ink that reads "Ron Clow".

Ron Clow, Chairman
Region M Solid Waste District

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JAN 06 2009
SWMP OPERATIONS

**Region M Solid Waste District
Audit Response
For
Fiscal Years ending 2003, 2004, 2005**

The responses contained in this response are based upon the situation at the time of the audit. Certain new regulations and procedures have been implemented between the time of the State Auditors Office Audit and the Missouri DNR contracted audit. Many of the grants and reports reviewed were done in both audits and previous findings were reiterated. It is our hope that the information here can assure the Solid Waste Program of our continued interest in providing the best and highest use of the Solid Waste fund.

1. Current FAA's

No cost incurred by a subgrantee before or after an agreed upon project period, as identified in the subgrant financial assistance agreement, will be reimbursed by Region M SWMD. Up to 85% of costs incurred during this agreed upon period may be reimbursed during the project. Final reimbursement of project costs may occur after the project end date, following approval by the District's Executive Board of the subgrant final report and final accounting of costs.

Region M staff will monitor project periods of open subgrant, and will issue notice of the subgrant end date and final report due date to subgrantees no less than 30 days prior to the subgrant end date.

Final reports for subgrant will be due 30 days from the project end date. Subgrantees will be permitted 60 days from project end date to submit a final accounting of costs. Executive Board review of the final report and final accounting of costs will occur at the next regular board meeting following the subgrantee's submittal of the final accounting of costs.

Extension of project periods may be approved by District staff. Amendments to the budget and scope of work will require Executive Board approval. An amendment to the original financial assistance agreement will identify the project number and will include identification of any revised sections of the agreement. The Amendment will be prepared and signed by a member of the Executive Board and forwarded to the subgrantee for signature. The date of the Board member's signature will be the effective date of the amendment.

In cases where an agreement shall lapse in absence of an approved amendment to the project period, any cost incurred by the subgrantee after the original end date and before the effective date of the extension will not be reimbursed by Region M SWMD.

2. UCC Filings

The following response reflects policy from 2005 to correct conditions in the SAO findings; it also encompasses findings 2, 3, and 4 of this audit.

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OPERATIONS



Conditions to be met prior to reimbursement of costs:

To ensure sufficient performance of subgrantees with respect to terms and conditions applicable to subgrant awards, each request for reimbursement will be reviewed by district staff to determine satisfaction of the following requirements:

- Claimed expenses were incurred during the project period specified in the Financial Assistance Agreement
- Subgrantee has submitted required quarterly status report(s). If reimbursement is requested prior to the first report due date, a quarterly status report will still be required.
- District has received Information regarding securable capital assets, including equipment or site improvements having a per-unit cost of \$5,000 or more:
 - Equipment - UCC filing acknowledgement
 - Titled vehicles or equipment – Copy of title with Region M SWMD listed as 1st lien holder
 - Site improvements – copy of District’s security in site improvements recorded against the property records at county recorder’s office.
 - Proof of insurance, such as certificates of insurance, providing coverage against loss or damage.
- Reimbursement contains Invoice, Account Sheets, and appropriate supporting documentation
- District’s budget tracking document is completed and costs are within allowable limits of the budget agreement
- Subgrantee has submitted documentation of competitive bidding for purchases exceeding \$3,000.00
- 15% of the grant award is retained unless otherwise specified by the subgrant agreement or the District’s Executive Board.
- If for direct payment of vendor(s):
 - Direct payment has been approved by the Executive Board
 - For securable assets, subgrantee has signed a security pledge
- For final reimbursement :
 - All of the above times are satisfied
 - Any match items on the subgrant agreement are documented
 - Project data has been submitted or collection arrangements have been made
 - Securable assets – appointment for initial physical inventory
 - Final Report and final accounting of costs has been submitted and approved by the Executive Board

3. Proof of Insurance

The following response reflects policy from 2005 to correct conditions in the SAO findings; it also encompasses finding 2, 3, and 4 of this audit.

Conditions to be met prior to reimbursement of costs:

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- District has received Information regarding securable capital assets, including equipment or site improvements having a per-unit cost of \$5,000 or more:
 - Equipment - UCC filing acknowledgement
 - Titled vehicles or equipment – Copy of title with Region M SWMD listed as 1st lien holder
 - Site improvements – copy of District’s security in site improvements recorded against the property records at county recorder’s office.
 - Proof of insurance, such as certificates of insurance, providing coverage against loss or damage.
- Reimbursement contains Invoice, Account Sheets, and appropriate supporting documentation
- District’s budget tracking document is completed and costs are within allowable limits of the budget agreement
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 - Any match items on the subgrant agreement are documented
 - Project data has been submitted or collection arrangements have been made
 - Securable assets – appointment for initial physical inventory
 - Final Report and final accounting of costs has been submitted and approved by the Executive Board

4. Proof of Title

The following response reflects policy from 2005 to correct conditions in the SAO findings; it also encompasses finding 2, 3, and 4 of this audit.

Conditions to be met prior to reimbursement of costs:

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 - Titled vehicles or equipment – Copy of title with Region M SWMD listed as 1st lien holder
 - Site improvements – copy of District’s security in site improvements recorded against the property records at county recorder’s office.
 - Proof of insurance, such as certificates of insurance, providing coverage against loss or damage.
- Reimbursement contains Invoice, Account Sheets, and appropriate supporting documentation
- District’s budget tracking document is completed and costs are within allowable limits of the budget agreement
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 - Final Report and final accounting of costs has been submitted and approved by the Executive Board

5. Annual Submittal of Equipment Usage Statements and Proof of Insurance

- Subgrantees having received funds for equipment, vehicles, or site improvements in which Region M maintains a security interest, shall submit by June 30 of each year, an Annual Equipment Usage Report and proof of insurance providing coverage for loss and damage.

- Capital assets in which the District maintains a secured interest shall be identified in a listing of Current Capital Assets. The assets will be removed from the list when the district interest has lapsed.

6. Actions taken to ensure timely submittal of all reports to DNR (Findings 6,7,8)

- The District will send e-mail and mailed quarterly reminders to subgrantees of quarterly status report due dates.
- The District will enter each quarterly status report submitted into a data base to be cross-referenced for missing reports to assure timely submission to MDNR.
- The District will keep a signed and dated copy of the report within the grant file.
- District funds will not be disbursed until report is submitted to the District.
- The District has never distributed funds to grantees that were not current in its reporting.
- The District will add a condition to the contract with the local CPA firms that will require the Statement of Subgrant Expenditures that will include the required information so we may submit audit within one hundred eighty (180) days of the end of the period covered by the audit.

7. Actions taken to ensure timely submittal of all reports to DNR (Findings 6,7,8)

- The District will send e-mail and mailed quarterly reminders to subgrantees of quarterly status report due dates.
- The District will enter each quarterly status report submitted into a data base to be cross-referenced for missing reports to assure timely submission to MDNR.
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- The District will add a condition to the contract with the local CPA firms that will require the Statement of Subgrant Expenditures that will include the required information so we may submit audit within one hundred eighty (180) days of the end of the period covered by the audit.

9. Withholding 15% of subgrantee funds until Board approves final report.

- The District will record 15% retainage on subgrantee budget to ensure compliance with procedures to ensure that the District retains fifteen percent (15%) of subgrant funds until board approval of the final report and accounting of project expenditures as well as the project end date per the FAA.

(Note: The amended 10 CSR 80-9.050 effective on 10/30/07 states “For reimbursements or direct payments, the District may release the fifteen percent (15%) retainage prior to completion of the grant project with prior approval of the Executive Board and the department.” If the District elects to implement a procedure to allow for release of the retainage prior to the filing of the final report and accounting, such procedure should be in writing and approved by the Executive Board and documented within the District’s signed meeting minutes. A copy of the modified procedure and minutes should be provided to the SWMP.)

10. Monitoring of matching funds

The District does not require matching funds; it is not required by law. No monitoring or reporting is required by the District to subgrantees.

11. Match fund reimbursement

- The District will complete a checklist for each reviewed reimbursement to ensure match funds are not incorrectly reimbursed.
- Reimbursements without proper documentation (personnel activity report or equivalent documentation, canceled check, bank statement, invoice) will not be paid.
- Personnel activity reports or equivalent documentation must meet the following standards: (a) reflect an after the fact distribution of the actual activity of each employee, (b) report for the total activity for which each employee is

compensated, (c) be prepared at least monthly and must coincide with one or more pay periods, and (d) be signed by the employee.

12. Ineligible cost reimbursed

- The District will conduct monthly review of bank reconciliations to investigate and correct any discrepancies.
- The Districts Executive Board will review accounting records at monthly meeting.
- The Executive Board will periodically monitor the monthly bank reconciliation process of the district's accounting system to ensure compliance with the SWMP's General Terms and Conditions. The Board will authorize and approve any adjustments required to reconcile the District's bank statements to the general ledger.

13. Listing of Fixed Assets

- Subgrantees having received funds for equipment, vehicles, or site improvements in which Region M maintains a security interest, shall submit by June 30 of each year, an Annual Equipment Usage Report and proof of insurance providing coverage for loss and damage.
- Capital assets in which the District maintains a secured interest shall be identified in a listing of Current Capital Assets. The assets will be removed from the list when the district interest has lapsed.
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14. Management Structure

- Executive Board members will serve 1 year terms.
- Region M SWMD was authorized to use an alternative structure in or around 1993-4. Documents reside in the Missouri DNR Solid Waste Program Offices.

15. Sunshine Law

- The District's policy and related procedure ensures all Executive Board meeting minutes include the following:
 - i. whether the meeting was opened or closed to the public;
 - ii. meetings conducted by conference call are so documented and the location is noted on the meeting notice and in the minutes and a location for participation be made available to the public;
 - iii. the location of the meeting; and
 - iv. the Executive Board members absent from the meeting.

v. Any modifications made to the District's policies and procedures will be in writing and approved by the board and documented within the District's signed meeting minutes with copies provided to the SWMP.

16. Identification of DNR as a funding source

- The District requires that all printed materials distributed by the District or any subgrantee of the District properly credit MDNR for funding and identify the Department and its logo.
- The District subgrantees must review all materials prior to printing to ensure MDNR and its logo are identified and credit is given for funding the project.

17. District financial audit not timely

- The District has added the appropriate language to the new audit contract that requires timely delivery of the audit

18. Review and Evaluate Policies and Procedures

- The District has and continues to review and evaluate its policies and procedures.
- The District's Executive board authorizes a grant call. Notice is provided to each city having a population over 500, and each county, within the district. Public notice is published in the newspaper of record in each county. Previous and current recipients of grant funds are also notified. Potential applicants submit preliminary applications, which provide an opportunity for feedback from the district regarding the proposals. Applicants then develop and submit final applications.
- The executive board members are each provided copies of the applications. Applicants are given the opportunity to meet with the executive board to pitch their proposals and to answer any questions posed by executive board members. The executive board members use the Grant Scoring Criteria and Decision Matrix to score each project (attached). The scores are averaged, and the average score is used to determine a rank for a particular project.
- The board seeks consensus on funding projects and what the award levels are to be. The board interacts in an open way to encourage debate about the suitability of any particular project or cost within a project. The board authorizes partial or full funding for projects by voting on a motion or motions made during open session.
- All approved proposals are then forwarded to DNR Solid Waste Program for review and approval.

- Financial assistance agreements are then developed in accordance with the decisions of the Board and based upon approval of the Solid Waste Program.

19. Surety Bond

- The District adequately bonds Executive Board Members through the Missouri Public Entity Risk Management Fund. (M 900 Rev.1-04) pg. 2 III. B. The MPERM policy was in place during this audit.