

Final Audit Finding Resolution
Region P-South Central Solid Waste Management District
February 2007

1. Executive board size greater than state law requirement.

Auditor Recommendation:

We recommend that the district pursue this matter with the department for further consideration.

District Response:

The board will discuss this further with the department.

SWMP Response:

The SWMP agrees with this recommendation and requested an opinion regarding this issue from the Division of Environmental Quality legal counsel.

SWMP Recommendation:

The SWMP recommends that if the district chooses to continue with the existing management structure it will need to reduce the district's current executive board membership from 10 to 7 in accordance with RSMo, Section 260.315.4(2). A copy of the meeting minutes in which the board approved the decision and provides the names and affiliation of the remaining 7 members shall be provided to the SWMP. If the district chooses to keep the existing management structure the district shall obtain resolutions and approval letters with each county involved and revise it's by-laws agreeing that Region P will be administered by an alternative management structure. When the resolutions and approval letters from each county involved have been obtained and the district's by-laws changed, copies should be provided to the SWMP with a copy of the meeting minutes in which the board approved the management restructuring.

2. Council and executive board meeting minutes not signed or attested to by a member.

Auditor Recommendation:

We recommend that the district require the secretary and the chairman of the council and executive board or another board member to sign and attest to the accuracy and reflect all important information needed.

District Response:

The district board concurred with this recommendation. The district coordinator started signing the board minutes in August 2006 but the minutes were not cosigned by a council or executive board member.

SWMP Response:

The SWMP agrees with this recommendation.

SWMP Recommendation:

The SWMP recommends that the district establish a policy that indicates at least two district personnel must sign council and executive board meeting minutes. When this policy has been established a copy should be provided to the SWMP with a copy of the meeting minutes in which the board approved the policy.

3. Board minutes not indicating votes on motions.

Auditor Recommendation:

We recommend that the district include the votes of each council and executive board member when motions are made and voted upon, or note "motion carried unanimously" when all are in favor of a motion.

District Response:

The district board concurred with this recommendation.

SWMP Response:

The SWMP agrees with this recommendation.

SWMP Recommendation:

The SWMP recommends that the district establish a policy which specifies that when motions are made and voted upon the votes of each council and executive board member will be documented in the meeting minutes. Likewise, when all are in favor of a motion it should be documented that the "motion carried unanimously" in the meeting minutes. When this policy has been established a copy should be provided to the SWMP with a copy of meeting minutes in which the board approved the policy.

4. Board agendas regarding closed sessions.

Auditor Recommendation:

We recommend that the district record in the open minutes and in the agendas the specific section of the law that pertains to the reason for holding a closed session meeting, and that the vote of each member on the question of closure be documented in the minutes.

District Response:

The district board concurred with this recommendation.

SWMP Response:

The SWMP agrees with this recommendation.

SWMP Recommendation:

The SWMP recommends that the district establish a policy that indicates that the district will record the specific section of the law that pertains to the reason for holding a closed session during open meetings in the minutes and in the agendas and that the vote of each member on the question of closure be documented in the minutes. When this policy has been established a copy should be provided to the SWMP with a copy of meeting minutes in which the board approved the policy.

5. Possible conflict of interest on approving grant.

Auditor Recommendation:

We recommend that the district take necessary measures to ensure that the board members that are also members of the not-for-profit association abstain from not only evaluating the grant to the association but abstain from voting in the board minutes on the approval to submit the grant to the department for funding.

District Response:

The district board concurred with this recommendation.

SWMP Response:

The SWMP agrees with this recommendation.

SWMP Recommendation:

The SWMP recommends that the district establish a policy that indicates that board members that are also members of a not-for-profit association applying for grant funding

will abstain from not only evaluating their application but from approving the application for funding during the executive board meetings. When this policy has been established a copy should be provided to the SWMP with a copy of meeting minutes in which the board approved the policy. Abstentions will be reflected in the Aggregate Ranking form provided by the SWMP to districts for use during the application submission process.

6. Checks not having dual signatures

Auditor Recommendation:

We recommend that the district ensure all checks written have two signatures on them before payment is made as required by the by-laws.

District Response:

The district board concurred with this recommendation.

SWMP Response:

The SWMP agrees with this recommendation.

SWMP Recommendation:

The SWMP recommends that the district establish a policy that indicates that all checks written by the district will be have two signatures on them before payment is made as required by the by-laws. When this policy has been established a copy should be provided to the SWMP with a copy of meeting minutes in which the board approved the policy.

7. Signature card at depository bank not updated.

Auditor Recommendation:

We recommend that the district update the signature card at the depository bank and ensure that all signature cards are properly updated in the future.

District Response:

The district board concurred with this recommendation and indicated that this has been implemented.

SWMP Response:

The SWMP agrees with this recommendation.

SWMP Recommendation:

The SWMP recommends that the district establish a policy that indicates that all subsequent signature cards must be properly updated. When this policy has been established a copy should be provided to the SWMP with a copy of meeting minutes in which the board approved the policy as well as a photo copy of the updated signature card.

8. Surety bond not on file to cover board members.

Auditor Recommendation:

We recommend that the district obtain a surety bond in a sufficient sum for the secretary, treasurer and executive board members of the district that are authorized to sign checks.

District Response:

The district board concurred with this recommendation.

SWMP Response:

The SWMP agrees with the recommendation.

SWMP Recommendation:

The SWMP recommends that the district establish a policy that indicates that the district will obtain and hold a surety bond in a sufficient sum for the secretary, treasurer and executive board members of the district that are authorized to sign checks. When this policy has been established a copy should be provided to the SWMP with a copy of meeting minutes in which the board approved the policy.

9. Original budgets not amended for spending of interest income

Auditor Recommendation:

We recommend the district amend the original grant budget document when interest income is spent on a project and also reflect this amount on its quarterly reports in the future.

District Response:

The district coordinator indicated that she was told to include the interest income spent on the quarterly reports and not to amend the original budget.

SWMP Response:

The SWMP agrees with the recommendation. SWMP personnel has instructed all district personnel during recent district grant workshops and during recent monthly district planner's meetings that when any aspect of an original FAA changes, the FAA must be amended to reflect the appropriate change. These changes could include award amount increase, completion date extension, budget category or scope of work changes. The change(s) must be discussed and approved by the district's executive board and a copy of the amended FAA provided to SWMP. If the change involves increasing the original award amount, subsequent quarterly financial reports would also need to reflect the increase.

SWMP Recommendation:

The SWMP recommends that the district establish a policy outlining a FAA amendment process for when any aspect of an originally agreed upon district/subgrantee FAA changes. When this policy has been established a copy should be provided to the SWMP with a copy of meeting minutes in which the board approved the policy.

10. No detailed listing of capital assets maintained.

Auditor Recommendation:

We recommend that the district maintain a detailed listing of capital assets owned by the district and the subgrantees in accordance with the requirements of the General and Special Terms and Conditions.

District Response:

The district board concurred with this recommendation.

SWMP Response:

The SWMP agrees with the recommendation.

SWMP Recommendation:

The SWMP recommends that the district establish a detailed listing of capital assets owned by the district and the subgrantees in accordance with the requirements of the General and Special Terms and Conditions. When this listing has been completed a copy should be provided to the SWMP with a copy of meeting minutes in which the board approved the list.

11. UCC-1 security interest forms not used by the district.

Auditor Recommendation:

We recommend that the district use and file the required UCC-1 form for the construction of buildings or site improvements for \$5,000 or more as required under the Special Terms and Conditions for the district grants.

District Response:

The district board concurred with this recommendation.

SWMP Response:

The SWMP agrees with the recommendation.

SWMP Recommendation:

The SWMP recommends that the district establish a policy that indicates that it will use and file the required Secretary of State's UCC-1 form for the purchase of equipment, building construction or site improvements that cost \$5,000 or more as required under the district grant Special Terms and Conditions, 3. When this policy has been established a copy should be provided to the SWMP with a copy of meeting minutes in which the board approved the policy.

12. District quarterly reports to the department not accurately presented.

Auditor Recommendation:

We recommend that the district show the actual expenditures of each grant for the respective period of reporting and to ensure that the balance in all grants reconciles to the total of the cash in the checking accounts and to the certificate of deposit held.

District Response:

The district board concurred with this recommendation and would probably submit an amended quarterly report to the Department of Natural Resources.

SWMP Response:

The SWMP agrees with the recommendation.

SWMP Recommendation:

The SWMP recommends that the district establish a policy that indicates district personnel responsible for administering the district grants will provide actual information

in all required reporting documentation which includes project activity, waste diversion rates and financial status. The executive board should provide oversight of the financial status information to ensure actual expenditure of funds during the respective reporting period and that reconciliation has occurred.

13. Mileage paid to district coordinator in excess of employment contract.

Auditor Recommendation:

We recommend that the district amend the employment contract to reflect the current mileage per diem amount approved by the executive board and ensure that the future contracts are stated correctly.

District Response:

The district board concurred with this recommendation. The district board indicated that the current employment contract has been properly updated.

SWMP Response:

The SWMP agrees with the recommendation.

SWMP Recommendation:

The SWMP recommends that the district establish a policy that indicates that employment contracts will be reviewed and approved by the executive board annually to ensure contract language agrees with executive board decisions. The executive board should also review any request for release of funds to the employee to ensure correct provisions have been followed. When this policy has been established a copy should be provided to the SWMP with a copy of meeting minutes in which the board approved the policy as well as a copy of the current updated employment contract. When this policy has been established a copy should be provided to the SWMP with a copy of meeting minutes in which the board approved the policy.