

Performance Audit Resolution
Region K –Ozark Rivers Solid Waste Management District
July 1, 2005 – June 30, 2007

1. Executive Board/Council Meeting Minutes Incomplete and No Sunshine Law Policy

Auditor Recommendation:

We recommend that the District include in its minutes the place where the meeting was held and a list of the members that are absent from the meeting. We recommend that the District retain all official signed meeting minutes. We also recommend the District adopt a written policy in compliance with the open meetings and records law as required by state law.

District Response:

The District concurs and effective September 2008, the District minutes will include the location of the meeting as well as list the members absent. The District concurs and signed original meeting minutes for the dates in question were located following the audit. Staff has put additional procedures in place to ensure that minutes that are mailed out for signatures are adequately tracked, returned to the office and filed in a timely manner. The District concurs and has established written policies for open meetings and records law as required by RSMo Section 610.028.2. A resolution to that effect was reviewed and approved at the October 14, 2008, meeting of the Executive Board.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

The District has indicated this recommendation has been implemented. Please provide documentation of the following actions to fully resolve Finding #1:

- a. The Executive Board has established a Sunshine Law policy and related procedures to ensure that "open" or "closed" meeting, date, time and place of meeting are included on the agenda, public notice, and within the meeting minutes, and that the District's policy has been approved and implemented by the District's Executive Board; and
- b. These modifications are in writing and their approval by the Executive Board is documented within the District's signed meeting minutes. Please provide a copy of the approved policies and procedures to the SWMP for inclusion in our audit resolution file. Further, we request that for the period April through June 2009, a copy of the Executive Board's meeting agendas, public notices, and approved minutes be provided along with the District's quarterly project status reports to verify compliance with the Sunshine Law requirements.

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2. Possible Conflict of Interest on Approving Grants

Auditor Recommendation:

We recommend that the District ensure that the board members abstain from voting on the approval of projects where there is a potential conflict of interest. The board minutes must reflect such abstention.

District Response:

The Executive Board discussed this issue at the September 2008 meeting and followed this policy in reviewing district grants at that time. The District has established written policies that require members to abstain from voting on all issues, including final approval of award, on grants where they have a conflict of interest. These policies were reviewed and approved at the October 2008 Executive Board meeting.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

The District has indicated this recommendation has been implemented. Please provide a copy of the documentation for inclusion in the District's audit file and to allow for final resolution of Finding #2:

- a. The Executive Board has amended and approved the district's conflict of interest policy. We further recommend the District require annual disclosure statements by executive board members and staff for ease in identifying areas where potential conflict of interest might arise;
- b. The District's modifications to its' policies and procedures should 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; and
- c. For the next grant cycle, we request the district submit to the SWMP, upon approval and signing by the board, a copy of the board meeting minutes for the meetings where grant awards are discussed and awarded as verification of the district's compliance with the conflict of interest procedures. This documentation can be submitted with the next quarterly project status reports following the grant meeting.

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3. District's Quarterly Project Financial Summary Forms Not Properly Prepared

Auditor Recommendation:

We recommend that the District properly prepare its quarterly financial reports by including the balance in the operating bank account and to show the expenses incurred but not yet disbursed to allow for proper reconciliation with the actual cash balance held by the District.

District Response:

The District concurs and all reporting henceforth will include the operating bank balance as part of total cash. This is a separate bank account from the district tonnage fee grant account set up as a result of previous years District Administration Grant (DAG) awards. Additionally, previous reports reflected the District's accrual basis of accounting and did not tie to cash at the end of the period. In the future, the District will modify the form to reflect expenses incurred not yet disbursed to tie to cash. Additionally, a copy of the bank statement and reconciliation form will be submitted with future reports. The District ensures that future reports will accurately reflect the actual status of each project and all cash will be disclosed. The District is unable to distinguish the funds in the account from an origin basis and will assume that the remaining dollars are a result of prior DAG awards or interest earned on those funds. As a result of this reclassification, the dollars will be considered part of reserve and the \$20,000 maximum CSR rule will apply. These funds as newly reclassified will be allocated in the next grant cycle which will take place in FY2009-2010.

SWMP Response:

We concur with the auditor's recommendation and District's response. These funds as newly reclassified by the District will be allocated in the next grant cycle which will take place in FY2009-2010.

(Note: A number of districts have had problems correctly reporting cash balances using the existing quarterly financial reporting form. The SWMP has established a workgroup including district planners to review the form and process for improvements.)

SWMP Recommendations:

The District has indicated these funds as newly reclassified will be allocated in the next grant cycle which will take place in FY2009-2010. To fully resolve Finding #3, please provide documentation to show this reclassification when it has occurred. A copy of the documentation may be submitted along with the District's next quarterly status reports.

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4. District and Subgrantee Equipment Inventory List Incomplete

Auditor Recommendation:

We recommend that the District ensure that the equipment item listing contains all necessary information in accordance with the General Terms and Conditions.

District Response:

The District concurs and the grant administrator was not aware of these specifics to the rule on equipment management until October 2007 when it was discussed at a MDNR training. This rule was implemented after that date. Staff has gathered the necessary data on the four inventory items noted in the audit and added the date of purchase to the inventory list. The District concurs and the grant administrator has identified serial numbers for the pieces of equipment and added that information to the inventory list.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

The District has indicated this recommendation has been implemented. Please provide a copy of the following documentation to fully resolve Finding #4:

- a. A copy of the District's written policy and related procedure to account for and report capital assets including equipment in accordance with Department of Natural Resource's (DNR's) General Terms and Conditions, 1.H.; and
- b. During Fiscal Year (FY) 2009, the district should provide to the SWMP a copy of a physical inventory as verification of the district's compliance with this requirement.

5. Annual Statements of Use of Equipment Not Filed by Subgrantees

Auditor Recommendation:

We recommend that the District require an annual statement from each subgrantee certifying that the use of the equipment bought with district grant funds is for project activities.

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District Response:

The District concurs and the grant administrator is in the process of getting signed certification statements from each of the subgrantees for equipment purchased with grant funds and in which the District still holds a financial interest.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

The SWMP recommends the District take the following actions to resolve Finding #5:

- a. The District should establish a written policy and related procedure to obtain an annual use statement from subgrantees for equipment, building, or site improvements purchased, in whole or in part, with Solid Waste Management Fund monies;
- b. During FY 2009, the District should provide to the SWMP a copy of the FY 2009 use statements provided by subgrantees as verification of the District's compliance with this requirement; and
- c. Modifications or the addition of District policies should 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.

6. Criteria for Evaluations of Grant Projects Not Inclusive of all Criteria Requirements

Auditor Recommendations:

We recommend that the District use all of the required criteria for proper evaluation of all grant proposals.

District Response:

The District concurs. The District has had an unwritten policy for many years that they will not consider a grant proposal for funding that, if funded, would provide an unfair business advantage. However, in order to comply, the District will correct the criteria sheets and add both of these items for the evaluation of grant projects for the next grant round.

SWMP Response:

We concur with the auditor's recommendation.

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SWMP Recommendations:

We understand the District has already taken steps to correct this finding. Please provide to the SWMP a copy of any changes made to the District's written policies, procedures, and forms to address the finding for inclusion in the District's audit file. If corrective action has not yet been taken, the SWMP recommends the District take the following action to resolve Finding #6:

- a. The District should review their current written policy and related procedures for use in evaluating projects and adopt a standardized evaluation form using all required;
- b. The District should provide to the SWMP a copy of their modified evaluation form using all of the criteria required by rule; and
- c. Modifications to any District policies to bring the District into compliance should be in writing and approved by the Council or Executive Board and documented within the District's signed meeting minutes.