

Performance Audit Resolution
Region S – Bootheel Solid Waste Management District
July 1, 2005 – June 30, 2007

2. District's Quarterly Project Financial Summary Report Not Accurately Prepared

Auditor Recommendation:

The District's June 30, 2007 quarterly project financial summary report should be amended to include an \$8,555.34 carryover for 2006 projects and the June 30, 2007 bank and fund reconciliation should reflect any payables not included originally.

District Response:

Will respond to this when audit report is issued.

SWMP Response:

We concur with the auditor's recommendation. The District will need to ensure in the future that all monies are adequately identified in the District's accounting records by source of funding (i.e., district grant funding, interest income, program income, or other).

(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 should take the following actions to fully resolve Finding #2:

- a. The Executive Board must ensure the district's accounting system is in compliance with 10 CSR 80-9.050(7)(B) which states, "An executive board receiving funds from the Solid Waste Management Fund for district grants shall themselves maintain, and require recipients of financial assistance to maintain, an accounting system according to generally accepted accounting principles that accurately reflects all fiscal transactions, incorporates appropriate controls and safeguards, and provides clear references to the project as agreed to in the Financial Assistance Agreement. Accounting records must be supported by source documentation such as cancelled checks, paid bills, payrolls, time and attendance records, contract, and agreement award documents."
- b. The Executive Board should review and amend the District's policy and related procedure to ensure the District's accounting system and internal controls are maintained at all times and are reviewed periodically for weaknesses in accordance with 10 CSR 80-9.050(7)(B) to ensure assets are adequately safeguarded and identified; and

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- c. Modifications or the addition of District policies are required to be in writing and approved by the Executive Board and documented within the District's signed meeting minutes. Copies of any modifications or additions made to address this finding should be provided to the SWMP.

3. Unapproved Equipment Purchases (Repeat Finding)

Auditor Recommendation:

The District should maintain adequate written approval of all budget amendments to the Financial Assistance Agreements.

District Response:

Will respond to this when audit report is issued.

SWMP Response:

We concur with the auditor's recommendation. Since this is a repeat finding, the District will need to take immediate action to ensure compliance for future periods as detailed below. Failure to adhere to the requirement for written budget amendments may result in withholding of district grant funds.

SWMP Recommendations:

The SWMP recommends the District take the following actions to resolve Finding #3:

- a. The Executive Board should modify the District's Financial Assistance Agreement to address the need for written budget amendments. Specifically, the procedures must include adequately documenting the need for such amendment and the approval process used by the board and as applicable, submission to the SWMP for approval;
- b. District staff as part of their review for reimbursement of grant expenditures and during on-site visits to subgrantees should review completed purchasing to verify the subgrantee's compliance with the approved subgrant budget; and
- c. Modifications made to the District's policies should be in writing and approved by the Executive Board and documented within the District's signed meeting minutes with copies provided to the SWMP.

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4. District Did Not Obtain Required Security Interest in Equipment

Auditor Recommendation:

The District should require that the Cotton Boll Sheltered Workshop, the subgrantee provide the District with a security instrument (lien) until the District's interest in the equipment is fully depreciated.

District Response:

Agree with finding. Will respond more fully when audit report is issued.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

The SWMP recommends the district take the following actions to resolve Finding #4:

- a. The district should review their current written policy and related procedures for filing of security instruments, such as UCC Financing Statements or liens on real property or vehicles titled by the Missouri Department of Revenue and determine the need for modifications to ensure accurate and timely filing with the Secretary of State; and
- b. Modifications to district policies should be in writing and approved by the Executive Board and documented within the district's signed meeting minutes with copies provided to the SWMP.

5. DNR Logo Not Visible on Equipment

Auditor Recommendation:

The District should print DNR logos on weather resistant material and reissue the labels/signage to subgrantees to display on equipment purchased with DNR grant funds.

District Response:

Agree with finding. Will reprint logos on weatherproof material.

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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 account for and report capital assets including equipment in accordance with Department of Natural Resource's (DNR's) General Terms and Conditions and placement of appropriate signage or stickers to disclose use of MDNR funding as required at Finding #6. This policy and procedure will need to include a requirement that DNR logos be printed on weather resistant material; and
- b. 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.

6. Inventory Records are Incomplete (Repeat Finding)

Auditor Recommendation:

The District should conduct the required physical inventory of grant funded fixed assets every two years and maintain inventory records of grant funded equipment showing costs, date of acquisition, location, condition and other required information.

District Response:

Will comply. Will respond more fully when audit report is issued.

SWMP Response:

We concur with the auditor's recommendation. Since this is a repeat finding, we request the District take immediate action to correct this area of non-compliance and provide copies of the next physical inventory as detailed below to resolve this finding.

SWMP Recommendations:

The SWMP recommends the District take the following actions to resolve Finding #6:

- a. The District should establish a written policy and related procedure to account for and report capital assets including equipment in accordance with Department of Natural

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- Resource's (DNR's) General Terms and Conditions and placement of appropriate signage or stickers to disclose use of MDNR funding;
- b. During FY 2009, the District should provide to SWMP a copy of a physical inventory including physical asset tag numbers and the location of the equipment item, 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 Council or Executive Board and documented within the District's signed meeting minutes.

7. Equipment Purchase Failed to Meet Procurement Requirements

Auditor Recommendations:

The District should require submission of bid documentation from subgrantees prior to reimbursing for equipment that verifies a vendor as "sole source" when purchasing specialized equipment. The District must ensure subgrantees are made aware of the requirement to competitively bid for purchases of equipment.

District Response:

Agree with finding. Will respond more fully when audit report is issued.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

The SWMP recommends the District take the following actions to resolve Finding #7:

- d. The Executive Board should modify the District's Financial Assistance Agreement to address the need for subgrantees to comply with state procurement requirements. Specifically, the procedures must include adequately documenting of bids including sole source justification and retention of procurement records;
- e. We recommend development of a District procurement form for ease in recording bids and for record retention purposes. Additionally, the District is required to pass these same requirements down to their subgrantees. To ensure compliance, the District should request submission of the subgrant applicant's procurement policies as part of the grant application process;
- f. District staff as part of their on-site visits to subgrantees should review completed procurement files for goods and services purchased by the subgrantee to verify their compliance with the submitted procurement policy; and

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- g. Modifications made to the District's policies should be in writing and approved by the Executive Board and documented within the District's signed meeting minutes with copies provided to the SWMP.

8. Incomplete Executive Board and Council Meetings Minutes

Auditor Recommendation:

- a. The District should adopt and implement policies and procedures to ensure compliance with the Sunshine Law statutes.
- b. Minutes of all meeting should be signed by the Chairman and Secretary.

District Response:

Executive Director has personally posted notices of meetings. Will respond more fully when audit report is issued.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendation:

The SWMP recommends the District take the following actions to resolve Finding #8:

- a. The Executive Board review and make needed amendments to the District's policy and related procedures to ensure the District's compliance with Chapter 610, RSMo commonly referred to as the "Missouri Sunshine Law". The District's procedures related to meeting notices, agendas, and minutes must include:
 - i. whether the meeting was opened or closed to the public, date, time and place of meetings; and
 - ii. the members present and absent from the meeting.
- b. Any modifications made to the District's policies and procedures should be in writing and approved by the board and documented within the District's signed meeting minutes with copies provided to the SWMP.