

Missouri Department of Natural Resources

Final Audit Finding Resolution **Region I – East Central Solid Waste Management District** July 1, 2004 – June 30, 2006

1. Membership Fee for Counties and Cities Not Collected

Auditor Recommendation:

We recommend that the District review its by-laws to determine whether the membership fees are still needed. If the Executive Board determines that the fees are needed, then the monies should be collected accordingly and policies and procedures for the collection and non-payment of fees should be adopted. If the Executive Board determines that the fees are not needed, then the by-laws should be amended.

District Response:

The District concurs. The District will address this issue in the Standard Operating Procedures and open an account strictly for these funds, keeping them separated from grant funds.

October 17, 2007 Additional District Response:

The District has failed to assess dues to members of the District for the years 2005 and 2006. The District approved at the October 2, 2007 meeting to issue membership invoices immediately for the year 2007. The Executive Board also approved a resolution to be submitted to the full council (per the by-laws) to waive the membership fees for 2005 and 2006. The District is in the process of scheduling this meeting, most likely to be held the first week of December. Documentation of the formal action taken on this item will be provided to DNR following the meeting of the full council.

SWMP Response:

We concur with the auditor's recommendations. From the District's response, we understand the Executive Board has already taken action to review and amend the policies and procedures used for collecting membership fees; has issued invoices for collection of 2007 dues; and has adopted a resolution to waive the membership fees for 2005 and 2006. We also understand from the District response that the District has incorporated these procedural and policy modifications into the District's Standard Operating Procedures.

SWMP Recommendation:

The SWMP recommends the District take the following actions to resolve Finding #1:

Missouri Department of Natural Resources

Final Audit Finding Resolution

Region I – East Central Solid Waste Management District

July 1, 2004 – June 30, 2006

- a. The Council may want to review and amend the District's by-laws related to membership fees. We understand from the District's response that fees will be collected. We recommend the Council include an annual review of the fees collection process and set a specific date in the by-laws or a policy for issuance of member invoices;
- b. The District should review and amend the District's policies and procedures related to the collection and adopt a process to be used for non-payment of fees by members;
- c. The District should provide to SWMP a copy of the resolution waiving membership fees for 2005 and 2006 and meeting minutes where the resolution was adopted by the Council;
- d. Modifications made to the Council's by-laws and the Executive Board's policies and procedures should be in writing and approved by the Council or Executive Board and documented within the District's signed meeting minutes with a copy provided to the SWMP; and
- e. For the FY07 fee collection cycle, we request the District provide SWMP a copy of an invoice and a listing of the members billed.

2. **Agendas Not Including All Required Information (Repeat Finding)**

Auditor Recommendation:

We recommend that the District include in its public notice/agenda the location of the meeting, whether the meeting is open or closed to the public, and if applicable, the specific statutory authority for the board to hold a closed session.

District Response:

The District concurs. The District did not include this information prior to August 2006. Since that time, the above information is listed on the posted agenda.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendation:

With the change in planning staff at the District, we would appreciate receiving confirmation that the following has occurred related to Finding #2:

- a. The Executive Board has reviewed and made needed amendments to the District's policy and related procedures to ensure all Executive Board meeting notices/agendas include the following:
 - i. whether the meeting is opened or closed to the public;

Missouri Department of Natural Resources

Final Audit Finding Resolution **Region I – East Central Solid Waste Management District** July 1, 2004 – June 30, 2006

- ii. the location of the meeting; and
 - iii. the reason for holding a closed session by reference to the specific exception allowed pursuant to the provisions of Section 610.021, RSMo.
- b. Provide copies of the amended policies and procedures along with copies of the Executive Board's signed meeting minutes to the SWMP.

3. Executive Board Minutes Not Signed or Attested to by a Board Member

Auditor Recommendation:

We recommend that the District require the secretary and the Chairman of the Executive Board or another board member to sign and attest to the accuracy of the written content of the board minutes.

District Response:

The District concurs. The secretary will sign all future meeting minutes.

SWMP Response:

The Solid Waste Management Program (SWMP) agrees with the auditor's recommendation and expands on this recommendation to include review of the monthly board financial reports. It is a good business practice for boards to ensure an adequate review of their meeting minutes as the permanent record of actions taken by the Executive Board. Additionally, the board should have available for their review accurate, timely, and complete financial reports as the District's primary funding source is public monies provided by the Solid Waste Management Fund (SWMF). Additionally, accurate records of the meetings are useful for internal purposes and for creating a record to justify proper closure of a meeting under Section 610.021, RSMo. Note: Failure of the board to comply with Chapter 610, RSMO, commonly referred to as the Missouri Sunshine Law can result in fines for the Executive Board, or individual Executive Board members

Without regular meeting minutes and financial report review by Executive Board members and signing of the minutes and reports by the reviewers, it is not possible to later establish if the minutes and reports accurately represented the Executive Board's decisions at that time.

SWMP Recommendations:

The District has indicated this recommendation has been implemented. Please document the following actions to resolve Finding #3:

Missouri Department of Natural Resources

Final Audit Finding Resolution **Region I – East Central Solid Waste Management District** July 1, 2004 – June 30, 2006

- a. The Executive Board has reviewed and made needed amendments to the District's policy and related procedure to ensure all Executive Board meeting minutes and board financial reports are timely reviewed, approved, and signed by the District Chairperson, Secretary or other Executive Board member, as assigned; and
- b. Modifications or the addition of District policies are in writing and approved by the Executive Board and documented within the District's signed meeting minutes with a copy provided to the SWMP.

4. Executive Board Minutes Regarding Information Presented

Auditor Recommendation:

We recommend that the District record in the minutes the location of the meeting, the names of the board members present and those absent, and the motion and vote to adjourn the meeting along with the time of adjournment.

District Response:

The District concurs. The District did not include this information prior to August 2006. Both members present and absent are stated in the meeting minutes.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

The SWMP understands the District has taken the following actions and will provide documentation to resolve Finding #4:

- a. The Executive Board has reviewed and made needed amendments to the District's policy and related procedure to ensure all Executive Board meeting minutes include the following:
 - i. the location of the meeting;
 - ii. the time of the meeting;
 - iii. the names of the Executive Board members present and those absent; and
 - iv. the motion and vote to adjourn the meeting along with the time of adjournment.
- b. Modifications or additions made to the District's policies and procedures are in writing and have been approved by the Executive Board; are documented within the District's signed meeting minutes; and copies will be provided to the SWMP.

Missouri Department of Natural Resources

Final Audit Finding Resolution **Region I – East Central Solid Waste Management District** July 1, 2004 – June 30, 2006

5. Lack of Policy on Release of Information to the Public

Auditor Recommendation:

We recommend that the District adopt a written policy on the release of information on any meeting, record, or vote to the public in accordance with the Sunshine Law.

District Response:

The District concurs. The District has no written policy; this will be added to the District Standard Operating Procedures.

SWMP Response:

We concur with the auditor's recommendation. The Missouri Sunshine Law (Chapter 610, Governmental Bodies and Records) requires governmental bodies to establish a policy for release of information to the public.

SWMP Recommendation:

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

- a. The Executive Board will review the District's policy and related procedure to ensure compliance with the Sunshine Law. Specifically, the Executive Board will establish a policy for release of information to the public; and
- b. Modifications or the addition of District policies will be in writing and approved by the Executive Board and documented within the District's signed meeting minutes with copies provided to the SWMP.

6. No Meeting Held by the Full Council of the District

Auditor Recommendation:

We recommend that the District hold two full council meetings per year as required in its by-laws. We also recommend that the District inform all Council members that they must be active and participate to aid in establishing a legitimate quorum at the meetings.

District Response:

The District concurs. The District is working to obtain a quorum at meetings. The District cannot conduct business if a quorum is not present.

Missouri Department of Natural Resources

Final Audit Finding Resolution **Region I – East Central Solid Waste Management District** July 1, 2004 – June 30, 2006

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendation:

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

- a. The Council should review and amend, as needed, the District's by-laws related to number of Council meetings per year and Council meeting attendance including setting forth specific requirements for failure to attend; and
- b. Modifications or the addition to the District's by-laws must be in writing and approved by the Council and documented within the District's signed meeting minutes. A copy of the amended by-laws and related minutes should be provided to the SWMP.

7. Checks Not Requiring Dual Signatures and Lack of Segregation of Duties

Auditor Recommendation:

We recommend that the District require dual signatures on all checks issued. We also recommend that adequate segregation of duties be in place in that the District Planner should not sign the checks.

District Response:

The District concurs. Dual signatures on all checks were addressed in the Standard Operating Procedures presented to the board at the October 11, 2006 meeting.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendation:

The SWMP understands the District has taken the following actions and will provide documentation:

- a. The Executive Board has amended the policy and related procedures to require dual signatures on all checks and to ensure adequate segregation of duties including removal of the District Planner as a check signatory: and

Missouri Department of Natural Resources

Final Audit Finding Resolution **Region I – East Central Solid Waste Management District** July 1, 2004 – June 30, 2006

- 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 with copies provided to the SWMP.

Additionally, the SWMP recommends the following to fully resolve Finding #7:

- a. The Executive Board should request District staff present at each board meeting a report on planned versus actual administrative and/or operating expenditures with sufficient detail to allow members to understand the purpose of such expenditures;
- b. The Executive Board should ensure development and presentation of a report on expenditures in sufficient detail to allow board members to know that all District expenditures are necessary and appropriate and are being made in compliance with all laws, rules, and conditions governing the funds used; 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 copies provided to the SWMP.

8. Bank Reconciliations Not Documented and Reviewed by Board

Auditor Recommendations:

We recommend the District Board continue to document the monthly bank reconciliation as well as review and approve the monthly bank reconciliations.

District Response:

The District concurs. Prior to June 2006, bank statements were reconciled to the checkbook but not on the form provided by the bank. Since June 2006, all bank statements are reconciled on the form provided, initialed, and dated.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendation:

The District has indicated this recommendation has been implemented. Please document the following actions to resolve Finding #8:

- a. The Executive Board has reviewed and amended the District's policy and related procedures to strengthen accounting system internal controls to ensure timely and

Missouri Department of Natural Resources

Final Audit Finding Resolution **Region I – East Central Solid Waste Management District** July 1, 2004 – June 30, 2006

- accurate completion of the District's monthly bank account reconciliation including presentation to and approval by the Executive Board; and
- b. Modifications or the additions 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 a copy provided to the SWMP.

Additionally, the SWMP recommends the following to fully resolve Finding #8:

- a. Additionally, the Executive Board should periodically monitor the monthly bank reconciliation process. The Executive Board should give particular attention to a process for authorizing and approving any adjustments required to reconcile the District's bank statements to the general ledger. The process should ensure reasons for such adjustments are adequately documented in the accounting records and are approved and included in the District's meeting minutes, as applicable; and
- b. Modifications or the additions 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 a copy provided to the SWMP.

9. Signed Written Contracts with Boonslick Regional Planning Commission not on File (Questioned Costs: \$21,509)

Auditor Recommendation:

The District retain a signed written contract with BRPC each year and recover the costs paid to BRPC.

District Response:

The District concurs with retaining signed contracts. No response was taken for recovering the questioned costs paid to BRPC.

October 17, 2007 Additional District Response:

The District has located copies of executed financial assistance agreements for the periods May 1, 2002 to May 31, 2003; April 1, 2003 to March 31, 2004; and August 1, 2005 to July 31, 2006. Copies of these documents are enclosed. There have been no administrative expenses paid since June 31, 2006. The only period not covered by a signed FAA or contract is the period April 1, 2004 to July 31, 2005. The District paid \$16,990.31 for administrative expenses during this period. The District has approved at their meeting on October 2, 2007 to utilize the District's local dues revenue to pay the administrative expenses during this gap period, so as not to have disallowable cost

Missouri Department of Natural Resources

Final Audit Finding Resolution **Region I – East Central Solid Waste Management District** July 1, 2004 – June 30, 2006

associated with any funding received from the Department of Natural Resources. The District by-laws do not require that local dues be used for the same purposes as the funding received from DNR, therefore, the board took this action to clearly document the use of these funds. A copy of the by-laws is enclosed for your records.

The District has entered into a general services agreement with Boonslick RPC to provide administrative services for the period July 1, 2007 to December 31, 2007. The District took formal action on this item at the June meeting, but approved the modified contract language and scope of work at the October 2, 2007 meeting. It is the District's intent to issue a Request for Qualifications for administrative services to provide services to the District beginning January 1, 2008. A copy of the general services agreement has been enclosed for your records.

SWMP Response:

We concur with the auditor's recommendation that the District establish a written contract for administrative services. For the District to be in compliance with the SWMP's regulations and General Terms and Conditions related to the use of Solid Waste Management Funds, the District is required to have in place written contracts for the provision of services.

We have received the copies of documentation related to the periods: May 1, 2002 to May 31, 2003; April 1, 2003 to March 31, 2004; and August 1, 2005 to July 31, 2006. The District has indicated that no fully executed contract exists for the period April 1, 2004 to July 31, 2005. We understand from the District's response that administrative expenses during this period were \$16,990.31 and that the District's by-laws do not prohibit the use of member fees to pay administrative costs. The SWMP will work with the District Executive Board and staff to obtain copies of documentation for these administrative expenses and to finally resolve these questioned costs.

SWMP Recommendation:

The SWMP recommends the District take the following actions to resolve Finding #9:

- a. The Executive Board should annually review the District's contractual policies and procedures. The Executive Board should give particular attention to the process used for procurement of services and resulting contracts to ensure compliance with the SWMP's regulations and General Terms and Conditions. Given the current finding, particular attention should be given to the full execution of and retention of copies of all contractual documents;
- b. The District should provide copies of the documentation related to the \$16,990.31 in administrative expenses paid during the period April 1, 2004 to July 31, 2005; and

Missouri Department of Natural Resources

Final Audit Finding Resolution **Region I – East Central Solid Waste Management District** July 1, 2004 – June 30, 2006

- c. Modifications or the additions to the District's 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.

10. District's Quarterly Project Financial Summary Forms Not Accurately Prepared (Questioned Costs: \$18,164.64)

Auditor Recommendation:

The District properly prepare its quarterly financial reports by sub-grant noting the receipts and disbursements from each grant funded by the MDNR and any carryover funds unobligated. The balances remaining in each sub-grant should be reconciled to the total cash balance held by the District. Any unidentified funds may need to be recovered and repaid to the MDNR.

District Response:

The District does not concur. The negative balance shows a receivable amount from MDNR. In order to report to MDNR, the projects must be listed. The report does reconcile to the check register and bank reconciliation.

SWMP Response:

We concur with the auditor's recommendation. The District's Quarterly Project Financial Summary forms are not accurately prepared. The SWMP provided training to the Districts at the beginning of the fiscal year on completion of this form.

The District did not receive district grant funds for 2004 and 2005 projects listed on the report. FY04 projects had a fully executed Financial Assistance Agreement, however, funds were being withheld by the SWMP due to the District's failure to timely submit Quarterly Status Report Forms. Additionally, FY05 projects had not been agreed to by the District and the SWMP and the FY05 and FY06 fully executed Financial Assistance Agreements were not returned to the SWMP from the District. The 2003-065 project obligated amount of \$7,816.39 plus the unobligated interest income of \$3,221.14 leaves an unidentified balance of \$18,164.64. The District has indicated a portion of this funding is believed to be member fees. However, the District will need to work with the SWMP to identify the source of these funds in the District's bank accounts.

SWMP Recommendation:

The SWMP recommends the District take the following actions to resolve Finding #10:

Missouri Department of Natural Resources

Final Audit Finding Resolution

Region I – East Central Solid Waste Management District

July 1, 2004 – June 30, 2006

- 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
- 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 these modifications and additions must be provided to the SWMP by April 30, 2008.

11. District Quarterly Financial Summary Reports Not Filed Timely

Auditor Recommendation:

We recommend that the District establish the necessary procedures to ensure that the quarterly financial summary reports are filed with the Department within 30 days at the end of the quarter as required.

District Response:

The District concurs. Quarterly reporting was not in compliance. All delinquent reports were sent to MDNR on September 15, 2006. MDNR requested that the June 30, 2006 be revised and resent. This report was dated October 31, 2006 and stamped received by the SWMP on January 8, 2007.

SWMP Response:

We concur with the auditor's recommendation. The District continued to fail to comply with reporting requirements until October, 2007. With new staff, reports are now being submitted timely.

Missouri Department of Natural Resources

Final Audit Finding Resolution **Region I – East Central Solid Waste Management District** July 1, 2004 – June 30, 2006

SWMP Recommendation:

The SWMP recommends the District take the following actions to resolve Finding #11:

- a. The Executive Board should review and modify, as needed, the policy and related procedure to include specific procedures for District staff as well as sub-grantees to timely file project documents to ensure the District meets its reporting due dates with MDNR; and
- b. 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.

12. Interest Income Not Properly Obligated on Quarterly Financial Summary Reports

Auditor Recommendation:

We recommend the District properly report total interest income earned and adjust the quarterly reports to show the interest earned and obligated as well as interest income not yet obligated.

District Response:

The District concurs. All interest through May 2007 will be used toward 2007 grants.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendation:

The SWMP recommends the District take the following actions to resolve Finding #12:

- a. The Executive Board should modify the policy and related procedures to include steps ensuring -- dependent on the original source of funds producing the interest -- that interest income is only expended on MDNR approved grant projects within the District's solid waste management plan or approved District Operation expenditures. Additionally, the procedure should ensure MDNR approval is received prior to funds being disbursed to the sub-grantee or a vendor by the District; and
- b. 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.

Missouri Department of Natural Resources

Final Audit Finding Resolution **Region I – East Central Solid Waste Management District** July 1, 2004 – June 30, 2006

13. Annual Financial Statement Audit Not Obtained

Auditor Recommendation:

We recommend that the District obtain a two-year financial audit of its records and accounts as required by RSMo Section 260.325.10 and the Special Terms and Conditions.

District Response:

The District does not concur. The Boonslick Regional Planning Commission has an audit performed annually. This report is submitted to MDNR annually. The District funds pass through Boonslick Regional Planning Commission. The District will procure an auditor and have the funds of the district itself audited. This report will be submitted to MDNR within 180 days of the close of the fiscal year.

SWMP Response:

We concur with the auditor's recommendation. Solid waste management districts are required to meet the audit requirement at 260.325, RSMo which requires an annual financial statement audit of Districts receiving \$200,000 or over per year and a biannual audit of Districts receiving less than \$200,000 per year. The audit of the Boonslick Regional Planning Commission is an audit of the administrative contractor of the District rather than of the District. The financial statements presented do not allow for determination of use and maintenance of Solid Waste Management Funds in compliance with the law, regulations and Special Terms and Conditions agreed to by the District at the time they entered into the Financial Assistance Agreement with the Department.

On November 21, 2007, SWMP received a letter from the District stating the District has initiated the process of procuring an independent financial audit for the fiscal years beginning January 1, 2006 through December 31, 2007, with a contract for up to three multi-year audit periods.

SWMP Recommendation:

The SWMP recommends the District take the following actions to resolve Finding #13:

- a. As stated above, the District shall take the steps necessary to procure an auditor and have the funds of the District audited. This report will be submitted to the SWMP

Missouri Department of Natural Resources

Final Audit Finding Resolution **Region I – East Central Solid Waste Management District** July 1, 2004 – June 30, 2006

- within 180 days of the close of the fiscal year and will cover the period July 1, 2005 through June 30, 2007.
- b. The Executive Board should review and amend the current written policy and related procedures for timely completion and filing of the annual financial statement audit report with the SWMP or request a waiver in sufficient time to allow the SWMP to respond prior to the District being out of compliance; and
 - c. Modifications to any 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.

14. Detailed Listing of Capital Assets and Identification Tags

Auditor Recommendation:

We recommend that the District maintain a detailed listing of all capital assets purchased with District grant funds and owned by the sub-grantees in accordance with the requirements of the General Terms and Conditions. The District should affix an identification tag on all capital assets.

District Response:

The District concurs. An inventory ledger has been created and inventory tags purchased. Tags were not yet fixed to property during this audit. The building addition at the City of Washington recycling center has been added to the inventory listing.

SWMP Response:

We concur with the auditor's recommendation. The District has stated they have developed a list of equipment and plan to perform physical inventories, as required. The District should include serial numbers or other identification numbers for equipment funded with district grant funds. Including the serial or VIN identification number for equipment can enhance the asset listing and strengthen controls over the District and District's sub-grantee fixed assets. Also, the District should affix an identification tag or sticker on all capital assets.

SWMP Recommendation:

The SWMP recommends the district take the following actions to resolve Finding #14:

Missouri Department of Natural Resources

Final Audit Finding Resolution

Region I – East Central Solid Waste Management District

July 1, 2004 – June 30, 2006

- a. The Executive Board should modify the written policy and related procedures to account for and report capital assets including serial numbers or other identification numbers;
- b. During FY08, the District should provide to SWMP a copy of the annual physical inventory including the fixed asset identification tag numbers 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 copies provided to the SWMP.

15. Annual Statements of Use of Equipment Not Filed by Sub-grantees

Auditor Recommendation:

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

District Response:

The District concurs. The District is working on a site visit check list to ensure that all equipment purchased with grant funding will be visited on an annual basis and that these visits are documented.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendation:

The SWMP recommends the District take the following actions to resolve Finding #15:

- a. The District will establish a written policy and related procedure to obtain an annual use statement from sub-grantees for equipment, building, or site improvements purchased, in whole or in part, with Solid Waste Management Fund monies;
- b. During FY08, the District should provide to SWMP a copy of the FY2008 use statements provided by sub-grantees 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.

Missouri Department of Natural Resources

Final Audit Finding Resolution **Region I – East Central Solid Waste Management District** July 1, 2004 – June 30, 2006

16. UCC – 1 Security Interest Forms Not Filed by the District or Sub-grantees

Auditor Recommendation:

We recommend that the District ensure that the sub-grantees file the required UCC-1 forms for equipment purchases or 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 concurs. The District is working with grantees to get all UCC-1 forms. This policy will be added to the Standard Operating Procedures.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendation:

The SWMP recommends the District take the following actions to resolve Finding #16:

- a. The District should review and amend their current written policy and related procedures for obtaining a security interest in equipment, building or site improvements purchased by the District or District sub-grantees to ensure accurate and timely filing of security interests; and
- b. Modifications or the addition of District policies and procedures should be in writing and approved by the Executive Board and documented within the District's signed meeting minutes.

17. Proof of Insurance on Capital Assets Not Obtained

Auditor Recommendation:

We recommend that the District obtain insurance coverage documentation from the sub-grantee for all equipment, buildings, and site improvements purchased or constructed with SWMF monies.

Missouri Department of Natural Resources

Final Audit Finding Resolution **Region I – East Central Solid Waste Management District** July 1, 2004 – June 30, 2006

District Response:

The District concurs. Sub-grantees were required to report whether they had insurance on the equipment but were not required to show proof. Future grantees will be required to submit proof of insurance before any funding is reimbursed to them.

SWMP Response:

We concur with the auditor's recommendation. The District should request that sub-grantee submit with the invoice requesting reimbursement for equipment, buildings, and site improvements proof of insurance on such equipment, buildings, and site improvements.

SWMP Recommendation:

The SWMP recommends the District take the following actions to resolve Finding #17:

- a. The Executive Board shall review and make needed amendments to the District's policy and related procedure to ensure all sub-grantees are required to submit proof of insurance on equipment, buildings, or site improvements purchased with district grant funds;
- b. Modifications or the addition of District policies are 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. During FY08, the District will submit copies of the proof of insurance provided by sub-grantees to the SWMP along with the District's Quarterly Project Status Reports to document compliance.

18. Date Stamping Grant Proposals From Sub-grantees

Auditor Recommendation:

We recommend that the District include a specific time deadline for submission of a grant proposal on future public notifications requesting grant proposals. We also recommend that the District stamp the date and time on each grant proposal submitted by sub-grantees in the future.

Missouri Department of Natural Resources

Final Audit Finding Resolution **Region I – East Central Solid Waste Management District** July 1, 2004 – June 30, 2006

District Response:

The District concurs. Future grant rounds will be stamped with the date and the time which they were received. This policy will be added to the Standard Operating Procedures.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendation:

The SWMP recommends the District take the following actions to resolve Finding #18:

- a. The Executive Board shall review and make needed amendments to the District's policy and related procedure to ensure all grant applications are date stamped upon receipt and a log is maintained of all applications received;
- b. Modifications or the addition of District policies are 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. A copy of the District's grant log for the next grant cycle should be submitted to the SWMP.

19. Documentation of Bids Not Required From Sub-grantees

Auditor Recommendation:

We recommend that the District obtain documentation from the sub-grantees regarding the solicitation and the awarding of bids for items purchased with district grant monies.

District Response:

The District concurs. Sub-grantees were required to report on their procurement of equipment. The District has implemented a bid information sheet that is required for all procurement.

SWMP Recommendation:

We concur with the auditor's recommendation.

Missouri Department of Natural Resources

Final Audit Finding Resolution **Region I – East Central Solid Waste Management District** July 1, 2004 – June 30, 2006

SWMP Response:

The SWMP recommends the District take the following actions to resolve Finding #19:

- a. The Executive Board should modify the District's sub-grantee procurement policies and related procedures to address the need for compliance with state procurement requirements. Specifically, the procedures must include adequately documenting bids including sole source justification and retention of procurement records.
- b. We agree that implementation of a District-wide procurement form for ease in recording bids and for record retention purposes is a good business practice. To ensure compliance, the District should request submission of the sub-grant applicant's procurement policies as part of the grant application process;
- c. District staff, as part of their on-site visits to sub-grantees, should then review completed procurement files for goods and services purchased by the sub-grantee from district grant funds to verify their compliance with the submitted procurement policy; and
- d. 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.

20. District Not Documenting Site Visits

Auditor Recommendation:

We recommend that the District document its' monitoring or site visits in the grant project folders.

District Response:

The District concurs. The District is working on a site visit check list to ensure that all equipment purchased with grant funding will be visited on an annual basis and that these visits are documented.

SWMP Recommendation:

We concur with the auditor's recommendations. The requirement for on-site visits to sub-grantees is not a new requirement and should have been in place prior to the audit period.

Missouri Department of Natural Resources

Final Audit Finding Resolution **Region I – East Central Solid Waste Management District** July 1, 2004 – June 30, 2006

SWMP Response:

The SWMP recommends the District take the following actions to resolve Finding #20:

- a. The District should establish a written policy and related procedures for annual on-site inspections of sub-grantee projects and ensure project status is accurately known and reported to the Executive Board and the SWMP;
- b. The District should include within the on-site monitoring documentation the annual use statement for sub-grantees having equipment, building or site improvements funded with district grant funds; and
- c. Modifications to District policies should be in writing and approved by the Executive Board and documented within.

21. Assessment Inventory Not Filed

Auditor Recommendation:

We recommend that the District implement the necessary procedures to ensure the assessment inventory for fiscal year 2006 has been received by the Department and to file the future assessment inventory in a timely manner as required.

District Response:

The District concurs. The 2006 Assessment Inventory was forwarded to DNR April 4, 2007.

SWMP Response:

We concur with the auditor's recommendation.

The District failed to file the 2004 Assessment Inventory. After repeatedly notifying the District the inventory had not been filed, the SWMP forgave the 2004 Assessment Inventory with the agreement that the 2006 Assessment Inventory would be timely filed with the SWMP. The 2006 Assessment Inventory was not received until October 17, 2007, six months late. The 2006 Assessment Inventory was not received until after the District had changed planning staff. Since that time, other District reports (i.e., quarterly reports) have been filed timely.

Information from the Assessment Inventory is used to report to the General Assembly and provide information to the public regarding services available within Region I's area.

Missouri Department of Natural Resources

Final Audit Finding Resolution **Region I – East Central Solid Waste Management District** July 1, 2004 – June 30, 2006

Failure to provide this information in a timely manner limits the SWMP's and the District's ability to respond to requests for information from the legislature and the general public who need access to services within the Region I area.

SWMP Recommendation:

With the change in planning staff at the District, we would appreciate receiving confirmation that the following has occurred related to Finding #21:

- a. The Executive Board has reviewed and made needed amendments to the District's policy and related procedures to ensure the 2008 Assessment Inventory is adequately monitored to ensure it is accurately completed and timely filed with the SWMP;
- b. Provide copies of the amended policies and procedures along with copies of the Executive Board's signed meeting minutes to the SWMP; and
- c. The Executive Board shall ensure its 2008 Assessment Inventory is filed with the SWMP by the required due date.