

Performance Audit Follow-up
Region A – Northwest Missouri Solid Waste Management District
July 1, 2005 - June 30, 2007

1. By-Laws Not Compliant With Missouri Statutes – Finding Resolved

Auditor Recommendation:

We recommend the District amend its by-laws to reflect the correct definition of a quorum as defined in the Missouri Statutes.

District Response:

As indicated in the listed condition, the District knew the problem existed and has taken action. The by-laws have already been changed to reflect the required criteria “a quorum should include a majority of the Board.” Please see Attachment A to view Region A’s by-laws.

SWMP Response:

The District has corrected this condition and amended its by-laws. With submission of this information by the District, the SWMP considers Finding #1 resolved.

2. Conflict of Interest

Auditor Recommendation:

We recommend the District develop a conflict of interest policy and future board members be evaluated to ensure there is no conflict of interest between the interest of the District and board members.

District Response:

The board understood the conflict of interest prior to the audit. The District adopted a conflict of interest policy June 17, 2008 stating that if any party is affiliated with an applicant, the individual will not take part in any of the ranking process, and the District will institute a Conflict of Interest contract which requires any parties to leave the room if a potential conflict exists. The District will fill out Conflict of Interest contracts annually prior to the sub-grant ranking process. See Attachment B for the Policies of Region A. See Attachment C for a sample of Conflict of Interest contract.

SWMP Response:

We concur with the auditor’s recommendation.

SWMP Recommendations:

The District has adopted a conflict of interest policy and indicated it would establish a Conflict of Interest statement, which requires annual disclosure statements of potential areas

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of conflict of interest by executive board members and staff. In order to allow for final resolution of Finding #2, please provide a copy of the board signed meeting minutes documenting the board's approval of the policy and copies of the latest signed statements.

3. Lack of Written Policies and Procedures

Auditor Recommendation:

We recommend the District adopt written policies and procedures that ensure the MDNR's General and Special Terms and Conditions, state laws, and federal laws will be followed.

District Response:

(A) The District adopted a conflict of interest policy on June 17, 2008. Please refer to Attachment B. (B) The District does not employ any employees, nor has the District ever employed an individual; as a result, a policy has never been developed for hiring and employing individuals. The District has proposed a policy regarding non-discrimination and anti-harassment and will review and adopt the policy by January 2009. See Attachment D for Proposed Policies and Procedures. (C) The District will adopt a policy for ensuring sub-grantees are in compliance with environmental laws and permitting processes. A policy will be adopted by January 2009. See Attachment D for Proposed Policies and Procedures. (D) The District will adopt a written policy and procedure for tracking and monitoring sub-grantee fixed assets by January 2009. Please see Attachment D for Proposed Policies and Procedures. (E) The District has already adopted a policy which ensures Region A will comply with the Missouri Sunshine Law. Please see Attachment E for a copy of the Policy for Providing access to Public Records.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

The District indicated development of the recommended written policies. Two of the policies had already been approved, adopted, and copies provided; the other three were proposed and awaiting approval. In order to allow for final resolution of Finding #3, please provide copies of the final three policies (i.e., Non-discrimination and Anti-harassment, Sub-grantee Compliance, Monitoring and Tracking of Sub-grantee Assets) and the board's signed meeting minutes documenting the board's approval of the policies.

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4. MBE/WBE Not Utilized

Auditor Recommendation:

We recommend the District's procurement policies be amended to include the provisions relating to the encouragement of utilizing small and minority firms, Women's Business Enterprises, and Labor Surplus Area firms. Appropriate documentation should be maintained in the file supporting submission of a *MBE/WBE Utilization Report* to MDNR.

District Response:

The District will implement a policy regarding the solicitation of MBE/WBE firms, and a procedure will be established for the Planner and sub-grantees to follow as solicitation occurs. Proposed policies and procedures will be implemented by January 2009. Please see Attachment D for Proposed Policy and Procedures.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

The District indicated plans to implement a policy and procedure to solicit MBE/WBE firms. In order to allow for final resolution of Finding #4, please provide a copy of the final policy and procedure approved by the board and a copy of the board's signed meeting minutes documenting such board approval.

5. Inaccurate Quarterly Report

Auditor Recommendation:

The District should check quarterly reports for accuracy to ensure amounts listed as cash balances do reconcile to the checkbook balance.

District Response:

The District has checked the June 2006 balances, and it agrees the balances do not reconcile. The District will set a policy regarding cut-off procedures for year-end purchases. Proposed policies will be implemented by January 2009. Please see Attachment D for Proposed Policy and Procedures.

SWMP Response:

We concur with the auditor's recommendation.

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SWMP Recommendations:

The District indicated plans to ensure adequate quarterly reporting. In order to allow for final resolution of Finding #5, please submit a copy of the final policy approved by the board and a copy of the signed meeting minutes that document the board's approval. Additionally, please provide a copy of the District's latest bank reconciliation documenting the board's review and approval.

6. Notification of Grant Call By District Not Provided in Accordance With District Grant Rule – Finding Resolved

Auditor Recommendation:

We recommend that a procedure be established to ensure a public notice is published in a newspaper to give every member county and city with a population over five hundred notification that the District is accepting grant proposals.

District Response:

The requirement found at CSR 10 80-9.050(2)(A)2 states, "The district executive boards shall request project proposals by giving written notification to the governing officials of each county and city over five hundred (500) in population and by publishing a notice in a newspaper officially designated by the presiding commissioner of each county, for public notices for every county and city with a population over five hundred (500) within the district." The District did advertise in one paper in each county during the period in question. Please see documentation in Attachment F.

SWMP Response:

The District was able to provide documentation the District met the public notice requirement. As part of the District application process, the District is required to send to SWMP a copy of the notice given to the governing bodies of each county and city over five hundred in population with a list of the recipients of those notices and copies of affidavits or tear sheets or paid receipts of the notices published in at least one newspaper in each District member county. A review of our 2007 grant file also contained this documentation.

7. Written Notice Regarding Formation of the District Not Located – Finding Resolved

Auditor Recommendations:

We recommend the District locate or obtain documentation from the MDNR to support the formation of the District.

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District Response:

The District is working with MDNR to locate or obtain documentation regarding the notice in question.

SWMP Response:

The SWMP provided the District a copy of the Region A formation documents. The District should ensure these documents are maintained in the District's permanent records.

8. Administration Contract Terms Inadequate – Finding Resolved

Auditor Recommendation:

We recommend future administration contracts include terms that are more precise regarding compensation. This could include charging for actual hours worked and other eligible expenses that the Regional Council pays for the District, up to a specific dollar amount.

District Response:

The District has modified the contract with the Northwest Missouri Regional Council of Governments. These changes put a definitive dollar amount on the reimbursement rate. Please see Attachment G to view the FY 2009 contract.

SWMP Response:

With submission of the contract by the District, the SWMP considers Finding #8 resolved.

9. Lack of Documentation for Landfill Diversion

Auditor Recommendation:

We recommend the District obtain a certificate of recycling, or other documentation, to confirm items collected are diverted from landfills.

District Response:

The District has located the documentation for projects 2006-02 and 2007-04. The District is working with the waste hauler to obtain a copy of the records for project 2006-08 and will submit those as soon as they are received. Please see Attachment H for the documentation on all projects (2006-02, 2006-08 [partial], 2007-04).

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SWMP Response:

We concur with the auditor's recommendation

SWMP Recommendations:

In order to allow for final resolution of Finding #9, please provide a copy of the certificate of recycling or other documentation for Grant Project 2006-8.

10. Costs Incurred Prior to Grant Award and Approval

Questioned Costs: \$7,827 – Disallowed Costs: \$0

Auditor Recommendation:

We recommend subgrantees not be reimbursed for costs incurred prior to the project's start date. We also recommend the District work with MDNR to resolve the questioned costs.

District Response:

The District has received the funds back from this sub-grantee for the project. As a result, this project is no longer active within the District. Please see Attachment I for the correspondence requesting project termination. The District does not fund projects which have been started prior to grant approval. To ensure this error does not occur in the future, a policy will be implemented by the District by January 2009. Please see Attachment D for Proposed Policy and Procedures.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

The District indicated the project in question is no longer active and the subgrantee has reimbursed the District the full amount of the ineligible cost. A copy of the check returning the grant funds was provided.

The District also indicated plans to implement a policy to ensure that in the future subgrantees are not reimbursed for cost incurred prior to the project's start date. In order to allow for final resolution of Finding #10, please provide a copy of the final policy approved by the board and a copy of the board's signed meeting minutes documenting the board's approval of the policy.

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11. UCC Financing Statement Not Timely Filed or Not Filed

Auditor Recommendation:

We recommend the District implement procedures that will ensure a timely filing of UCC financing statements.

District Response:

The District is aware of the need to file for a UCC immediately after the purchase of the equipment. As a result, the District is proposing to implement a policy and procedure stating that the District will file for the UCC when the reimbursement request is received. Proposed policies and procedures will be implemented by January 2009. Please see Attachment D for Proposed Policy and Procedures. The time frame for a UCC on a project 2003-75 has expired.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

The District indicated plans to implement a policy and procedure to ensure accurate and timely filing of the UCC financing statements. In order to allow for final resolution of Finding #11, please provide a copy of the final policy and procedure approved by the board and a copy of the board's signed meeting minutes documenting the board's approval.

12. Proof of Insurance on Equipment Not Obtained

Auditor Recommendation:

We recommend the District adopt a policy and procedure to ensure insurance is acquired to protect capital assets purchased with Solid Waste Management Fund monies.

District Response:

The District will implement a policy and procedure to ensure that the sub-grantees annually submit proof of insurance on all equipment funded by the District. Proposed policies and procedures will be implemented by January 2009. Please see Attachment D for Proposed Policy and Procedures.

SWMP Response:

We concur with the auditor's recommendation

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SWMP Recommendations:

The District indicated plans to implement a policy and procedure to ensure subgrantees annually submit proof of insurance on all equipment funded by the District. To fully resolve Finding #12, please provide a copy of the final policy and procedure approved by the board and a copy of the board's signed meeting minutes documenting the board's approval of the policy and procedure and a copy of current proofs of insurance.

13. Proposal Evaluation Criteria Incomplete

Auditor Recommendation:

We recommend the District amend the proposal evaluation and review to include all required criteria.

District Response:

Technical feasibility has been a category on the ranking sheet, with several criteria listed to judge the level of feasibility, but has not been scored in the manner which is requested. No grants are awarded to an entity which will adversely affect existing private entities in the market, so no such criteria has been used. The District will put these criteria on the next ranking score guide, and will submit those score guides to MDNR for approval after the next award cycle.

SWMP Response:

We concur with the auditor's recommendation

SWMP Recommendations:

The District indicated plans to use all required criteria during their proposal evaluation. To fully resolve Finding #13, please provide a copy of the District's policy and procedures related to proposal evaluation and a copy of the District's latest evaluation form documenting the District's consideration of all required criteria.

14. Failure to Comply With Sunshine Law

Auditor Recommendation:

We recommend the District follow all requirements of the Missouri Sunshine Law.

District Response:

The District is as thorough as possible when recording minutes. Any discrepancies or information missing was a proofreading mistake or simple error. The District will

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implement a procedure for recording minutes for all Solid Waste Board meetings. Proposed procedures will be implemented by January 2009. Please see Attachment D for Proposed Policy and Procedure.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

The District indicated plans to implement a procedure for recording minutes for all board meetings. To fully resolve Finding #14, please provide a copy of the final procedure approved by the board and a copy of the board's signed meeting minutes documenting the board's approval of the procedure.

We request for the period January through June 2010, a copy of the board's meeting agendas, public notices, and approved minutes be provided along with the District's next submission of quarterly project status reports to verify compliance with the Sunshine Law requirements.

15. Subgrantee Equipment Not Properly Identified and Inventory Listing Incomplete

Auditor Recommendation:

We recommend the District attach an identification tag to assets purchased with District funds. We also recommend the District ensure that the subgrantee inventory listing include a serial number or other identification number.

District Response:

Stickers have been ordered and received which will be placed on any new equipment purchased with District funds. Please see Attachment J for a sample sticker. Project equipment number will be added to each sticker as purchased.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

The District indicated it had acquired identification tags to affix to new equipment purchased with District grant funds. To fully resolve Finding #15, we request the District affix identification tags to all equipment in which the District still holds a security interest and provide a copy of the District policy and procedures related to fixed assets management and a copy of the District's most recent physical inventory and asset reconciliation.

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16. Annual Statements of Use of Equipment Not Filed By Subgrantees

Auditor Recommendation:

We recommend the District develop a form and procedure to obtain annual statements from subgrantees regarding the use of equipment for project activities.

District Response:

The District agrees with this finding. The District will implement a procedure for obtaining these use statements. Proposed procedures will be implemented by January 2009. Please see Attachment D for Proposed Policy and Procedures.

SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

The District indicated plans to implement a procedure for obtaining the required annual statements from subgrantees certifying the use of equipment is for project activities. In order to allow for final resolution of Finding #16, please provide a copy of the final procedure approved by the board and a copy of the board's signed meeting minutes documenting the board's approval and a copy of the latest annual certification submitted by subgrantees as verification of the District's compliance with this requirement.

17. Documentation for Sole Source of Equipment Not Obtained

Auditor Recommendation:

We recommend the District require submission of documentation from subgrantees that verifies a vendor as "sole source" when purchasing specialized equipment.

District Response:

The District has received the money back from this sub-grantee for the project. As a result, this project is no longer active within the District. Please see Attachment I for the correspondence requesting project termination. The District currently requires three competitive bids for a project to be funded. To ensure this does not happen in the future, the District will set a policy to ensure competitive bids are required by all sub-grantees. Proposed policies will be implemented by January 2009. Please see Attachment D for Proposed Policy and Procedures.

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SWMP Response:

We concur with the auditor's recommendation.

SWMP Recommendations:

The District indicated plans to adopt a policy to ensure subgrantees' compliance with competitive bid requirements. In order to allow for the final resolution of Finding #17, please provide a copy of the final policy approved by the board and a copy of the board's signed meeting minutes documenting the board's approval of the policy.