

INDEPENDENT AUDITORS' REPORT

**To the State of Missouri
DEPARTMENT OF NATURAL RESOURCES**

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**DIV. OF ADMIN SUPPORT
ACCOUNTING PROGRAM**

**Based on a Performance Audit of the
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT - REGION E**

Kansas City, Missouri

**FOR THE YEARS ENDED
DECEMBER 31, 2009, 2010, AND 2011**

**DSWA CERTIFIED PUBLIC ACCOUNTANTS, PC
112 N. MADISON - PO BOX 944
RAYMORE, MO 64083**

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INDEPENDENT AUDITORS' REPORT

To the Missouri Department of Natural Resources
Jefferson City, Missouri and the
Mid-America Regional Council Solid Waste
Management District – Region E
Kansas City, Missouri

Pursuant to our contract with the Missouri Department of Natural Resources, we conducted a performance audit of the operations of the Mid-America Regional Council Solid Waste Management District – Region E (MARC SWMD – Region E) of Kansas City, Missouri for the years ended December 31, 2009, 2010, and 2011, for which you requested the following objectives:

1. To determine that the district, council, executive board, advisory committee, or alternative management structure were organized properly and in accordance with the Revised Statutes of Missouri.
2. To determine that the duties of the council and executive board or alternative management structure have been carried out as specified in the Revised Statutes of Missouri.
3. To review the District's internal controls for accounting and financial matters, safeguarding assets, subgrantees, and compliance with laws, regulations, financial assistance agreements, solid waste plans, policies, and procedures.
4. To determine whether the District is in compliance with laws, regulations, financial assistance agreements, solid waste plans, policies, and procedures.
5. To determine whether the quarterly and financial reports submitted to DNR-Solid Waste Management Program by the District, along with accounting records and supporting documentation, are timely, presented accurately and in accordance with DNR – Solid Waste Management Program guidelines.
6. To determine that expenditures by the District from advancements and reimbursements made by the Districts to their subgrantees were made for allowable and eligible costs.
7. To determine whether the district grant funds were awarded to subgrantees or placed under contract properly and to review grant/contracts management and monitoring of subgrantees and contractors.
8. To determine that the subgrant project effectively met its goal of diverting waste from landfills or providing environmental education and to determine per unit cost (ton of waste diverted or per student).

Our methodology included observation of the District's operations; interviewing various personnel of the District, as well as certain external parties; reviewing financial records and other pertinent documents; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal and compliance provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of the District's contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions. Our audit procedures were conducted during the period September 17 – October 5, 2012.

We conducted this performance audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States (generally accepted government auditing standards.) Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

During our audit we identified deficiencies in internal controls, noncompliance with contract provisions, and the need for improvement in management practices and procedures. The accompanying Management Advisory Report contains the findings, conclusions, and recommendations arising from our audit of the operations of the MARC SWMD – Region E for the years ended December 31, 2009, 2010, and 2011. Our findings, conclusions, and recommendations related to compliance with contract provisions and Missouri statutes do not provide a legal determination with regard to those requirements.

The District's written responses to the findings identified in this report have not been audited and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management and others within the MARC SWMD – Region E and the Missouri Department of Natural Resources, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

DSWA Certified Public Accountants, PC.

DSWA Certified Public Accountants, PC
Raymore, Missouri
November 5, 2012

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
HISTORY AND ORGANIZATION**

Missouri's 20 solid waste management districts were created to foster regional cooperation among cities and counties in addressing solid waste management issues. The main function of a district is to develop a solid waste management plan with an emphasis on diverting waste from landfills and to assist with implementation of the plan. Plans include provisions for a range of solid waste activities: waste reduction programs; opportunities for material reuse; recycling collection and processing services; compost facilities and other yard waste collection options; education in schools and for the general public; management alternatives for items banned from Missouri landfills and household hazardous waste; and prevention and remediation of illegal dumps. To help achieve their goals, districts administer grants to public and private entities within their district, made possible with monies from the Solid Waste Management Fund (SWMF) through the Solid Waste Management Program (SWMP) of the Missouri Department of Natural Resources (DNR).

The Mid-America Regional Council Solid Waste Management District – Region E (the District) was formed pursuant to RSMo 260.305 and was officially recognized as the Mid-America Regional Council Solid Waste Management District by DNR in November 1991. The District is located in west-central Missouri and includes Jackson, Platte, Clay, Cass, and Ray counties and the cities within these counties, which includes the City of Kansas City, Missouri. Participation in the District is voluntary and is formally established through a resolution of adoption filed with the District office by the member governments. Jackson, Platte, Clay, and Cass counties joined the District at its formation. Ray County joined in August, 1995.

The District is governed by a Management Council and an Executive Board, the membership of which represents an alternative management structure as defined by RSMo 260.315. The alternative management structure differs from the standard management structure set forth in RSMo 260.315 in the number and allocation of representatives from the cities within the District who comprise the Management Council, and the fact that the composition of the Executive Board is established as a cross-section of representatives rather than from all members of the Management Council. The compositions of these bodies are as follows:

Management Council: Fifty-eight appointments made by the governments participating in the District, including:

- Two representatives from each of the five counties
- Four representatives from the City of Kansas City, MO
- One representative from each city over 500 population in the five county area

Executive Board: Fourteen appointments from the Management Council, including:

- One representative from each of the five counties
- One representative from the City of Kansas City, MO
- Four representatives from cities over 10,000 population
- Four representatives from cities under 10,000 population

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
HISTORY AND ORGANIZATION (Continued)**

The terms for Executive Board members are two years, with no term limit. No more than three city representatives on the Board may be from any one county. Schedules A and B of this report list the members of the Executive Boards and Management Councils for the years 2009 – 2011.

The District's Management Council also includes non-voting, ex-officio members appointed by the governments of counties and cities in the state of Kansas that are a part of the greater Kansas City metropolitan area, including Johnson and Leavenworth Counties; the Unified Government of Wyandotte County and Kansas City, Kansas; the cities of Olathe, Overland Park, Lenexa, and Shawnee; and a small cities representative appointed by the Johnson County Council of Mayors. Although invited, Miami County, Kansas has not appointed an ex-officio member.

Annually, the Management Council chairman appoints a geographically balanced advisory committee composed of representatives of commercial waste generators, representatives of the solid waste management industry, and two public members unaffiliated with a solid waste facility or operation. Schedule C of this report lists the participants in the Advisory Committee for the years 2009 – 2011.

The District operates through an administrative memorandum of understanding with Mid-America Regional Council (MARC). MARC is a nonprofit association of city and county governments established and organized to further the orderly and maximum development of the human resources, physical resources, and governmental services of the bi-state Kansas City metropolitan area. MARC employs three individuals who are assigned full time to the administration of the District, in the capacities of Program Planner, Grant Administrator, and Outreach Coordinator. The District has no direct employees.

The District is funded by solid waste tonnage fees collected by DNR and program revenues.

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
SCOPE AND PROCEDURES**

Our audit of the District's operations for the three years ended December 31, 2011 for the purpose of meeting the objectives requested by DNR as stated in the attached Independent Auditors' Report included the following procedures:

OBJECTIVE 1: Comparison of the District's Management Structure with the Requirements of the Revised Statutes of Missouri:

RSMo 260.315 establishes the management structure for solid waste management districts; however, it allows for alternative management structures formulated pursuant to RSMo 260.300. The District has an alternative management structure as described in the History and Organization section above, which is set forth in its by-laws adopted in 1991 and revised in December, 2008. We reviewed the management structure for compliance with the applicable statutes and the District's by-laws, and compared the District's by-laws to the applicable statutes to form conclusions as to whether the by-laws addressed the duties and responsibilities of governing the District set forth in the statutes.

We reviewed the District's policies and procedures for monitoring the qualifications, terms, vacancies, and conflicts of interest of the members of the Executive Board and Management Council. We obtained listings of the members of the Executive Board and Management Council for the calendar years 2009 through 2011, and reviewed the listings for compliance with District by-laws and the conflict of interest policy. These listings are included as Schedules A and B in this report.

We reviewed the District's procedures for appointing a geographically balanced advisory committee composed of representatives of commercial waste generators, representatives of the solid waste management industry, and two public members unaffiliated with a solid waste facility or operation as required by RSMo 260.320.3(7). Schedule C lists the participants in the District's Advisory Committee, including their affiliations.

Findings: See attached findings and recommendations, items 1 and 2.

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
SCOPE AND PROCEDURES (Continued)**

OBJECTIVE 2: Evaluation of Whether the Duties of Management Have Been Carried Out as Specified in the Revised Statutes of Missouri:

The responsibilities of the Management Council, as set forth in the District by-laws, are to adopt and amend the by-laws of the District, appoint the members of the Executive Board as described in the History and Organization section above, advise the Executive Board of its position on solid waste management policies, and adopt the solid waste management plan recommended by the Executive Board. In addition, the Chairman of the Management Council is responsible for appointing the advisory committee described above.

The responsibility of the Executive Board, as set forth in the District by-laws, is to exercise the powers and functions necessary or appropriate to carry out the duties and purposes of RSMo Sections 260.200 to 260.345. Their responsibilities include evaluating issues and establishing District solid waste management policies, conducting the day-to-day business of the District, and overseeing the development of the District solid waste management plan. Their duties also include review and comment to the state of Missouri on applications for permits for solid waste management facilities located in the region or an area that will impact solid waste management practices in the region, assuring adequate capacity to manage solid waste in the region, establishing a public education program, establishing procedures to minimize hazardous waste, and establishing procedures to identify and report illegal dumping sites to appropriate local and state authorities.

The Executive Board's responsibilities are carried out in part by the granting of funds to local governments and organizations within the District for projects that further the purposes of the District. The Executive Board is responsible for adopting policy guidelines and administering these grants in accordance with state statutes and DNR regulations.

We read the minutes of all meetings of the Management Council and Executive Board during the calendar years 2009 – 2011 to assess the execution of these duties, noting that all significant decisions related to these duties were made by the Management Council or Executive Board, as applicable. Specific actions by which the Council and Board carried out these duties are assessed under the following objectives.

We also evaluated the minutes of two meetings from each of the three years audited for compliance with the Missouri Sunshine Law (RSMo 610.020 – 610.022).

Findings: See attached findings and recommendations, item 3.

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
SCOPE AND PROCEDURES (Continued)**

OBJECTIVE 3: Evaluation of the District's Internal Controls for Accounting and Financial Matters, Safeguarding of Assets, Oversight of Subgrantees, and Compliance with Laws, Regulations, Financial Assistance Agreements, and Solid Waste Plans, Policies and Procedures:

Our evaluation of the District's internal controls for accounting and financial matters, safeguarding of assets, oversight of subgrantees, and compliance with laws, regulations, financial assistance agreements, and solid waste plans, policies and procedures consisted primarily of assessing the internal control policies in place, and included only limited testing of these controls within the context of the other objectives of this audit. Our work was not designed to identify all deficiencies in internal controls over these matters that might be significant deficiencies or material weaknesses, and was not adequate for the purpose of expressing an opinion on the effectiveness of the District's internal controls. Accordingly, we do not express an opinion on the effectiveness of the District's internal controls for accounting and financial matters, safeguarding of assets, oversight of subgrantees, and compliance with laws, regulations, financial assistance agreements, and solid waste plans, policies, and procedures.

We obtained and reviewed the reports for audits performed on the District for the years ended December 31, 2009, 2010, and 2011. These audit reports included the following:

Mid-America Regional Council Solid Waste Management District Audits:

- Audited Financial Statements for the Year Ended December 31, 2009 (dated June 15, 2010)
- Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* (dated June 15, 2010)
- Audited Financial Statements for the Year Ended December 31, 2010 (dated June 23, 2011)
- Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* (dated June 23, 2011)
- Audited Financial Statements for the Year Ended December 31, 2011 (dated July 11, 2012)
- Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* (dated July 11, 2012)

These audits did not report any significant deficiencies or material weaknesses in the District's internal control over financial reporting or on compliance and other matters.

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
SCOPE AND PROCEDURES (Continued)**

OBJECTIVE 3 (continued):

We also obtained and reviewed the report dated August 23, 2007 by an independent accountant on applying procedures agreed upon with DNR for the period January 1, 2005 through December 31, 2006. Our follow up on the findings and recommendations resulting from these procedures, based on discussions with MARC staff involved in management of the District and review of correspondence between the District and DNR, is included in the Status of Prior Audit Findings and Recommendations section of this report.

Because District funds are received, disbursed, and managed by MARC, the organization contracted as administrator of the District, we obtained and reviewed the reports for audits performed on MARC that would have included District funds and transactions between MARC and the District during these three years. These audit reports included the following:

Mid-America Regional Council Audits:

- Audited Financial Statements for the Year Ended December 31, 2009 (dated June 15, 2010)
- Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* (dated June 15, 2010)
- Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Report on Supplementary Information – Schedule of Expenditures of Federal Awards (dated June 23, 2010)
- Audited Financial Statements for the Year Ended December 31, 2010 (dated June 15, 2011)
- Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* (dated June 15, 2011)
- Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Report on Supplementary Information – Schedule of Expenditures of Federal Awards (dated June 15, 2011)
- Audited Financial Statements for the Year Ended December 31, 2011 (dated September 27, 2012)
- Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* (dated September 27, 2012)
- Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Report on Supplementary Information – Schedule of Expenditures of Federal Awards (dated September 27, 2012)

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
SCOPE AND PROCEDURES (Continued)**

OBJECTIVE 3 (continued):

These audits did not report any significant deficiencies or material weaknesses in MARC's internal controls over financial reporting or on compliance and other matters. Significant deficiencies in compliance reported in the A-133 audits were unrelated to the management of District funds and programs.

We obtained an understanding of the internal controls of the District and of MARC's administration of District funds through discussion with MARC personnel involved in administration of the District and review of the District's written policies and procedures, including administrative policies and procedures of the Management Council and Executive Board. We completed an internal control questionnaire to identify the controls over cash receipts and disbursements, cash and investment balances, capital assets purchased with District funds, and purchasing.

The District's funds are maintained in a pool of cash and short term investments with MARC funds, and the District's share of the pool is recorded as a receivable in the financial statements of the District. Interest income from the pool is allocated to the District based on its share of the pool. We reviewed monthly bank statements and reconciliations for the years ended December 31, 2009, 2010, and 2011 for propriety and accuracy, noting that supervisory controls included management review of the reconciliations, and determined that year-to-date financial reports were provided to the Executive Board at each of their meetings. We obtained a listing of DNR funds for the engagement period and traced selected deposits to the bank statements. We recalculated the allocation of the District's share of interest from the cash and investment pool.

Findings: See attached findings and recommendations, item 4.

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
SCOPE AND PROCEDURES (Continued)**

OBJECTIVE 4: Evaluation of the District's Compliance with Laws, Regulations, Financial Assistance Agreements, and Solid Waste Plans, Policies and Procedures:

We reviewed the District's procedures for obtaining bids for administrative and management services to the District to determine that Missouri statutes and DNR regulations were followed in selecting MARC as the contractor. We reviewed the Memorandum of Understanding between MARC and the District for proper approvals, proprietary, and reasonableness.

We reviewed the District's budget for each of the three years for proper approvals and compliance with Missouri statutes, 10 CSR 80-9.050, and SWMP General Terms and Conditions.

We reviewed invoices and supporting documentation for MARC administrative expenses for allowable and eligible costs in compliance with 10 CSR 80-9.050 and SWMP General Terms and Conditions, other terms of the DNR financial assistance agreement, and the District budget.

All records necessary for the completion of our audit procedures throughout all objectives were provided, and the District's record retention policy meets all applicable requirements.

Due to the fact that the District has no direct employees and all administration is carried out by MARC personnel at MARC facilities, the District shares MARC policies and procedures in several areas, including purchasing and conflict of interest policies. These policies have been formally approved by the District's Management Council.

During our review of the minutes of meetings, discussions with MARC personnel involved in the management of the District, and other work, we noted no apparent violations of the Hatch Act or restrictions on lobbying. We inquired about the District's compliance with all state and federal environmental laws and the existence of any notifications of noncompliance from any regulatory authority, and were advised that there were none. The District's grant award procedures and financial assistance agreements with subgrantees require subgrantee compliance with all state and federal environmental laws, and applicable permits are required as part of the grant file documentation.

The District has no capitalized assets because all facilities are provided through the administrative agreement with MARC. An inventory of equipment and other capital assets purchased with SWMP funds by subgrantees is maintained, and the equipment is identified with a sticker bearing its inventory identification number. During our testing of subgrant agreements, we noted that all equipment purchased by the subgrantees tested was included in the equipment inventory listing. During our site visits to these subgrant projects, we noted that the equipment was properly identified with an inventory tag, and that the equipment remained in use and in good condition, with certain temporary exceptions that were reported to and approved by the Grant Administrator.

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
SCOPE AND PROCEDURES (Continued)**

OBJECTIVE 4 (continued):

We examined printed materials and communications from the District to the public and subgrantees throughout our audit procedures to determine compliance with SWMP General Terms and Conditions regarding the recycled content of paper and recognition of DNR as a funding source.

We reviewed the reports issued for the independent financial statement audits obtained by the District for timeliness and inclusion of information required by Missouri statutes and SWMP General Terms and Conditions.

Findings: See attached findings and recommendations, item 5.

OBJECTIVE 5: Evaluation of Timeliness and Accuracy of Quarterly and Final Reports Submitted to DNR:

We reviewed the District's policies and procedures for obtaining and following up on quarterly and final reports from subgrantees, and the procedures for reporting subgrantee and District financial information to DNR in accordance with SWMP General Terms and Conditions. We noted that the District had adequate policies and procedures in place for following up on information not submitted on a timely basis by the subgrantees, and that District reports to DNR were submitted on a timely basis.

We evaluated the accuracy of subgrantee reports to the District by agreeing the reported amounts to supporting documentation in the subgrant files for the 14 subgrants selected for evaluation of disbursements (see objective 6).

Findings: None

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
SCOPE AND PROCEDURES (Continued)**

OBJECTIVE 6: Evaluation of Expenditures to Subgrantees for Allowable and Eligible Costs:

We evaluated the District's expenditures to subgrantees by testing 14 of the 53 subgrants funded during the period under audit. Our testing included reviewing the subgrant application and the financial assistance agreement between the District and the subgrantee, and examining all invoices and supporting documentation submitted for disbursement of funds to the subgrantee to ensure that the disbursement consisted of reimbursement for allowable and eligible costs related directly to the project during the grant period. We agreed a sample of the invoices to the actual disbursement checks, and determined that the disbursements had the appropriate authorizations. We recalculated the matching requirement and examined supporting documentation to evaluate whether the matching requirement was met with subgrantee payments or in-kind contributions of allowable and eligible costs. We also determined whether the District retained 15% of the funds from the subgrantee until the final report and final accounting of project expenditures had been approved.

Findings: See attached findings and recommendations, items 6 through 8.

OBJECTIVE 7: Evaluation of Awards to and Monitoring of Subgrantees:

During our testing of subgrantee files under objective 6, we evaluated documentation included in the grant file of the District's monitoring of subgrantee compliance with the terms of the grant, including obtaining permits and licenses, ensuring that the project met the scope of work, timeline and budget specified in the agreement (or as extended), ensuring compliance with requirements regarding the security and maintenance of assets purchased with subgrant funds, and providing recognition of DNR as a source of funding.

We evaluated the District's procedures for awarding funds to subgrantees by examining the public notices of requests for proposals and other information provided to applicants during the application process. We documented the procedures used by the Executive Board to review, rank, and approve proposals, and examined the minutes, correspondence, applications, and other documentation of the process for compliance with 10 CSR 80-9.050 and SWMP General Terms and Conditions.

Findings: See attached findings and recommendations, items 9 through 11.

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
SCOPE AND PROCEDURES (Continued)**

OBJECTIVE 8: Evaluation of Subgrant Project Effectiveness in Meeting Goals for Solid Waste Diversion from Landfills or Education:

For the 14 subgrants selected for testing in objective 6 above, we reviewed the stated goals in the grant applications and the project results as reported in the final reports. As a result of the conditions noted in our findings and recommendations, item 12, we were unable to evaluate subgrant project effectiveness for solid waste diversion from landfills.

Findings: See attached findings and recommendations, item 12.

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
FINDINGS AND RECOMMENDATIONS**

1. Appointment of Advisory Committee Appears Optional

Condition: Article IX of the District's by-laws provides that the Management Council Chairman *may* appoint advisory committees to provide technical assistance on solid waste issues. The use of the word "may" implies that an advisory committee is not required. The composition of these advisory committees is not specified in the by-laws. However, the District did appoint an advisory committee which held annual meetings in all three of the years included in the audit, and the membership of the committee appeared to comply with the statute.

Criteria: RSMo 260.320.3(7) requires the Executive Board to appoint one or more geographically balanced advisory committees composed of the representatives of commercial generators, representatives of the solid waste management industry, and two citizens unaffiliated with a solid waste facility or operation to assess and make recommendations on solid waste management. The District's adoption of an alternative management structure does not exempt it from the powers and duties set forth in RSMo 260.320.

Effect: The District's by-laws are not in compliance with RSMo 260.320.

Cause: Not determined.

Recommendation: We recommend that the District amend its by-laws to require an advisory committee composed of representatives set forth in RSMo 260.320.3(7).

Auditee's Response: *The District agrees with the finding and recommendation. While the District has held annual advisory committee meetings since 2007, the Executive Board will review and make needed amendments to the District's by-laws (Article IX – Committees) to require use of an advisory committee to assess and make recommendations on solid waste management. As set forth in RSMo 260.320.3(7), the by-laws will require that the committee be geographically balanced and composed of representatives of commercial generators, representatives of the solid waste management industry, and two citizens unaffiliated with a solid waste facility or operation. The by-laws will be revised in early 2013.*

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
FINDINGS AND RECOMMENDATIONS (Continued)**

2. Unsanctioned Change in Form of Entity

Condition: The minutes of the September 21, 2011 minutes approved articles of incorporation for the District to become a not-for-profit corporation. However, the Articles have not yet been filed with the Secretary of State.

Criteria: RSMo 260.305 stipulates that a solid waste management district is a body corporate and politic of the state. Under RSMo 260.300 to 260.345, the District does not appear to have the power to change its form from a governmental entity to a not-for-profit corporation.

Effect: Changing the form of the entity changes its rights, powers, and obligations under both Missouri and federal statutes and regulations.

Cause: Based on discussions with MARC personnel involved in management of the District, it was believed that formation of a not-for-profit corporation was necessary for insurance purposes.

Recommendation: We recommend that the Board vote to rescind its earlier decision and that the Articles of Incorporation not be filed.

Auditee's Response: *The District Executive Board will review the rationale behind District incorporation. If it is deemed to no longer be necessary or desired to incorporate, the Executive Board will vote to rescind the decision to incorporate. However, if incorporation is still deemed to be necessary or desired (e.g., as in creating a non-profit organization under the District), the Board will move forward with the process.*

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
FINDINGS AND RECOMMENDATIONS (Continued)**

3. Inadequate Documentation of Approval in Minutes

Condition: Minutes of the November 18, 2009 meeting did not disclose the details of the Executive Committee's vote to approve the projects to be granted funds in FY2010. Handwritten backup notes of the Committee members' votes were provided to us during our audit, but these were incomplete. The notes indicated members who had abstained from the vote, but did not indicate the number of votes for or against the funding. Per our discussion with MARC personnel involved in management of the District, all votes were unanimously for the funding; however, this is not documented in the minutes of the meeting.

Criteria: RSMo 610.015. Except as provided in section 610.021, rules authorized pursuant to article III of the Missouri Constitution and as otherwise provided by law, all votes shall be recorded, and if a roll call is taken, as to attribute each "yea" and "nay" vote, or abstinence if not voting, to the name of the individual member of the public governmental body.

Effect: Public records are incomplete with the vote of the members approving the grants not being recorded.

Cause: This appears to be a Secretary's mistake and the executive board did not correct the minutes in the next meeting.

Recommendation: Minutes should be reviewed by the officers of the board to ensure completeness and compliance with statutes.

Auditee's Response: *The District agrees with the finding and recommendation. The District's current policies and procedures manual includes a section regarding meeting minute contents. The District Executive Board will review and revise this section to assure that meeting minutes attribute each "yea" and "nay" vote, or abstinence if not voting, to the name of the individual Executive Board member. The policy and procedure will be reviewed and revised early in 2013.*

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
FINDINGS AND RECOMMENDATIONS (Continued)**

4. Inadequate Conflict of Interest Policy

Condition: The District's conflict of interest policy requires board members and committee members to disclose any relationships, positions or circumstances in which he or she is involved that he or she believes could contribute to a conflict of interest when and if such situations arise. It does not include all requirements of 10 CSR 80-9. The District's policy and procedures do not specify how or to whom the potential conflict of interest is to be disclosed, and the District does not maintain records of all potential conflicts of its members.

Criteria: 10 CSR 80-9.050 (7)(C) requires that the executive board shall adopt a conflict of interest policy regarding grants to subgrantees that includes the requirement that any non-governmental member of the executive board, or the business or institution to which the member is affiliated, who applies for district grants shall not review, score, rank or approve any of the subgrantee applications for the same grant call. An adequate system of internal controls over compliance with 10 CSR 80-9 should include regular reporting of conflicts, or affirmation of no conflicts, by all members of the executive board, and maintenance of those records by the District.

Effect: Potential participation in awarding grant funds by individuals with conflicts of interest and noncompliance with 10 CSR 80-9.

Cause: The District shares the MARC conflict of interest policy, which is broader and is not required to include all components of 10 CSR 80-9.

Recommendation: We recommend that the District's Executive Board adopt its own conflict of interest policy that includes all requirements of 10 CSR 80-9, and adopt appropriate procedures to ensure annual review and recordkeeping.

Auditee's Response: *The District agrees with the finding and recommendation. A conflict of interest policy will be developed that includes all components of 10 CSR 80-9. The new conflict of interest policy will be prepared and adopted by the District's Executive Board in early 2013.*

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
FINDINGS AND RECOMMENDATIONS (Continued)**

5. Chasing Arrows Symbol Not Displayed

Condition: The District's letterhead contains a footer that describes the recycled content of the paper; however, the chasing arrows logo is not displayed on the letterhead.

Criteria: The SWMP General Terms and Conditions require that the chasing arrows symbol representing the recycled content of the paper be clearly displayed on at least one page of any materials provided to any and all parties other than the SWMP.

Effect: Non-compliance with the SWMP General Terms and Conditions.

Cause: Oversight.

Recommendation: We recommend that the District change its letterhead to include the chasing arrows logo.

Auditee's Response: *The District agrees with the finding and recommendation. The District's electronic letterhead has been modified to include a printable version that includes the "chasing arrows" logo.*

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
FINDINGS AND RECOMMENDATION (Continued)**

6. Inadequate Documentation of Eligible Costs

Condition: The application for subgrant 2009-009 requested reimbursement for eligible costs of outreach related to adding members to the subgrantee organization. The District granted funding limited to \$48,000, to be paid at a rate of \$2,000 per new member for up to 24 new members. The subgrantee obtained 7 new members, and the District paid \$14,000 in grant funds based on proof of these new memberships. However, the subgrantee did not provide and the District did not require documentation of eligible costs related to obtaining these new members, or documentation of eligible costs to meet the 20% matching requirement of the grant.

Criteria: 10 CSR 80-9.050 (2)(D) specifies the eligible costs that may be reimbursed through SWMD grants. The special condition limiting the funding of this grant represents a payment structure, but cannot change the nature of the grant from funding the reimbursement of eligible costs.

Effect: Inadequate documentation of the use of grant funds for eligible costs results in noncompliance with 10 CSR 80-9.050 and the SWMP General Terms and Conditions.

Questioned costs: Failure to document eligible costs of outreach resulted in known questioned costs of \$17,500.

Cause: The unusual structure of this grant shifted the focus from eligible costs to proof of membership.

Recommendation: We commend the District for devising a method of tying the results of subgrantee efforts to the amount of funding provided under this grant. However, we recommend that the District require the subgrantee to provide documentation of at least \$17,500 in eligible costs for outreach during the grant period (\$14,000 in grant funds, plus \$3,500 in matching expenses.) If this documentation cannot be provided, we recommend the District work with DNR and the subgrantee to resolve the questioned costs.

Auditee's Response: *The District agrees with the finding and recommendation. The District will require subgrantee to provide documentation of at least \$17,500 in eligible costs for outreach during the grant period (\$14,000 in grant funds, plus \$3,500 in matching expenses.) The subgrantee has been contacted and has agreed to provide the requested documentation by November 30, 2012.*

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
FINDINGS AND RECOMMENDATIONS (Continued)**

7. Inadequate Documentation of Compliance with Bidding Requirements

Condition: Of the 14 subgrants tested, 6 involved purchases which would require the subgrantee to obtain bids for the purchase. For 2 of these, subgrants 2010-05 and 2011-02, the grant files did not contain documentation to demonstrate compliance with required bidding procedures.

Criteria: RSMo 34.040 requires that all purchases in excess of three thousand dollars shall be based on competitive bid. The Special Terms and Conditions of each subgrant require that documentation of bids must be provided to the District.

In addition, State Executive Order 05-30 and the SWMP General Terms and Conditions require that the District and the District's Subgrantee agrees to take all necessary affirmative steps required to assure that small and minority firms, women's business enterprises and labor surplus area firms are used when possible as sources when procuring supplies, equipment, construction, and services related to the subgrantee.

Effect: Impairment of the District's ability to adequately monitor full compliance with the terms of the grant and compliance with RSMo 34.040 and Executive Order 05-30.

Cause: MARC staff involved in the administration of the District did not require the submission of documentation to ensure subgrantee's compliance with DNR bidding requirements for purchases.

Recommendation: We recommend that the District obtain the bidding documentation for the two subgrants listed above from the subgrantees and ensure that bidding requirements were met. We recommend that future subgrantees be required to provide documentation of compliance with bidding requirements, and that this documentation be reviewed by the program administrator in order to ensure compliance with the above criteria.

Auditee's Response: *The District agrees with the finding and recommendation. The Executive Board will review and make needed amendments to the District's policies and procedures to provide that subgrantees submit documentation of: (1) compliance with bidding requirements and (2) affirmative steps taken to procure goods and services from certified M/WBEs. The District's policies and procedures will be amended in early 2013. This item also will be added to the grant administrator's procedural checklist to ensure that documentation is received.*

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
FINDINGS AND RECOMMENDATIONS (Continued)**

8. Inadequate Certification of Subgrantee Invoices

Condition: For 11 of the 14 subgrants tested, the subgrantee certification of eligible costs submitted for reimbursement stated only that the invoice was “true and correct,” and did not include all required elements of certification.

Criteria: The SWMP General Terms and Conditions, which becomes a part of the Financial Assistance Agreement with each subgrantee, requires that all disbursement requests must have the following signed certification by the authorized subgrantee official: “I certify to the best of my knowledge and belief the data above are correct and that all outlays were made or will be made in accordance with the subgrant and that payment is due and has not been previously requested.”

Effect: Noncompliance with the SWMP General Terms and Conditions.

Cause: Oversight.

Recommendation: We recommend the District begin requiring the appropriate certification on all subgrantee invoices prior to disbursing funds.

Auditee's Response: *The District agrees with the finding and recommendation. The District has revised the invoice certification to read: “I certify to the best of my knowledge and belief the data above are correct and that all outlays were made in accordance with the grant assistance agreement and that payment is due and has not been previously requested.” The phrase “or will be made” in reference to outlays has not been included on the revised invoice because the District does not reimburse subgrantees in advance of actual expenditures.*

The revised invoice form has been provided to all current subgrantees and use of the new invoice form will be required for future reimbursement of funds on existing and future grants.

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
FINDINGS AND RECOMMENDATIONS (Continued)**

9. Failure to Recognize DNR as Source of Funding

Condition: Subgrant E2010-007 was made for the purpose of improvements to a recycling center, and subgrants E2009-008 and E2011-007 included the purchase of glass recycling bins. During our site visit to the recycling center, we noted no visible recognition of DNR as a source of funding for the facility. During our site visit to the glass recycling facility and observation of a selection of glass recycling bin sites, we noted that, although the bins displayed the logos for several other sponsors, the DNR logo was not displayed.

Criteria: The SWMP General Terms and Conditions require that the District and subgrantees shall identify the DNR as a funding source on all equipment, buildings, and site improvements. This identification is required to include the full "Missouri Department of Natural Resources" name.

Effect: Noncompliance with the SWMP General Terms and Conditions.

Cause: Oversight.

Recommendation: We recommend the District follow up with the above subgrantees and ensure that the required signage is installed. We further recommend that this requirement be emphasized to all future subgrantees, and that compliance be confirmed by the District.

Auditee's Response: *The District agrees with the finding and recommendation, in part.*

With respect to subgrant E2010-007, the subgrantee does have a sticker acknowledging DNR and the District affixed to the staff office building, which the District concurs is inadequate. The subgrantee has been notified of the need for additional signage for site improvements. The subgrantee has been given until November 30, 2012 to install additional signage.

With respect to subgrants E2009-008 and E2011-007, the District funded a total of 46 glass recycling bins to be placed within the District. However, the glass recycling facility has many more additional bins, both at the facility and at drop-off sites, which were not purchased with District funds and should not be expected to display the DNR and District logos. Those may have been bins that were observed by the auditor. The District is confident that District funded bins have the appropriate logos affixed.

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
FINDINGS AND RECOMMENDATIONS (Continued)**

10. Inadequate Documentation of Subgrant Evaluation Process

Condition: Subgrant applications are scored according to established criteria by individual members of the Grant Evaluation Committee, and the applications are ranked by the average score they receive. All applications are then discussed by the committee. During this meeting, issues and risks related to the applications are raised and discussed, and the Committee determines which grants will be funded. Documentation of the Committee's discussion is maintained. During our review of this documentation, we noted that issues and risks related to applications that received funding sometimes resulted in special conditions for the funding. However, we noted several instances where the documentation did not include the Committee's resolution of an issue, nor did it result in a special condition for funding. We are not able to determine whether this is the result of incomplete documentation, or whether the issues were adequately addressed. The following subgrantees had issues raised by the committee, but did not result in a special condition:

- 2009-006 Questions regarding who would receive proceeds and the legal status of the entity requesting funds.
- 2010-005 Questions regarding volume estimates and hauling cost estimates, and the specifications for building.
- 2010-010 Questions regarding intern availability for following years.

Criteria: 10 CSR 80-9.050 (5)(D) requires that the District document that the proposals meet the minimum criteria for funding. When questions are raised regarding the funding of a proposal, the documentation should include the Committee's further discussion and resolution of the issue.

Effect: Failure to resolve issues prior to funding through further discussion or through inclusion of a special condition in the grant can result in inappropriate funding of grants.

Cause: Not determined.

Recommendation: We recommend that the notes from the Evaluation Committee discussion include resolution of risks noted, or that appropriate special conditions be included in the grant agreement.

Auditee's Response: *The District agrees with the finding and recommendation. Notes from the Grant Review Committee discussion will include resolution of risks noted or a synopsis of appropriate special conditions that were included in the grant agreement. Beginning with the FY2013 grant cycle, the Grant Review Committee notes will be submitted to DNR along with the aggregate rankings from the grant process and the consensus ranking from finding #11 to support final funding decisions.*

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
FINDINGS AND RECOMMENDATIONS (Continued)**

11. Inadequate Documentation of Subgrant Evaluation Results

Condition: As described in item 10 above, subgrant applications are scored according to established criteria by individual members of the Grant Evaluation Committee, and the applications are ranked by the average score they receive. All applications are then discussed by the Committee, and the Committee determines which applications will be recommended for funding. As a result of the Committee's discussion, applications receiving high rankings based on the individual scoring may not ultimately be recommended for funding, and funding may be awarded to an application with a lower ranking. Documentation is maintained of the Committee's discussion and final recommendations; however, there is no documentation of a consensus group ranking to support the final recommendations.

Criteria: 10 CSR 80-9.050 (6)(A) requires that the District provide DNR with the aggregate executive board ranking for each of the eligible proposals.

Effect: Currently, requests for documentation of the application rankings are answered by providing the rankings based on the average score from the Committee members' individual evaluations. These rankings do not match the final funding recommendations. Failure to document the entire funding process can result in the appearance that funds were not granted appropriately.

Cause: Not determined.

Recommendation: We recommend that the Evaluation Committee document its consensus group ranking to support its final funding recommendations.

Auditee's Response: *The District agrees with the finding and recommendation. Beginning with the FY2013 grant cycle, the Grant Review Committee consensus ranking will be submitted to DNR along with the aggregate rankings from the grant process and the Grant Review Committee notes from finding #10 to support final funding decisions.*

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
FINDINGS AND RECOMMENDATIONS (Continued)**

12. Inadequate Establishment and Reporting of Subgrantee Goals

Condition: For 4 of the 14 subgrants tested, 2009-03, 2009-06, 2010-07 and 2011-03, the grant application and resulting financial assistance agreement did not contain clearly defined, measurable goals for the project. Two of the subgrants that did contain measurable goals, 2010-05 and 2010-06, did not report actual results vs goals in their final reports because the period for achievement of the goals extended beyond the date the final report was due. As a result, the reporting of project effectiveness was not possible for 6 of the 14 subgrants tested.

Criteria: 10 CSR 80-9.050 (5)(B)8 requires that applications for grants include a description of the evaluation procedures to be used throughout the project to quantitatively and qualitatively measure the success or benefit of the project. Further, 10 CSR 80-9.050 (6)(B)(4) requires that districts shall submit a final report that shall contain a comparison of actual accomplishments to the goals established and a description as to how goals were either met, were not met or were exceeded.

Effect: Impairment of evaluation of full compliance with the terms of the grant and the effective use of solid waste management funds.

Cause: The format of the final report from subgrantees to the District does require subgrantees to evaluate the results of the project, but does not specifically require subgrantees to evaluate results of the project in comparison to stated goals on the application.

Recommendation: We recommend that the District revise its grant application forms to clearly require defined, measurable goals for each project, and that these be included in the financial assistance agreement. We also recommend that the District revise its subgrantee final report format to require direct comparison of actual results to these goals.

Auditee's Response: *The District agrees with the finding and recommendation. The District's grant application form has always included goals, but for the FY2013 grant round, the application was reformatted to highlight measurable goals. Beginning with the FY2013 grant round, measurable goals will be included in the financial assistance agreement and the final report form has already been modified to facilitate comparisons between stated goals and project outcomes.*

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
STATUS OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS**

Prior audits of the District are described under Objective 3 of the Scope and Procedures section of this report. There were no reported findings in any of these audits except for the Agreed-Upon Procedures conducted by an independent auditor who was contracted by DNR covering the calendar years 2005 and 2006. The current status of those findings is described below:

<u>Finding</u>	<u>Update</u>	<u>Current Disposition</u>
<p>1. The following conditions exist concerning the operation of the District's alternative management structure:</p> <ul style="list-style-type: none"> • The Executive Board has not selected a secretary and treasurer. • The Executive Board has not appointed one or more geographically balanced advisory committees. 	<p>The minutes of meetings of the Executive Board document the selection of a secretary and treasurer, and the appointment of an advisory committee. The advisory committee met annually, and minutes of these meetings were maintained. However, the District's by-laws do not make the appointment of the advisory committee a mandatory action.</p>	<p>See current audit findings and recommendations, item 1.</p>
<p>2. The review of the Management Council and Executive Board meeting minutes noted the following discrepancies:</p> <ul style="list-style-type: none"> • Meeting notice does not state whether the meeting is open or closed to the public. • Body of the minutes does not include the place in which the meeting was held. • Body of the minutes does not include the time of the meeting. • Body of the minutes does not include members absent. 	<p>The District's minutes for 2009 – 2011 specify whether the meeting is open or closed to the public, where the meeting is being held, the time of the meeting, and the members who are absent.</p>	<p>Resolved</p>
<p>3. The audit noted one publication that was developed and distributed by a subgrantee receiving grant funding from the Solid Waste Management Fund (SWMF) which did not include credit to DNR for funding or present the DNR logo. Additionally, the audit noted four publications that were developed and distributed by the District which did not present the DNR logo.</p>	<p>No publications were found in the audit of 2009-2011 that did not include the DNR logo.</p>	<p>Resolved</p>
<p>4. The required 2006 and 2005 financial audits for the District were not timely submitted to DNR within 120 days from the end of the District's fiscal year. The calendar year (CY) 2006 financial audit was not received by DNR until July 25, 2007 and the CY 2005 financial audit was not received by DNR until Nov. 1, 2006.</p> <p>Additionally, the financial audit for CY 2005 does not include a statement of Subgrantee Expenditures that provides expenditures by subgrant and provides clear references to the projects as agreed to in the Financial Assistance Agreement (FAA).</p>	<p>The District's 2009 and 2010 financial audits were submitted in a timely manner. The 2011 financial audit was granted an extension by DNR and submitted within the extension period.</p> <p>The audited financial statements for CY 2009-2011 included the required statement of Subgrantee Expenditures.</p>	<p>Resolved</p> <p>Resolved</p>

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
PRIOR AUDIT FINDINGS AND RECOMMENDATIONS (Continued)**

<u>Finding</u>	<u>Update</u>	<u>Current Disposition</u>
5. The audit noted that the District did not request project proposals for fiscal year 2005 by publishing a notice in the designated newspaper for Jackson and Ray counties.	Public notices for the three years under audit were published in compliance with 10 CSR 80-9.050 (5)(A).	Resolved
6. The audit noted the quarterly reports from subgrantees that were not timely submitted within thirty days from the end of the quarter to DNR for active District subgrants.	The District requires quarterly reports from the subgrantees within 15 days following the end of the quarter to allow for preparation of the District report to DNR within 30 days. Quarterly reports were timely submitted to DNR during the years 2009 – 2011.	Resolved
7. The audit noted subgrantee final reports that were not timely submitted to DNR within thirty days from the project completion date.	The District has adequate policies and procedures to follow up on final reports, and grants extensions as necessary when additional time is required to gather the necessary data.	Resolved
8. The audit noted all quarterly reports were not timely submitted by the subgrantees to the District within thirty days from the end of the quarter.	The District has adequate policies and procedures to follow up on quarterly reports, and grants extensions as necessary when additional time is required to gather the necessary data.	Resolved
9. The review of project number 2005221 noted that the subgrantee did not provide to the District original invoices for utility and phone expenses allocated to the project.	Adequate documentation supporting reimbursement of eligible costs was not found for one subgrant in the current audit.	See current audit findings, item 6.
10. A UCC financing statement to document the property lien on newly purchased equipment was not completed and filed with the Secretary of State in a timely manner. The UCC filings have not been filed to date for this equipment which was purchased in December 2006 and October 2006, respectively.	UCC filings were completed on the equipment noted in the prior audit. We also noted a late filing for security interest in equipment during the current audit.	Resolved
11. A site visit to a subgrantee disclosed that equipment and improvements purchased with District funds was not maintained in good condition by the subgrantee.	The District provided DNR with photographic documentation that the improvements purchased with District funds remained in good condition. This issue was not noted during the current audit.	Resolved
12. The audit noted that equipment purchased with District grant funds were not properly tagged with a MARC SWMD – Region E identification decal.	This issue was not noted during the current audit.	Resolved

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
SCHEDULE A**

**EXECUTIVE BOARDS
2009 – 2011**

Executive Board Member	Representing	2009	2010	2011
Brad Foster	Belton	X	X	X
Tiffany Klassen	Cass County	X	X	
Lee Morris	Cass County			X
Katee Porter	Clay County	X	X	
Donna Koontz	Clay County			X
Devery Hunt	Excelsior Springs		X	X
Chuck Williams	Gladstone	X		
Don Reimal	Independence	X	X	X
Garrie Wicker	Jackson County	X	X	
Kirk Phillips	Jackson County			X
Michael Shaw	KCMO	X	X	X
Ann Sanders	Lake Waukomis	X	X	X
Chris Bussen	Lee's Summit	X	X	X
Pat Hawver	North KC	X	X	X
Greg Sager	Platte County	X		
Daniel Erickson	Platte County		X	X
Jeff Adams	Ray County	X		
Rodger Fitzwater	Ray County		X	
Bob King	Ray County			X
Kathy Rose	Riverside	X	X	X
Stan Salva	Sugar Creek	X	X	X

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
SCHEDULE B**

**MANAGEMENT COUNCILS
2009 – 2011**

Management Council Member	Representing	2009	2010	2011
Bob Mitchell	City of Archie	X	X	
Lee Whiteside	City of Archie			X
Ray Portman	City of Avondale	X	X	
Brad Foster	City of Belton	X	X	
Jim Holley	City of Blue Springs			X
Lisa Adkinson	City of Blue Springs	X	X	
Larry Neidel	City of Buckner	X	X	X
Les Morris	Cass County			X
Tiffany Klassen	Cass County	X	X	
Wayne Tiffany	Cass County	X	X	
Donna Koontz	Clay County			X
Katee Porter	Clay County	X	X	X
Edward E. Quick	Clay County	X	X	
Bill Enochs	Village of Claycomo	X	X	X
Patricia Masterson	City of Cleveland	X	X	X
Martin Doughty	City of Drexel	X	X	X
James Snook	City of Edgerton	X	X	X
Devery Hunt	City of Excelsior Springs	X	X	X
John Myers	City of Freeman	X	X	X
Randy Jones	City of Garden City	X	X	X
Carol Rudi	City of Gladstone		X	
Chuck Williams	City of Gladstone	X		
Les Smith	City of Gladstone			X
Pat Shlusher	City of Glenaire	X	X	X
David Halphin	City of Grain Valley	X	X	
Ryan Hunt	City of Grain Valley			X
Dennis Randolph	City of Grandview		X	X
Marvin Megee	City of Greenwood			X
Larry Finley	City of Grandview	X		
Bob McCorkendale	City of Hardin	X	X	X
Debbie Grant	City of Harrisonville	X	X	X
Don Reimal	City of Independence	X	X	X
Kirk Phillips	Jackson County			X
Sandy Mayer	Jackson County			X
Garrie Wicker	Jackson County	X	X	
Robbie Makinen	Jackson County	X	X	
Dennis Murphy	City of Kansas City	X	X	X
Michael Shaw	City of Kansas City	X	X	X
Jim van Eman	City of Kansas City	X	X	X
Marleen Leonce	City of Kansas City	X	X	X

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
SCHEDULE B (Continued)**

**MANAGEMENT COUNCILS
2009 – 2011**

Management Council Member	Representing	2009	2010	2011
Jenny Hayes	City of Kearney	X	X	
Tom Patterson	City of Kearney			X
Howard Chamberlin	City of Lake Lotawana	X	X	X
Rocky Queen	City of Lake Tapawingo	X	X	X
Ann Dwyer Sanders	City of Lake Waukomis	X	X	X
Steve Besermin	City of Lake Winnebago	X	X	X
Bryan Richison	City of Lawson			X
Dawn Probasco	City of Lawson	X	X	
Chris Bussen	City of Lee's Summit	X	X	X
Steve Hansen	City of Liberty	X	X	X
Ken Krawchuk	City of Lone Jack			X
Jim Nauser	City of Lone Jack	X	X	
Pat Hawyer	City of North Kansas City	X	X	X
Mark Fulks	City of Oak Grove	X	X	X
Marilyn Butler	City of Orrick	X	X	X
Kirk Rome	City of Parkville			X
Daniel Koch	City of Parkville	X	X	
Bob O'Brien	City of Peculiar	X	X	X
Leonard Hendricks	City of Platte City	X	X	X
Daniel Erickson	Platte County	X	X	X
Greg Sager	Platte County		X	X
John Smedley	City of Platte Woods	X	X	X
Mark Randall	City of Pleasant Hill	X	X	X
Tammy Ammon	City of Pleasant Valley	X	X	X
Bob King	Ray County			X
Rodger Fitzwater	Ray County		X	
Mike Twyman	Ray County	X	X	X
Steve Welch	City of Raymore	X	X	X
David Bower	City of Raytown	X	X	X
Ron Brohammer	City of Richmond			X
Robin Littrell	City of Richmond	X	X	
Kathleen Rose	City of Riverside	X	X	X
Steven Garrett	City of Smithville			X
Gerry Vernon	City of Smithville	X	X	
Stan Salva	City of Sugar Creek	X	X	X
Jerry Bos	City of Weatherby Lake	X	X	
Tanya Finn	City of Weatherby Lake			X
Greg Hoffman	City of Weston	X	X	X
J.D. Allen	City of Woods Heights	X	X	X

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT – REGION E
SCHEDULE C**

**ADVISORY COMMITTEE
2009 – 2011**

Advisory Committee Members	Representing	2009	2010	2011
Chris Holmberg	AAA Disposal Services		X	
Donna Utter	Abitibi-Bowater Recycling		X	X
Matt Birzer	Amcor PET		X	
Kevin Chafin	Bridging the Gap	X		
Michael Shaw	City of Kansas City	X	X	X
Chris Bussen	City of Lee's Summit Landfill			X
Linda Sadler	Clay County		X	
Jill Tilton	Deffenbaugh Industries		X	
Dewey Perdue	EnviroStar Waste Services		X	
Steve Fishman	EPA Region 7	X	X	
Mary Flynn	Flynn's Raytown Disposal		X	X
James Flynn	Flynn's Raytown Disposal		X	
Shelly Flynn	Flynn's Raytown Disposal		X	
Brian Kirkpatrick	Flynn's Raytown Disposal		X	
Kurt Gerdes	Lafarge N.A	X		
Lisa Danbury	MARC	X	X	X
Nadja Karpilow	MARC	X	X	
Matt Riggs	MARC	X	X	X
Nidhi Bafna	MARC	X		
Tom Jacobs	MARC	X	X	
Marlene Nagel	MARC		X	
James Helgason	DNR	X	X	
Bob Painter	DNR Discovery Center	X	X	
Richard Batliner	Midwest Shredding Services			X
Jim Samuelson	Midwest Shredding Services			X
Matt Batliner	Midwest Shredding Services			X
Travis Batliner	Midwest Shredding Services			X
Chris Batliner	Midwest Shredding Services			X
Kevin Anderson	Missouri Organic Recycling	X	X	
Robert Chapamn	Our Missouri Construction	X		
Ernie Wassmann	Pink Hill Acres		X	X
John McConnell	Republic Services	X	X	X
Nick Babcock	Republic Services		X	X
Mark Donahoo	Republic Services			X
Jeff Kintzle	Republic Waste		X	
Michael Utz	Ripple Glass	X		
Mike Hatfield	Smurfit-Stone		X	
Pam Shawbaker	Ted's Trash Service		X	
Teddy Ferrell	Ted's Trash Service		X	
Jr Pesek	Town & Country Disposal	X		

**MID-AMERICA REGIONAL COUNCIL
SOLID WASTE MANAGEMENT DISTRICT-REGION E
SCHEDULE D - SCHEDULE OF STATE FUNDING - CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2009, 2010 AND 2011**

Project Number	Grant Recipient	Current Year Allocation	Reallocation from		Disbursements to Subgrantees			Undisbursed Funds	Status 12/31/11	Released for Reallocation	Remaining Funds 12/31/11
			Prior Years	Total Grant	2009	2010	2011				
E2009-001	City of Weatherby Lake	\$ 3,840		\$ 3,840	\$ 1,675	\$ -	\$ -	\$ 2,165	Closed	\$ 2,165	\$ -
E2009-002	Hardin-Central Science Club	3,000		3,000	2,513	452	-	35	Closed	35	-
E2009-003	Hispanic Chamber of Chamber	25,000		25,000	16,239	8,761	-	-	Closed	-	-
E2009-004	Park University	30,330		30,330	-	24,971	-	5,359	Closed	5,359	-
E2009-005	City of Lee's Summit	5,365		5,365	4,560	805	-	-	Closed	-	-
E2009-006	Cass County Sustainability Committee	16,349		16,349	6,689	2,113	-	7,547	Closed	7,547	-
E2009-007	Carolyn's County Cousins Pumpkin Patch	3,750		3,750	-	3,571	-	179	Closed	179	-
E2009-008	Ripple Glass LLC	270,102	29,898	300,000	19,825	280,175	-	-	Closed	-	-
E2009-009	Bridging the Gap	48,000		48,000	-	4,000	10,000	34,000	Closed	34,000	-
E2009-010	City of Waukomis	3,500		3,500	1,706	875	-	919	Closed	919	-
E2009-011	MCC-Longview	9,000		9,000	6,724	1,278	-	998	Closed	998	-
E2009-012	MARCSWMD	353,491		353,491	328,155	7,718	-	17,618	Closed	17,618	-
E2009-013	MARC Solid Waste Management District	75,000		75,000	31,204	26,052	17,744	-	Closed	-	-
E2009-014	MARC Solid Waste Management District	25,000		25,000	-	-	-	25,000	Closed	25,000	-
E2009-015	MARC Solid Waste Management District	63,672	11,128	75,000	75,000	-	-	-	Closed	-	-
Total 2009 Grant Year		\$ 935,599	\$ 41,026	\$ 976,625	\$ 494,290	\$ 360,771	\$ 27,744	\$ 93,820		\$ 93,820	\$ -
E2010-001	Green Works in Kansas City	\$ 7,500	\$ -	\$ 7,500	\$ -	\$ 3,878	\$ 2,806	\$ 816	Closed	\$ 816	\$ -
E2010-002	The ReUse People of America Inc.	81,847	-	81,847	-	10,763	23,618	47,466	Extended	-	47,466
E2010-003	Windswept Worm Farm	30,000		30,000	-	-	-	30,000	Closed	30,000	-
E2010-004	UMKC	15,100		15,100	-	-	15,100	-	Closed	-	-
E2010-005	City of Blue Springs	103,689	27,873	131,562	-	9,547	117,182	4,833	Closed	4,833	-
E2010-006	IBS Industries, Inc.	26,000		26,000	-	-	4,920	21,080	Closed	21,080	-
E2010-007	City of Kansas City	49,679		49,679	-	-	49,679	-	Closed	-	-
E2010-008	Exchange City and Earth Works	4,800		4,800	-	-	-	4,800	Closed	4,800	-
E2010-009	City of Raymore	10,000		10,000	-	5,362	2,270	2,368	Closed	2,368	-
E2010-010	Clay County Parks & Rec	14,453		14,453	-	-	12,244	2,209	Closed	2,209	-
E2010-011	MARC SWMD	350,500		350,500	-	345,126	5,311	63	Closed	63	-
E2010-012	MARC SWMD	75,000		75,000	-	18,989	5,951	50,060	Extended	50,000	60
E2010-013	MARC SWMD	25,000		25,000	-	-	-	25,000	Closed	25,000	-
E2010-014	MARC SWMD	53,994	21,006	75,000	-	75,000	-	-	Closed	-	-
E2010-015	City of Blue Spring	3,453		3,453	-	2,935	490	28	Closed	28	-
E2010-016	City of Lee's Summit	2,427		2,427	-	1,745	-	682	Closed	682	-
E2010-017	Clay County Parks & Rec	1,880		1,880	-	-	-	1,880	Closed	1,880	-
E2010-018	Gladstone Parks Recycling	1,556		1,556	-	1,556	-	-	Closed	-	-
E2010-019	Platte County Parks Recycling	12,363		12,363	-	10,401	-	1,962	Closed	1,962	-
E2010-020	City of Belton	2,439		2,439	-	-	1,000	1,439	Closed	1,439	-
E2010-021	City of Excelsior Springs	1,128		1,128	-	915	-	213	Closed	213	-
E2010-022	MARC SWMD	3,000		3,000	-	-	-	3,000	Extended	-	3,000
Total 2010 Grant Year		\$ 875,608	\$ 48,879	\$ 924,687	\$ -	\$ 486,217	\$ 240,571	\$ 197,899		\$ 147,373	\$ 50,526
E2011-001	Material Recovery Act & Transfer LLC	\$ 38,000	\$ -	\$ 38,000	\$ -	\$ -	\$ 22,391	\$ 15,609	Extended	\$ -	\$ 15,609
E2011-002	Hallmark Cards Inc.	49,416		49,416	-	-	-	49,416	Extended	-	49,416
E2011-003	Coalition for Independence	49,200		49,200	-	-	-	49,200	Closed	49,200	-
E2011-004	Public Television 19, Inc	-	30,000	30,000	-	-	10,690	19,310	Extended	-	19,310
E2011-005	CASCO Area Workshop	28,228		28,228	-	-	23,994	4,234	Retainage	-	4,234
E2011-006	Wilderness Retreat & Development Center	1,721		1,721	-	-	-	1,721	Extended	-	1,721
E2011-007	Ripple Glass	125,000		125,000	-	-	55,943	69,057	Extended	-	69,057
E2011-008	Daniel Heryer & Brooke Salvaggio	43,200		43,200	-	-	-	43,200	Extended	-	43,200
E2011-009	Kansas City Habitat ReStore	17,571		17,571	-	-	16,964	607	Retainage	-	607
E2011-010	Kansas City Habitat ReStore	49,962		49,962	-	-	40,418	9,544	Extended	-	9,544
E2011-011	City of Peculiar	9,600		9,600	-	-	-	9,600	Closed	9,600	-
E2011-012	MARC SWMD	375,000		375,000	-	-	336,356	38,644	Closed	38,644	-
E2011-013	MARC SWMD	-	50,000	50,000	-	-	22,910	27,090	Extended	-	27,090
E2011-014	MARC SWMD	-	50,000	50,000	-	-	-	50,000	Closed	50,000	-
E2011-015	MARC SWMD	22,051	27,949	50,000	-	-	50,000	-	Closed	-	-
E2011-016	Assistant to Director of Parks & Recreation	386		386	-	-	328	58	Retainage	-	58
Total 2011 Grant Year		\$ 809,335	\$ 157,949	\$ 967,284	\$ -	\$ -	\$ 579,994	\$ 387,290		\$ 147,444	\$ 239,846