

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

**REGION F WEST CENTRAL MISSOURI
SOLID WASTE MANAGEMENT DISTRICT
CONCORDIA, MISSOURI**

FOR THE PERIOD JULY 1, 2007 THROUGH
JUNE 30, 2009

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REGION F WEST CENTRAL MISSOURI
SOLID WASTE MANAGEMENT DISTRICT
CONCORDIA, MISSOURI

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REGION F WEST CENTRAL MISSOURI SOLID WASTE MANAGEMENT DISTRICT

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 should 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 preventive or 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 through the Missouri Department of Natural Resources (MDNR).

The Region F West Central Missouri Solid Waste Management District (Region F SWMD or the District) was formed pursuant to RSMo, 260.305 and was officially recognized by the MDNR on August 30, 1991. The District is comprised of the following counties: Johnson, Lafayette, Morgan, Pettis and Saline of Missouri, and comprised of the following cities within those counties: Concordia, Higginsville, Holden, Knob Noster, LaMonte, Laurie, Leeton, Lexington, Marshall, Odessa, Sedalia, Slater, Smithton, Stover, Sweet Springs, Versailles, Warrensburg, Waverly, Wellington, Windsor and Whiteman Air Force Base. Participation in the District is voluntary and is formally established through a resolution of adoption filed with the District office by the member governments. The purpose is to develop and improve efforts to reduce the amount of solid waste generated and disposed of in a five county region to meet the goals set out in RSMo. Chapter 260. The District will make recommendations and suggestions relating to solid waste collection, storage, transportation, remanufacture and disposal. The District also intends to promote local problem solving and autonomy in solid waste management systems.

The District had an administrative contract with the Prairie Rose Resource Conservation and Development, Inc. (RC&D) for the first four months of the audit period through November 1, 2007. Since November 1, 2007, Region F SWMD's administrative contract has been with the Pioneer Trails Regional Planning Commission (PTRPC). Region F SWMD's management structure is comprised of an Executive Board consisting of 11 members. Officers of the Executive Board include the Chairman, Vice Chairman, Secretary and Treasurer. District bylaws require all officers of the Executive Board to be elected annually.

Executive Board members as of the end of the audit period at June 30, 2009, are listed below. All board members are still in office as of October 13, 2009.

Executive Board Members:

- Scott Sader, Chairman – Johnson County Commission
- Becky Plattner, Vice Chairman – Saline County Commission
- Rod Lindemann, Secretary/Treasurer – Pettis County Commission
- Bill Beck – Cities of Pettis County
- Barbara Carroll – Cities of Johnson County
- Ronald Duvall – Cities of Saline County
- Tracy Dyer – Lafayette County Commission
- Sonny Earnest – Morgan County Commission
- Pat Martinez – Whiteman Air Force Base
- Harland Mieser – Cities of Lafayette County
- Terry Silvey – Cities of Morgan County

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES

Missouri Department of Natural Resources
and
Region F West Central Missouri Solid Waste Management District
Concordia, Missouri

We have performed the procedures enumerated below, which were agreed to by the Missouri Department of Natural Resources (MDNR), solely to assist you in evaluating the effectiveness of the Region F West Central Missouri Solid Waste Management District's compliance with state law, regulations, and policies, for the period July 1, 2007 through June 30, 2009. Management is responsible for the District's internal control over compliance with these requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the *American Institute of Certified Public Accountants* and the *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Our procedures, as set forth in the MDNR Solid Waste Management District *Agreed-Upon Procedures Engagement*, and findings are as follows:

1. **History and Organization.** We reviewed the history and organization of the District for compliance with the Revised Statutes of Missouri (RSMo). This included review of the:
 - District organization;
 - Executive Board structure, Council structure, terms and functions, including if the District was organized under an alternative management structure;
 - Policies and procedures for monitoring members of the Executive Board and Council;
and
 - District by-laws.

Findings: See Finding Nos. 4 and 7.

2. **Minutes of Meetings.** We reviewed all minutes of the Executive Board meetings for the engagement period and selected six meetings and completed Attachment 1 *The Missouri Sunshine Law Compliance Checklist* to determine if meetings are documented as required. The District Council did not meet during the audit period.

Findings: See Finding No. 1.

3. **Follow-up to Prior Audit.** We determined what actions the Executive Board and their administrative contractor have taken to correct the findings, including the status and corrective action of the prior audit.

Findings: See Schedule II.

4. **Follow-up to Missouri State Auditors Office (SAO) Report.** We performed follow-up review on the Missouri State Auditors Office (SAO) Report on the Solid Waste Management Program, released in February 2006 (Report No. 2006-10). Specifically, the following procedures were performed:

- We reviewed the correspondence and Audit Resolution Plan between MDNR and the District;
- We reviewed whether the District retained the required 15% of the award until approval of the recipient's final report.
- We reviewed capital assets in conjunction with procedures on internal controls regarding purchasing of assets with grant funds. This included the physical inventory and insurance requirements.

Findings: See Finding No. 9 and Schedule III.

5. **Internal Controls.** We completed Attachment 2 *Internal Control Questionnaire* which identifies strengths and weaknesses of the internal controls.

Findings: See Finding Nos. 2 and 3.

6. **Cash.** We obtained a listing of all bank account names and numbers of the District and performed the following:

- Verified the bank reconciliation process;
- Confirmed with MDNR advanced funds for deposit;
- Evaluated control, custody and signing of check stock;
- Analyzed 10 payroll checks;
- Reviewed local funds;
- Reconciled year-end cash balances by type, state, local, etc., to amounts reported to the MDNR;
- Verified the allocation and use of interest income; and
- Reviewed the District's cash management practices.

Findings: See Finding No. 2.

7. **Administrative/Management Services.** We determined that the District contracts out administrative/management services, and:

- Determined that contract terms are written and properly approved,
- Reviewed contract for propriety and reasonableness, and
- Reviewed invoices and supporting documentation to determine that payments for services are appropriate, properly approved, and in compliance with the contract terms.

Findings: None.

8. **General and Special Terms and Conditions.** We documented the District's compliance with general and special terms and conditions of the financial assistance agreement with MDNR for the following requirements:

- Non-Discrimination;
- Environmental Laws and Eligibility;
- Hatch Act and Restrictions of Lobbying;
- Program Income;
- Equipment Management;
- Prior Approval for Publications;
- Audit Requirements;
- Recycled Paper; and
- Contracting with Small and Minority Firms.

Findings: See Finding Nos. 6 and 8.

9. **Planning Organizational Grant.** We reviewed the expenditures of carryover FY 2004 district administrative grant funds for proper closeout of the grant. (These funds were discontinued in FY 2005).

Findings: None.

10. **District Grants.** We obtained a schedule of District grants from the MDNR and completed the *Guidance Document for Solid Waste Management District Grants*. This included the review, evaluation and testing for the:

- Proposal Procurement Process;
- Proposal Review and Evaluation; and
- Awarded Projects.
 - Region F, District Operation – F2008-01
 - Region F, Education/Information – F2008-02
 - Johnson County Sheltered Workshop, Wrapping Machine – F2008-04
 - Pettis County, Concrete Recycling Project – F2008-07
 - Region F, District Operation – F2009-01
 - Region F, Education/Information – F2009-02
 - Herrelson Recycling Center, Vertical Baler – F2009-06
 - City of Marshall Recycling Facility, Forklift – F2009-13

Findings: See Findings Nos. 3, 5, 9, 10, 11, and 12.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the District's internal control over compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Department of Natural Resources of the State of Missouri and the Region F West Central Missouri Solid Waste Management District and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

McBride, Lock & Associates

McBride, Lock & Associates
Certified Public Accountants

October 13, 2009

**REGION F
WEST CENTRAL MISSOURI SOLID WASTE MANAGEMENT DISTRICT
CONCORDIA, MISSOURI**

Schedule of Findings and Questioned Costs
For the Two Fiscal Years Ended June 30, 2009

1. Failure To Comply With Sunshine Law

Condition – The following was noted in reviewing Executive Board minutes during the audit period:

- a. Members absent were not listed (3 out of 6 occurrences).
- b. Votes cast as to yea or nay were not listed (6 out of 6 occurrences).

Criteria – RSMo Chapter 610 (commonly referred to as the Missouri Sunshine Law) requires the above mentioned items be documented in the minutes for each Executive Board meeting.

Effect – The District failed to comply with RSMo Chapter 610. The minutes are the official report made of the transactions or proceedings of the Executive Board and are a permanent record; thus, they should be complete and accurate.

Cause – The District was not fully aware of the criteria requirements.

Recommendation – We recommend that the District be required to immediately adopt all required forms of documentation as stipulated by the Missouri Sunshine Law.

District Response – The District stated, “Concur and adopt. The issues have been corrected by the District.”

2. Lack of Executive Board Review of the Bank Reconciliations

Condition – The Executive Board does not have a policy for review of bank reconciliations performed on District bank accounts.

Criteria – Section I.I.3. of the MDNR General Terms and Conditions states, “Effective control and accountability must be maintained for all district and district subgrantee cash, real and personal property, and other assets.”

Effect – The District does not have effective controls over cash.

Cause – The District was not fully aware of the criteria requirements.

Recommendation – We recommend that the District immediately implement a policy in which bank reconciliations performed on District bank accounts are reviewed, dated and signed by the Treasurer or other Executive Board member evidencing their review.

District Response – The District stated, “Concur and adopt. Bank reconciliations will be reviewed by the Executive Board members and the review will be documented via email.”

3. Inaccurate Quarterly Project Financial Summary Reports

Questioned Costs: \$10,527.94

Condition – Quarterly Project Financial Summary reports for the periods ending June 30, 2008 and 2009 were not prepared accurately and did not reconcile to total cash held by the District. The reconciliation of the District's cash balance at June 30, 2009 resulted in an unidentified balance of \$10,527.94 (see Schedule IV). Additionally, the Executive Board does not have a policy for review and reconciliation of the Quarterly Project Financial Summary reports.

Criteria – 10 CSR 80-9.050(7)(B) states, "An executive board receiving funds from the Solid Waste Management Fund for district grants shall themselves maintain, and require recipients of financial assistance to maintain, an accounting system according to generally accepted accounting principles that accurately reflects all fiscal transactions, incorporates appropriate controls and safeguards..." Section I.I. of the MDNR General Terms and Conditions requires that financial management systems of subgrantees meet certain standards. Section I.I.1. states, "Accurate, current, and complete disclosure of financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the subgrant." Additionally, Section I.I.3. states, "Effective control and accountability must be maintained for all district and district subgrantee cash, real and personal property, and other assets."

Effect – When internal controls over assets are compromised there is an increased risk that an error or omission might occur and go undetected resulting in an exposure to potential loss of resources. The District was unable to identify the source of all cash in the bank. Additionally, the District is at risk to reimburse MDNR for any improperly expended funds and is also at risk for future funding allocations.

Cause – The District was not maintaining adequate grant project tracking records and was apparently unaware of proper procedures for completing the Quarterly Project Financial Summary reports. Additionally, there was a lack of adequate oversight by the Executive Board.

Recommendation – We recommend that the District implement procedures to ensure that the Quarterly Project Financial Summary reports are prepared accurately, reconciled to the District cash balance and reviewed by the Executive Board. Additionally, the District should prepare a revised financial report as of June 30, 2009 that accurately reflects subgrant awards and disbursements and reconcile remaining cash balances to the total cash held by the District. Furthermore, the District should resolve questioned costs of \$10,527.94 with the MDNR.

District Response – The District stated, "Concur and adopt. Quarterly Project Financial Summaries will be reported accurately and reconciled to the total cash held by the District in accordance with District F Policy and Procedure."

4. Conflict of Interest

Condition – The audit noted potential conflict of interest concerns regarding Executive Board members ranking and reviewing project proposals from the counties and cities that they represent.

Criteria- 10 CSR 80-9.050(2) (B) 4. states, “District grant funds will not be awarded for a project whose applicant is directly involved in the evaluation and ranking of that particular project.” Additionally, RSMo section 260.320.5 states, “No person shall serve as a member of the council or of the executive board who is a stockholder, officer, agent, attorney or employee or who is in any way pecuniarily interested in any business which engages in any aspect of solid waste management regulated under sections 260.200 to 260.345.” Furthermore, MDNR General Terms and Conditions, I.U. states, “No party to this subgrant, shall participate in any decision related to such subgrant which could result in a real or apparent conflict of interest, including any decision which would affect their personal or pecuniary interest, directly or indirectly.”

Effect – Any conflict of interest, actual or in appearance, may cause significant cost disallowances or future loss of funding.

Cause – The District has not implemented adequate policies and procedures to ensure that Executive Board members are aware of any actual or apparent conflict of interest issues.

Recommendation – We recommend that the District develop a formal conflict of interest policy setting out guidelines to Executive Board members and that these policies be updated and approved by the Executive Board annually. The conflict of interest policy must include guidance on the review of project proposals by public/governmental officials receiving benefit from a particular grant request of their respective organization.

District Response – The District stated, “Concur and adopt. Region F’s conflict of interest policy will exclude review by public/governmental officials receiving benefit from a particular grant request of their respective organization.”

5. Grant Proposal Evaluation Incomplete

Condition – The District has not implemented a policy of sending notices to applicants whose project proposals have been determined to be ineligible or incomplete.

Criteria - 10 CSR 80-9.050(5)(D)2 states, “If the district executive board determines that the applicant or the project is ineligible or incomplete, the board may reject the proposal and shall notify the applicant. A project may be resubmitted up to the application deadline.”

Effect – The District risks the appearance of treating applicants inconsistently or unfairly. Applicants may not have the opportunity to resubmit a proposal prior to the application deadline if they are not formally notified that it is ineligible or incomplete.

Cause – The District has not implemented adequate policies and procedures to ensure that applicants are formally notified of ineligible or incomplete proposals.

Recommendation - We recommend that the District implement procedures to ensure that a formal notification is sent to applicants whose proposals have been evaluated as ineligible or incomplete.

District Response – The District stated, “Concur and adopt. The District will formally reply to applicants concerning ineligible or incomplete proposals and this policy will be included in District Policy and Procedure.”

6. **Annual District Financial Audit Lacks Statement of Subgrant Expenditures**

Condition – The annual District financial audit does not include a detailed Statement of Subgrant Expenditures which presents expenditures by subgrant and provides clear references to the projects as agreed to in the Financial Assistance Agreement.

Criteria - MDNR General Terms and Conditions, I.J.5.f. states, “The audited financial statements shall, at a minimum, provide for all fund types and account groups and include a Statement of Subgrant Expenditures that provides expenditures by subgrant and provides clear references to the projects as agreed to in the Financial Assistance Agreement.”

Effect – The District was not in compliance with the MDNR General Terms and Conditions.

Cause – The District was unaware of the criteria requirements.

Recommendation – We recommend that the District implement procedures to ensure that the annual District financial audit is complete and complies with all applicable rules and regulations.

District Response – The District stated, “Concur and adopt. A properly completed Statement of Subgrant Expenditures is included in the annual District financial audit ending June 30, 2009.”

7. **Management Structure Not Compliant With State Statutes**

Condition – The District’s management structure is not compliant with state statutes or the District’s bylaws.

The District was unable to provide documentation evidencing that the District has adopted an alternative management structure, approved by the member counties. State statutes provide that executive boards will consist of seven persons. However, the District’s Executive Board is comprised of eleven persons.

Additionally, state statutes require each district to establish a solid waste management council and prescribe the duties of the council. However, the District has yet to hold a council meeting or established a functional council consisting of two county commissioners from each member county and a representative from each city with a population of 500 or above, as required by state statute and the District bylaws.

Furthermore, the District has not appointed 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 as required by state statute.

Criteria – RSMo section 260.300.3. states, “Counties may, for the purpose of managing districts, formulate an alternative management structure agreed to by each county in the district.” Additionally, RSMo section 260.315.4(2) states, “The council shall select seven persons to serve on the executive board, at least a majority of who shall be selected from members of the council”.

RSMo section 260.315.1. states, "There is hereby established a solid waste management council for each solid waste management district, except for those districts which formulate an alternative management structure pursuant to section 260.300. The governing body of each city with a population over five hundred within the district shall appoint one member of the city governing body and the governing body of each county within the district shall appoint two members of the county governing body to the council."

RSMo section 260.320.3(7) states, "The executive board shall 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."

Effect – The District is not in compliance with Missouri statutory requirements regarding its management structure. Compliance with state law is a condition of the grant award. Non-compliance places the District at risk for future awards.

Cause – The District was unaware that it was not operating under an alternative management structure.

Recommendation – We recommend that the District either adopt an alternative management structure or operate its management structure as prescribed in its bylaws and state statutes. Additionally, the District should increase its efforts to recruit persons to serve as members of the council and the advisory committee.

District Response – The District stated, "Concur and adopt. The District Council and the Advisory Committee meets November 19, 2009 and additional meetings and members will be held and sought." Additionally, the District stated, "Evidencing documentation will be provided to show member counties accept an alternative management structure."

8. **Equipment Management Issues**

Condition – The District did not record a serial number or other identification number on all fixed assets purchased with subgrantee funds. Additionally, the District did not record the acquisition date of fixed assets or the percentage of state funds used to purchase the fixed assets.

Criteria – MDNR General Terms and Conditions, I.M.2.a. states, "Equipment records must be maintained that include a description of the equipment, a serial number or other identification number, the source of the equipment, who holds title, the acquisition date, cost of the equipment, percentage of federal or state participation in the cost of the equipment, and the location, use and condition of the equipment, and any ultimate disposition data including date of disposal, and sale price of the equipment."

Effect – The District increases the potential risk that property will not be adequately protected from theft or loss.

Cause – The District was not fully aware of the criteria requirements.

Recommendation – We recommend that the District implement procedures to ensure that property records are adequately maintained and include the items necessary to meet the requirements of the MDNR General Terms and Conditions.

District Response – The District stated, “Concur and adopt. The fixed asset inventory listing will include identification number, equipment descriptions, acquisition date and percentage of state funds used for purchase.”

9. Failure to Withhold 15% Retainage

Condition – The District did not withhold fifteen percent (15%) of the award until approval of the recipient’s final report. The following projects noted retainage at less than the required 15%:

<u>Project No.</u>	<u>Award</u>	<u>Required Retainage</u>	<u>Actual Retainage</u>
F2008-4	\$ 3,548	\$ 532	\$ 53
F2008-5	4,125	619	62
F2008-8	1,080	162	16
F2009-8	3,076	461	46
F2009-10	1,554	233	23
F2009-14	2,295	3,449	669

Criteria – 10 CSR 80-9.050(7)(D) states, “The executive board shall retain fifteen percent (15%) of the funds from the recipient until the project is complete. A project shall be deemed complete when the project period has ended and the board gives approval to the grant recipient’s final report and the final accounting of project expenditures.”

Effect – Subgrantees were reimbursed in excess of 85% of their expenditures prior to submitting a final report, a violation of state regulations.

Cause – The cause was an administrative oversight by the District.

Recommendation – We recommend that the District implement procedures to ensure that the District retains 15% of subgrant funds until Board approval of the final report and the accounting of project expenditures.

District Response – The District stated, “Concur and adopt. Withholding will be calculated and withheld at 15% in accordance with District F Policy and Procedure.”

10. Matching Funds Not Adequately Monitored

Condition – The District did not adequately monitor matching funds committed to projects per the subgrantee project application. Project files reviewed contained no evidence that the subgrantee met match requirements. For project numbers F2009-6 and F2008-4 documentation to support the match commitment was provided by the subgrantee representative during the site visit conducted by the auditor.

Criteria – The District Grant Financial Assistance Agreement (FAA), which is entered into under authority of and subject to pertinent legislation, regulations, and policies applicable to RSMo. Sections 260.300 through 260.345, may include match requirements as part of the FAA budget. Even though the Solid Waste Management Program application guidelines do not require a subgrantee match, a match must be provided if included as part of the subgrantee’s project application.

Effect – Subgrantee compliance with provisions of the FAA regarding match commitments is not assured.

Cause – The District encourages subgrantees to include match in their project applications but has not developed procedures to monitor such match commitments.

Recommendation – We recommend that the District implement procedures to monitor matching expenditures and ensure that match requirements are met in accordance with the FAA.

District Response – The District stated, “Concur and adopt. Matching funds will be monitored in accordance with District F Policy and Procedure.”

11. Matching Funds Requirements Not Met

Questioned Costs - \$3,215

Condition – Review of project number F2009-13 noted that the FAA budgeted \$25,000 in awarded funds and \$6,500 in match commitment to purchase a forklift, as stated in the subgrantee’s project application. The forklift was purchased under budget by the subgrantee. However, the reduction in equipment cost was not applied at a pro rata percentage based on the original percentage of District funding to matching funds. The District paid the budgeted award of \$25,000 and the budgeted matching funds were reduced by the difference between the budgeted and actual cost of equipment.

Criteria – 10 CSR 80-9.050(5)(B)5 states, “If the project includes matching funds, the budget must delineate the percentages and dollar amounts of the total project costs for both district funds and applicant contributions.” Additionally, the District Grant FAA, which is entered into under authority of and subject to pertinent legislation, regulations, and policies applicable to RSMo. Sections 260.300 through 260.345, may include match requirements as part of the FAA budget. Even though the Solid Waste Management Program application guidelines do not require a subgrantee match, a match must be provided if included as part of the subgrantee’s project application.

Effect – Full expenditure of subgrantee match commitment was not provided as required by the FAA. The District failed to reduce the project’s awarded funds pro rata for the difference between the budgeted and actual cost of the equipment.

Cause – The District encourages subgrantees to include match in their project applications, but has not developed procedures to monitor such match commitments.

Recommendation – We recommend that the District implement procedures to monitor matching expenditures and ensure that match requirements are met in accordance with the FAA. We also recommend the District resolve the questioned costs of \$3,215 with the subgrantee and the MDNR.

District Response – The District stated, “Concur and adopt. The initial subgrantee’s ratio of grant-to-matching funds will be constant through the life of the grant.”

12. Quarterly and Final Reports Missing

Condition – Review of project numbers F2008-1 and F2008-2 noted that the quarterly and final reports appear to have not been submitted to MDNR and were not retained by the District.

Criteria – 10 CSR 80-9.050(6)(B) states, “On quarterly status report forms provided by the department, the district shall submit the following information to the department thirty (30) days after the end of each state fiscal year quarter.” Additionally, 10 CSR 80-9.050(6)(B)4 states, “The district shall submit to the department a final report for each plan implementation or district subgrantee project...”

Effect – The District was not always meeting reporting requirements as reports have not been filed or retained.

Cause – The cause was an administrative oversight by the District.

Recommendation – We recommend that the District implement procedures to ensure that quarterly and final reports are timely prepared, properly signed and dated, and submitted to MDNR within required timeframes. Additionally, the final reports on project numbers F2008-1 and F2008-2 have not been submitted and should have a final report submitted to MDNR for a final accounting of the grants not reported.

District Response – The District stated, “Concur and adopt. District will work to ensure that all quarterly and final reports are submitted timely to MDNR and are retained in the project file.”

REGION F
WEST CENTRAL MISSOURI SOLID WASTE MANAGEMENT DISTRICT
CONCORDIA, MISSOURI

Schedule of Prior Audit Findings
For the Fiscal Years Ending June 30, 2006 and 2007

The prior audit was conducted by an audit firm contracted by the MDNR for fiscal years 2006 through 2007. Of the 20 audit findings, 10 were implemented by the District and 10 were not implemented or partially implemented.

1. FINDING – Failure To Comply With Sunshine Law

Condition – The following was noted in reviewing Executive Board minutes during the audit period:

- Notice of meeting was not given (6 out of 6 occurrences).
- Notice of meeting did not indicate whether meeting was open or closed to the public (6 out of 6 occurrences).
- Location of the meeting was not indicated in the minutes (6 out of 6 occurrences).
- Members absent were not listed (6 out of 6 occurrences).
- Votes cast as to yea or nay were not listed (6 out of 6 occurrences).

In addition, minutes for the period July through December 2005 could not be located.

Current Status – The Executive Board minutes for the audit period were retained by the District. However, review of those minutes resulted in exceptions. See Finding No. 1.

2. FINDING – Bank Reconciliations Not Performed and Actual Cash on Hand Unknown

Condition – Bank statements were not reconciled to records during the audit period and were not independently reviewed by the Executive Board to ensure propriety of transactions.

Current Status – Bank statements were reconciled to the records. However, bank reconciliations are not reviewed by an Executive Board member. See Finding No. 2.

3. FINDING – Annual District Financial Audit Not Submitted Timely

Condition – The required 2006 financial audit for the District was not submitted timely to MDNR within 120 days from the end of the District's fiscal year.

Current Status – The required 2008 financial audit for the District was not submitted timely to MDNR within 120 days. However, an extension to file was granted by MDNR and the financial audit was submitted within the extension timeframe. Consider this finding resolved.

4. **FINDING – Accounting Records Not Maintained**

Condition – Accounting records were not maintained to properly account for District receipts and expenditures. Source documentation for receipts and expenditures was frequently missing. The reconciliation of the District's cash balance at June 30, 2007 resulted in an unidentified balance of \$149,017.22.

Current Status – Accounting records and source documentation were maintained to properly account for District receipts and expenditures. However, the reconciliation of the District's cash balance at June 30, 2009 resulted in an unidentified balance of \$10,527.94. See Finding No. 3.

5. **FINDING – Incomplete Documentation of Grant Evaluation Process**

Condition – Documentation of project proposal evaluations was not retained. Although each Executive Board member completed an evaluation sheet for each project proposal, the sheets were not retained.

Current Status – Each Executive Board member completed an evaluation sheet for each project proposal and the sheets were retained by the District for the audit period. Consider this finding resolved.

6. **FINDING – Quarterly Reports Missing, Not Signed and Dated**

Condition – Quarterly reports submitted by the District were not always signed and dated. Use of typed names and dates is insufficient to verify compliance with required timeframes for reporting. In addition, the quarterly reports were filed in various places and many reports could not be located.

Current Status – Review of the project files noted two projects in which the quarterly and final reports appear to have not been submitted to MDNR and were not retained by the District. See Finding No. 12.

7. **FINDING – Expenditures After Project Expiration**

Condition – Expenditures of \$6,296 were incurred after project expiration for project 2005208 and \$7,288 was incurred after project expiration for project F2006-18. Costs incurred after expiration of the project agreement are not eligible for reimbursement.

Current Status – Review of the project files noted no expenditures incurred after project expiration. Consider this finding resolved.

8. **FINDING – Lack of Administrative Contract**

Condition – Administrative costs were paid to the Prairie Rose Resource Conservation and Development organization without an administrative contract and without a grant authorization from MDNR. Costs incurred without a grant agreement or contract are not allowable.

Current Status – An adequate administrative contract exists between the District and the administrative contractor and grant authorization was approved by MDNR. Consider this finding resolved.

9. FINDING – Failure To Provide Surety Bonding

Condition – Employees and board members with fiduciary responsibilities such as the receipt or disbursement of District funds were not covered by a surety bond.

Current Status – Employees and board members with fiduciary responsibilities are adequately covered by a surety bond. Consider this finding resolved.

10. FINDING – Management Structure Not Compliant With State Statutes

Condition – The District’s management structure is not compliant with state statutes or the District’s bylaws. The District has not adopted an alternative management structure. State statutes provide that executive boards will consist of seven persons. However, the District’s Executive Board is comprised of eleven persons. State statutes also require each district to establish a solid waste management council and prescribe the duties of the council. However, the District Council has not met in five years and is no longer functioning.

Current Status – Not implemented. See Finding No. 7.

11. FINDING – Unreported Interest Income

Condition – Cumulative interest income was not reported on the Quarterly Project Financial Summary reports for fiscal year 2006 and 2007. Prior years’ interest earned and still on hand was not reported and could not be determined by the District. The reports reflected only amounts earned during the current fiscal year.

Current Status – Interest income is now reported on the Quarterly Project Financial Summary reports. Consider this finding resolved.

12. FINDING – Inaccurate Quarterly Financial Summary Reports

Condition – Quarterly Project Financial Summary reports for the periods ending June 30, 2006 and 2007 were not prepared accurately and did not reconcile to total cash held by the District. Actual expenditures were more or less than amounts reported on over 50% of the projects.

Current Status - Quarterly Project Financial Summary reports for the periods ending June 30, 2008 and 2009 were not prepared accurately and did not reconcile to total cash held by the District. The reconciliation of the District’s cash balance at June 30, 2009 resulted in an unidentified balance of \$10,527.94. See Finding No. 3.

13. FINDING – Failure to Withhold 15% Retainage

Condition – The District did not withhold fifteen percent (15%) of the award until approval of the recipient’s final report. No retainage was withheld from payments for any of the ten projects reviewed.

Current Status – Not implemented. See Finding No. 9.

14. FINDING – No Stated Waste Diversion Goals

Condition – The Quarterly Status reports for the ten projects reviewed all indicate that there were not stated diversion goals. Only one of the ten projects included weight or volume information for waste diverted. This pattern indicates that little or no effort was made to establish diversion goals or report waste diversion on projects.

Current Status – The quarterly status reports for the projects reviewed all indicated the stated diversion goals and reported diversion. Consider this finding resolved.

15. FINDING – Fixed Asset Inventory Management Inadequate

Condition – The following conditions were noted regarding equipment management: (1) The District did not maintain an inventory of equipment purchased with subgrantee funds, (2) the District did not require subgrantees to submit annual statements certifying that equipment was being used for project activities, and (3) the District did not obtain proof of insurance from the subgrantees to ensure adequate coverage for fixed assets purchased or constructed with SWMD monies.

Current Status – The District has implemented an inventory of subgrantee equipment and the District requires that subgrantees submit an annual use statement for equipment used in project activities. Additionally, the District maintains proof of insurance for equipment used for project activities. However, the District did not record a serial number on all fixed assets purchased with subgrantee funds. See Finding No. 8.

16. FINDING – Matching Funds Not Monitored

Condition – The District did not monitor matching funds committed to projects per the subgrantee project application. Project files contained no evidence that the subgrantee met match commitments.

Current Status – Not implemented. See Finding Nos. 10 and 11.

17. FINDING – Conflict of Interest

Condition – The wife of the District's Executive Board Chairman served in the position of education coordinator for the District's administrative contractor, Prairie Rose RC&D. The District entered into one or more financial assistance agreements each year with Prairie Rose RC&D for education/information projects. The Executive Board Chairman also served on the Prairie Rose RC&D board during the audit period. The District's Executive Board Chairman actively participated in the review and evaluation of project proposals submitted by Prairie Rose RC&D for education/information projects and signed District grant financial assistance agreements on behalf of the District.

Current Status – The Executive Board Chairman noted above is no longer the Board Chairman and Prairie Rose RC&D is no longer the administrative contractor for the District. Additionally, the District has implemented conflict of interest statements that are signed by each board member annually. However, the audit noted potential conflict of interest concerns regarding Executive Board members ranking and reviewing project proposals from the counties and cities that they represent. See Finding No. 4.

18. FINDING – Printed Materials Do Not Include MDNR as Funding Source

Condition – The District does not print a statement naming MDNR as a funding source on all publications.

Current Status – The District has implemented procedures to ensure that MDNR is credited on each publication distributed by the District. Consider this finding resolved.

19. FINDING – Executive Board Lack of Involvement and Inadequate Oversight of Administrative Contractor

Condition – The Executive Board did not always discharge responsibilities as prescribed in the bylaws. The following exceptions were noted in this regard:

- The bylaws require the Chairman, Vice Chairman, Secretary and Treasurer be elected annually from its members. There have been no elections for these offices during the audit period.
- The bylaws require the Secretary to keep the minutes. However, the Secretary was not able to locate a copy of the minutes during the audit period, The Executive Board minutes were later located by the former District Planner.
- The Secretary is also the designated custodian of District records. However, the Secretary was unaware that the administrative contractor failed to maintain accounting records.
- The Executive Board has failed to adopt formal policies. For example, a formal conflict of interest policy as recommended in an audit completed in 1999 has not been adopted.
- Many of the findings presented in this report are the result of insufficient Board oversight and review of activities performed by the administrative contractor.

Current Status – All minutes were located for the audit period, annual elections were held for the Chairman, Vice Chairman, Secretary and Treasurer, and a formal conflict of interest policy was implemented. Consider this finding resolved.

20. FINDING – Lack of Project Monitoring and Documentation

Condition – The District does not regularly perform site visits to the various projects and does not document those site visits that are performed. One subgrantee stated during our site visit that no representative from Region F SWMD had visited his facility within the past five years.

Current Status – The fixed asset list maintained by the District notes the projects that have been visited by the District. Consider this finding resolved.

REGION F
WEST CENTRAL MISSOURI SOLID WASTE MANAGEMENT DISTRICT
CONCORDIA, MISSOURI

Schedule of Prior SAO Audit Findings
For the Fiscal Years Ending June 30, 2005, 2004 and 2003

1. FINDING – District Subgrantee Procedures

Condition – Region F did not always comply with 10 CSR 80-9.050(4)(C) which requires the Executive Board to retain 15% of the funds from the recipient until the Board gives approval to the recipient's final report and the final accounting of the project expenditures.

Current Status – Not implemented. See Finding No. 9.

2. FINDING – District Capital Assets

Condition – The District did not maintain an inventory of capital assets purchased with grant funds and has not performed a physical inventory of capital assets.

Current Status – The fixed asset list maintained by the District notes the projects that have been visited by the District. Consider this finding resolved.

3. FINDING – District Capital Assets

Condition – The District did not obtain proof of insurance from subgrantees as required by the MDNR Special Terms and Conditions.

Current Status – The District maintains proof of insurance for equipment used for project activities. Consider this finding resolved.

Region F West Central Missouri Solid Waste Management District
 Status of Subgrantee Awards and Administrative Expenditures
 June 30, 2009

Subgrantee No.	Purpose	Awards obligated	Carried Forward	Total	Expenditures 2008 & 2009	Prior Years Expenditures (Note 1)	Carried Forward	Unspent funds	
2004150	Active Educ closes the loop in Concordia	\$ 958	\$ -	\$ 958	\$ -	\$ -	\$ -	\$ 958	
2004151	City of Lexington Recycling	7,050	-	7,050	-	5,000	-	2,050	
2004154	Lafayette County Enterprises Recycling	19,108	-	19,108	-	-	-	19,108	
2005-204	Morgan County HHW Collections	13,523	6,400	19,923	-	12,600	-	7,323	
2005-205	Pettis County HHW Collection	10,371	9,129	19,500	-	18,838	-	662	
2005-206	Lafayette County HHW Collection	21,476	2,404	23,880	-	23,880	-	-	
2005-207	Johnson County HHW Collection	12,821	7,179	20,000	-	18,657	-	1,343	
2005-208	Info Education Specialist	30,184	1,380	31,564	-	31,393	-	171	
2005-209	Illegal Dumping Awareness	4,600	-	4,600	-	4,348	-	252	
2005-210	Morgan County Envir Eofore	16,031	798	16,829	1,895	14,934	-	-	
2005-211	Whiteman Airforce Glass Crusher	18,565	19,108	37,673	-	37,673	-	-	
2005-212	Whiteman Airforce Resid Recycl	15,000	-	15,000	-	15,000	-	-	
2005-213	Saline County Recycling	14,963	1,537	16,500	-	16,500	-	-	
2005-214	Johnson County Sheltered Workshop #1	6,187	2,813	9,000	-	9,000	-	-	
2005-215	Johnson County Sheltered Workshop #2	9,443	42	9,485	-	9,485	-	-	
2005-216	Lafayette County Enterprises Waste Red	11,088	3,871	14,959	-	14,959	-	(0)	
2005-217	Dye's Auto	9,010	40	9,050	-	9,050	-	-	
2005-218	Region F Glass Crusher	25,905	-	25,905	-	-	-	25,905	
2006-1	Saline County Used Oil Burner	7,633	-	7,633	-	7,633	-	-	
2006-2	Lafayette County Recycling Byent	5,960	3,815	9,775	-	9,064	-	711	
2006-3	Lafayette County Enterprises Waste Red	10,462	3,900	14,362	5,496	8,138	-	728	
2006-4	Lafayette County Enterprises Waste Red 2	17,249	3,701	20,950	-	20,950	-	-	
2006-5	Johnson County Sheltered Workshop	3,890	-	3,890	-	3,775	-	115	
2006-6	Johnson County Sheltered Workshop Containers	10,550	3,710	14,260	1,854	12,121	-	285	
2006-7	Johnson County Sheltered Workshop Cargo Trailer	224	2,776	3,000	-	3,000	-	-	
2006-8	Johnson County Sheltered Workshop Baller	12,705	885	13,590	-	13,500	-	90	
2006-9	Johnson County Sheltered Workshop Shredder	1,614	386	2,000	-	2,000	-	-	
2006-10	Johnson County Sheltered Workshop Scales	1,284	61	1,345	-	1,316	-	29	
2006-11	Johnson County Sheltered Workshop Forklift	17,703	3,146	20,849	-	20,845	-	4	
2006-12	Johnson County Sheltered Workshop Trucks	969	116	1,085	-	876	-	209	
2006-13	Whiteman Ewaste Disposal	3,801	1,199	5,000	-	1,172	-	3,828	
2006-14	Whiteman Asphalt Concrete Crusher	39,382	618	40,000	-	40,000	-	-	
2006-15	City of Lexington Baker	13,948	-	13,948	-	13,948	-	-	
2006-16	Region F Education/Information	25,000	-	25,000	931	4,900	-	19,169	
2006-17	Region F Household Hazardous Waste Collection	170,000	-	170,000	117,887	21,785	-	30,328	
2006-18	Prairie Rose RC&D Education/Information	47,761	-	47,761	26,341	18,962	-	2,458	
2006-19	City of Sedalia Tub Grinder	89,000	-	89,000	-	89,000	-	-	
2006-20	Recycling Center Flatbed Truck	16,000	-	16,000	-	14,750	-	1,250	
2007-1	District Operation	100,000	-	100,000	103,835	-	-	(3,835)	
2007-2	Plan Implementation - Education	17,000	-	17,000	10,595	-	-	6,405	
2008-1	Region F District Operation	100,000	-	100,000	84,207	-	-	15,793	
2008-2	Region F Education/Information	17,000	-	17,000	16,077	-	-	923	
2008-3	Lafayette County Enterprises Waste Reduction	-	16,494	16,494	-	-	-	16,494	
2008-4	Johnson County Sheltered Workshop Stretch Wrp	-	3,548	3,548	3,495	-	-	53	
2008-5	Johnson County Sheltered Workshop Pallet Jack	-	4,125	4,125	4,063	-	-	62	
2008-6	State Fair Community College Paper Recycling	-	10,000	10,000	-	-	-	10,000	
2008-7	Pettis County Concrete Recycling	-	71,850	71,850	-	-	-	71,850	
2008-8	Johnson County Sheltered Workshop Dock Leveler	-	1,080	1,080	1,064	-	-	16	
2008-9	Pettis County Used Oil Furnace	-	17,850	17,850	-	-	-	17,850	
2008-10	City of Concordia Compost Production	-	12,538	12,538	-	-	-	12,538	
2009-1	PTRPC District Operations Grant	141,000	-	141,000	126,877	-	-	14,123	
2009-2	PTRPC District Education Grant	-	20,145	20,145	17,103	-	-	3,042	
2009-3	Lafayette County HHW Collection	32,880	-	32,880	-	-	-	32,880	
2009-4	Lafayette County Enterprises Waste Reduction	31,662	-	31,662	11,828	-	-	19,834	
2009-5	City of Marshall Paper Recycling	9,569	-	9,569	7,066	-	-	2,503	
2009-6	Herrdson Recycling Center Vertical Baker	15,750	-	15,750	13,387	-	-	2,363	
2009-7	Johnson County Sheltered Workshop Carport	2,999	-	2,999	2,549	-	-	450	
2009-8	Johnson County Sheltered Workshop Containers	3,076	-	3,076	3,030	-	-	46	
2009-9	Johnson County Sheltered Workshop Frontloader	1,420	-	1,420	1,207	-	-	213	
2009-10	Johnson County Sheltered Workshop Tilt Trucks	1,554	-	1,554	1,531	-	-	23	
2009-11	Johnson County HHW Collection	28,000	-	28,000	23,483	-	-	4,517	
2009-13	City of Marshall Forklift	25,000	-	25,000	21,250	-	-	3,750	
2009-14	Higginsville Parks & Rec Recycled Picnic Tables	22,995	-	22,995	22,326	-	-	669	
2009-15	City of Marshall HHW Disposal	25,000	-	25,000	-	-	-	25,000	
2009-18	Morgan County HHW Collections	15,990	-	15,990	-	-	-	15,990	
2009-19	Lafayette County Electronic Waste Collection	33,531	-	33,531	-	-	-	33,531	
2009-20	Johnson County HHW Collection	28,000	-	28,000	-	-	-	28,000	
2009-21	Sedalia-Pettis County Emergency Agency	30,850	-	30,850	-	-	-	30,850	
2009-22	Johnson County Sheltered Workshop Box Truck	20,000	-	20,000	10,562	-	-	9,438	
2009-23	City of Versailles Recycling	10,016	-	10,016	-	-	-	10,016	
2009-24	Community Christian Center Recycling	24,995	-	24,995	-	-	-	24,995	
2009-25	Lafayette County Enterprises Waste Reduction	31,625	-	31,625	-	-	-	31,625	
2009-26	Higginsville Parks & Rec Recycled Picnic Tables	19,852	-	19,852	-	-	-	19,852	
2009-27	Knob Noster Schools Recycling	15,440	-	15,440	-	-	-	15,440	
2009-28	City of Slater Main Street Benches	6,480	-	6,480	-	-	-	6,480	
2009-29	Knob Noster Schools Recycling	4,452	-	4,452	-	-	-	4,452	
2009-31	State Fair Community College Waste to Energy	50,000	-	50,000	-	-	-	50,000	
2009-32	Knob Noster Schools Recycling	6,320	-	6,320	-	-	-	6,320	
2009-33	Johnson County Sheltered Workshop Camera	12,200	-	12,200	-	-	-	12,200	
2009-34	City of Concordia Parks & Rec	20,572	-	20,572	-	-	-	20,572	
		\$ 1,646,646	\$ 236,644	\$ 1,883,290	\$ 728,939	\$ 460,052	\$ -	\$ 694,299	
Fndd Balance June 30, 2009									\$ 694,299
Unobligated fund balance from previous audit									489
Unobligated Interest FY 2008									2,822
Interest earned FY2009									6,487
Total District Fund Balance									\$ 704,097
Total District Cash Per Audit									\$ 714,625
Unidentified/Unobligated Region F Funds (Note 2)									10,527.94

Note 1: Prior year expenditures are as reported on the Quarterly Project Financial Summary report less expenditures during the audit period.

Note 2: This amount represents the difference between cash per bank and identifiable unspent cash per project accounting records. See Finding No. 3.

SCHEDULE V

Region F West Central Missouri Solid Waste Management District
Cash Balance
June 30, 2009

Cash (Checking)	\$18,410.08
Cash (Money Market Account)	<u>696,215.17</u>
Total Account Balances	<u><u>\$714,625.25</u></u>

SCHEDULE VI

Region F West Central Missouri Solid Waste Management District
 Schedule of State Funding
 Years Ended June 30, 2008 and June 30, 2009

<u>Received</u>	<u>Total Amount</u>	<u>Type</u>
<u>Year Ended June 30, 2008</u>		
November 30, 2007	\$ 117,000	District Grant
Total From MDNR in FY 2008	<u>\$ 117,000</u>	
 <u>Year Ended June 30, 2009</u>		
October 27, 2008	\$ 141,000	District Grant
December 17, 2008	142,026	District Grant
April 27, 2009	<u>57,880</u>	District Grant
Total From MDNR in FY 2009	<u>\$ 340,906</u>	