



Missouri Department of dnr.mo.gov

# NATURAL RESOURCES

Michael L. Parson, Governor

Carol S. Comer, Director

FEB 11 2020

Alan Wyatt  
Mark Twain SWMD  
101 E. Washington, Bldg 1  
Macon, MO 63552

RE: Region G Mark Twain Solid Waste Management District Performance Audit for the  
Period July 1, 2017, through June 30, 2019

Dear Alan Wyatt:

The Missouri Department of Natural Resources' Waste Management Program (WMP) has received the final Independent Auditors' Report Performance Audit of Region G- Mark Twain Solid Waste Management District (District), conducted by McBride, Lock & Associates, LLC of Kansas City, Missouri. The performance audit of District "G" was completed in accordance with 260.325.10, RSMo.

We have reviewed the findings made by the accounting firm and the District's responses to those findings. We have prepared a list of recommended actions (enclosed) that we recommend the District take to correct problems identified in the audit. Our recommended actions are addressed in the same order as the issues in the accountants' report.

Your response to our recommended actions should be submitted in writing to WMP within 90 days of this letter's date. We will be able to review your response more quickly if you follow the same order as the list of recommended actions.

After the WMP receives your written comments regarding the recommended actions, WMP will contact you to reach a final resolution of the audit findings.

We appreciate your assistance with these auditing efforts. If you have any questions, please contact Lauren Cole at 573-526-3843 or by email at [lauren.cole@dnr.mo.gov](mailto:lauren.cole@dnr.mo.gov).

Sincerely,

WASTE MANAGEMENT PROGRAM

Richard A. Kempker, Chief  
Operations Section

Alan Wyatt  
Page 2

Enclosure

c: Ashley Long, Mark Twain Solid Waste Management District

2015 11 03

**Performance Audit Follow-up**  
**Region G – Mark Twain Solid Waste Management District**  
**July 1, 2017, through June 30, 2019**

**1. District's Carryover Unobligated Amount In Excess Of Requirements**

*Auditor Recommendation:*

The Board should ensure the District consistently followed the established requirements for unobligated carry-over. We recommend the District allocate carryover and interest income in excess of \$20,000 for various grant projects other than district operations on the next request for project proposals to get this unobligated carryover down to the \$20,000 maximum limit. If there is carry-over exceeding the threshold, a request for approval should be submitted to DNR.

*District Response:*

The District agreed with the finding and the recommendation. The District will maintain a detailed listing of the total unobligated amount and interest amounts at the end of the fiscal year. The District will allocate the funds for projects other than District operations in the District's next request for project proposals (FY2020 Grant Call beginning November 1, 2019) and keep the total amount below the \$20,000 maximum limit. If the District does not receive adequate or eligible requests to allocate funding to keep carryover funds and interest income below the maximum \$20,000 amount, the District will consult with DNR to receive approval to wait until the following request for project proposals.

*WMP Response:*

WMP agrees with the auditor's recommendation.

*WMP Recommendation:*

WMP recommends the District take action to comply with this finding. The District must ensure any carryover or interest income be used as soon as possible, or request, in writing, approval from WMP to have interest or carryover funds over \$20,000.00. If there is no approval from WMP, the funds must be obligated to other grants. This finding will remain open until funds are obligated or WMP receives and approves a request for carryover or interest funds in excess of \$20,000.

**2. Quarterly and Final Project Reports Not Timely Filed**

*Auditor Recommendation:*

The Board should ensure the District is consistently following the established requirements for the submission of project reports. We recommend the District implement internal controls to ensure quarterly and final project reports are timely prepared, properly signed and dated, and submitted to the DNR within required timeframes.

*District Response:*

The District agreed with the finding and recommendation. The District will put a control in place to ensure the timely submission of quarterly reports that comply with the CSRs. If an incident arise and the District knows beforehand that a quarterly report will be submitted late, the District will consult with the Missouri Department of Natural Resources to request an extension.

*WMP Response:*

WMP agrees with the auditor's recommendation.

*WMP Recommendation:*

In accordance with current regulations, the District shall submit District and District Subgrantee information within 30 days after the end of each state fiscal year quarter. The executive board shall retain all records and supporting documents directly related to the funds and projects for a period of 3 years from the date of submission.

INDEPENDENT ACCOUNTANT'S REPORT  
PERFORMANCE AUDIT

**REGION G  
MARK TWAIN  
SOLID WASTE MANAGEMENT DISTRICT  
PERRY, MISSOURI**

FOR THE PERIOD JULY 1, 2017 THROUGH  
JUNE 30, 2019

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**McBRIDE, LOCK & ASSOCIATES, LLC**

CERTIFIED PUBLIC ACCOUNTANTS  
KANSAS CITY

REGION G – MARK TWAIN  
SOLID WASTE MANAGEMENT DISTRICT  
PERRY, MISSOURI

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4151 N. Mulberry Drive, Suite 275  
Kansas City, Missouri 64116  
T: 816-221-4559, F: 816-221-4563  
E: admin@mcbriделock.com

## **McBRIDE, LOCK & ASSOCIATES, LLC**

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Certified Public Accountants

### INDEPENDENT ACCOUNTANT'S REPORT

Missouri Department of Natural Resources  
and  
Region G – Mark Twain Solid Waste Management District  
Perry, Missouri

The Missouri Department of Natural Resources (DNR), Waste Management Program is responsible for administering the policies and programs developed to ensure solid waste is managed in such a way that protects both public health and the environment. The DNR provides funding from solid waste tonnage fee collections to the solid waste management districts in the State of Missouri to fund their operations and community-based waste reduction, reuse, composting and recycling projects. We have completed a performance audit of activities of Region G – Mark Twain Solid Waste Management District's (SWMD) compliance with state laws, regulations, and policies. The procedures were conducted pursuant to the authority of the DNR.

#### Objectives

The objectives of our audit of Region G SWMD included:

1. To determine whether 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 whether 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 was in compliance with laws, regulations, financial assistance agreements, solid waste plans, policies, and procedures.
5. To determine whether the quarterly and final reports submitted to the DNR Solid Waste Management Program by the district, along with accounting records and supporting documentation, were timely, presented accurately and in accordance with the DNR Solid Waste Management Program guidelines.

6. To determine whether expenditures by the district from advancements and reimbursements made by the district 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/contract management and monitoring of subgrantees and contractors.
8. To determine whether the district secured the assets of the district including the subgrantee's equipment, buildings and site improvements.
9. To determine whether the subgrant project effectively met its goal of diverting waste from landfills or providing environmental education and to determine the cost per unit (tons of waste diverted or per student).

### Scope

The scope of our audit of Region G SWMD was for the two Fiscal Years ended June 30, 2019.

### Methodology

Our methodology included reviewing the organization of the district, minutes of meetings, written policies and procedures, financial records, and quarterly and final reports; interviewing district personnel; evaluating internal controls; and evaluating and inspecting grant projects. Our audit procedures and objectives were set forth in the Missouri Department of Natural Resources Waste Management Program Audit Program.

We conducted this performance audit in accordance with generally accepted *Government Auditing Standards*. Those standards require that we plan and perform our 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 a reasonable basis for our findings and conclusions based on our audit objectives.

This report is intended solely for the information and use of the Missouri DNR and Region G SWMD 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.



McBride, Lock & Associates, LLC  
Certified Public Accountants  
October 10, 2019

**REGION G MARK TWAIN  
SOLID WASTE MANAGEMENT DISTRICT  
HISTORY AND ORGANIZATION  
FOR THE TWO YEARS ENDED JUNE 30, 2019**

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 (DNR).

The Region G – Mark Twain Solid Waste Management District (Region G SWMD or the District) was formed pursuant to Section 260.305, RSMo, and was officially recognized by the DNR on April 17, 1992. The District is comprised of the following Missouri counties: Macon, Randolph, Shelby, Monroe, Marion, Ralls, and Pike and their participating cities with a population of 500 or more. 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 seven county region to meet the goals set out in Chapter 260, RSMo. 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 Mark Twain Regional Council of Governments (MTRCOG) for the audit period through June 30, 2019. There are no direct employees of the district. On January 14, 1999, the District has formulated an alternative management structure which was recorded in each of the seven counties filed with the Secretary of State. The District does not have a Full Council. The District is managed by an Executive Board consisting of one member from each county. The officers of the District Executive Board are the Chairman, Vice-Chairman, Secretary, and Treasurer to serve two year terms. The election of officers will be held in July or at the next scheduled meeting and officers shall take office immediately upon their election. Executive board members shall serve until such date as an elected official representative retires, is removed, or no longer holds that office. The executive board shall consist of one member selected and designated by each member county. A quorum shall consist of a majority (51%) of the entire executive board.

The Chairman of the Executive Board may appoint committees as deemed necessary to conduct business of the District. Each committee shall include one or more Executive Board members. The Executive Board will appoint advisory committees that are geographically balanced and represent commercial generators, the solid waste management industry and two citizens unaffiliated with the operation of management of solid waste facilities to assess and make recommendations on solid waste management. There shall be an Executive Committee composed of the officers of the District.

The Executive Committee will act for the Executive Board when there is not time or it is not practical to assemble the full Executive Board. A quorum of the Executive Committee will consist of all the officers of the Executive Board.

Executive Board members and personnel as of the end of the audit period at June 30, 2019, are listed below.

Executive Board Members:

- Alan Wyatt – Chairman, Macon County
- Mike Minor – Vice Chairman, Monroe County
- Wiley Hibbard – Treasurer, Ralls County
- John Truesdell – Secretary, Randolph County
- Tom Shively – Shelby County
- Chris Gamm – Pike County
- Steve Begley – Marion County

Primary Personnel who participate in SWMD:

- Ashley Long – Planner, MTRCOG
- Cindy Hultz – Executive Director, MTRCOG
- Devyn Campbell – Fiscal Officer, MTRCOG

**REGION G – MARK TWAIN  
SOLID WASTE MANAGEMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 2019**

**1. District's Carryover Unobligated Amount In Excess Of Requirements**

**Condition** – Per the Quarterly Project Financial Summary for Fiscal Year 2019, quarter ended June 30, the unobligated balance for carryover funds was \$122,694. This amount includes balances from various grant projects but does not include \$750.19 of interest income on hand.

**Criteria** – 10 CSR 80-9.050(2)(C)6 requires any district carryover funds and interest income in excess of \$20,000 at the end of the District's fiscal year, shall be allocated for projects other than District operations in the District's next request for project proposals in accordance with section 260.335 RSMo, unless approved by the department.

**Effect** – Following the CSRs reduces the potential risk of non-compliance including the potential risk of future allocations being withheld.

**Cause** – Two unforeseen incidents of subgrantees deobligating funds awarded to their project (G20171-008 Granuband-Macon, LLC. and G2018-010 Northeast Correctional Center), either due to uncontrollable circumstances by the subgrantee or by vote of the Executive Board, caused the carryover funds and interest income to exceed the \$20,000 maximum limit. Further, throughout the fiscal year, the Executive Board voted to close projects with excess funds. The excess funds were then moved from the subgrantee's allocated funds into the unobligated funds without discussing or gaining approval from DNR which increased the carryover unobligated amount.

**Recommendation** – The Board should ensure the District consistently followed the established requirements for unobligated carry-over. We recommend the District allocate carryover and interest income in excess of \$20,000 for various grant projects other than district operations on the next request for project proposals to get this unobligated carryover down to the \$20,000 maximum limit. If there is carry-over exceeding the threshold, a request for approval should be submitted to DNR.

**District Response** – The District agreed with the finding and the recommendation. The District will maintain a detailed listing of the total unobligated amount and interest amounts at the end of the fiscal year. The District will allocate the funds for projects other than District operations in the District's next request for project proposals (FY2020 Grant Call beginning November 1, 2019) and keep the total amount below the \$20,000 maximum limit. If the District does not receive adequate or eligible requests to allocate funding to keep carryover funds and interest income below the maximum \$20,000 amount, the District will consult with DNR to receive approval to wait until the following request for project proposals.

**Auditor's Evaluation** – The organization's response addresses the finding. A final decision regarding the adequacy of the corrective action will be made by the Department of Natural Resources.

## 2. Quarterly and Final Project Reports Not Timely Filed

**Condition** –Two out of 41 quarterly project reports reviewed were not submitted or not timely submitted to the DNR within thirty days from the end of the quarter.

Project	Quarter End	Date Filed
G2018-013	3/31/19	5/13/19
G2019-001	6/30/19	8/14/19

Additionally, we found one out of four final project reports were not timely submitted to the DNR within thirty days of the project completion date. The final report for project number G2018-010 was filed for the quarter ended June 30, 2019. The report was filed August 14, 2019.

**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** – Following the CSRs reduces the potential risk of non-compliance including the potential risk of future allocations being withheld.

**Cause** – This was an oversight by the District Planner.

**Recommendation** – The Board should ensure the District is consistently following the established requirements for the submission of project reports. We recommend the District implement internal controls to ensure quarterly and final project reports are timely prepared, properly signed and dated, and submitted to the DNR within required timeframes.

**District Response** – The District agreed with the finding and recommendation. The District will put a control in place to ensure the timely submission of quarterly reports that comply with the CSRs. If an incident arise and the District knows beforehand that a quarterly report will be submitted late, the District will consult with the Missouri Department of Natural Resources to request an extension.

**Auditor’s Evaluation** – The organization's response addresses the finding. A final decision regarding the adequacy of the corrective action will be made by the Department of Natural Resources.

**REGION G – MARK TWAIN  
SOLID WASTE MANAGEMENT DISTRICT  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 2019**

The prior audit was conducted by an audit firm contracted by the DNR for Fiscal Years 2015 and 2016. Of the three audit findings, two were implemented by the District and one was not implemented by the District. The following issues were not fully implemented.

**1. District's Carryover Unobligated Amount In Excess Of Requirements**

**Condition** – Our review of the unobligated carryover balances presented each quarter on the quarterly project financial summary reports for the engagement period noted the following:

- The District presented a balance of \$99,685 as the amount of unobligated carryover on the June 30, 2016, quarterly project financial summary report. This amount is in excess of the amount allowed according to the Code of State Regulations (CSR). This amount includes balances from various grant project and monies from the disposition of equipment from a grant project closed by the District. This balance does not include interest income on hand.
- The District did not have a detailed listing of all the grant projects and other amounts comprising the \$99,685 unobligated carryover as of June 30, 2016. Upon request, the District prepared a detailed listing of all the monies that composed the unobligated carryover amount.

**Current Status** – The District did not adequately address the issue. See finding 1 on the Schedule of Findings and Questioned Costs.

**Region G - Mark Twain Solid Waste Management District**  
**Status of Subgrantee Awards**  
**June 30, 2019**

Subgrant No.	Description	Awards		Unspent Funds
		Obligated	Unobligated	
G2017-006	Region G - Grant	\$ 1,650	\$ -	\$ 1,650
G2018-002	City of Moberly - E-Waste	1,771	-	1,771
G2018-004	2 Rivers Doc Destruction	4,899	-	4,899
G2018-005	Mark Twain Playground	8,902	-	8,901
G2018-006	Two Rivers Glass Recycle	18,915	-	18,915
G2018-007	Moberly HHW	3,000	-	3,000
G2018-008	Bevier Recycling Trailers	1,175	-	1,174
G2018-009	Bevier Green Resource Building	96,700	-	96,700
G2018-010	NE Correctional Center	29,894	-	29,893
G2018-011	Pike County Shredding	450	-	450
G2018-013	Whitfield Memorial Playground	6,067	-	6,067
G2019-001	District Operations	23,043	-	23,043
G2019-002	Plan Implementation	26,567	-	26,567
G2020-001	District Operations	98,548	-	98,548
G2020-002	Plan Implementation	45,200	-	45,200
G2019-004	City of Palmyra	20,741	-	20,741
G2019-005	City of La Plata	13,500	-	13,500
G2019-006	Marion County R-II School District	5,521	-	5,521
G2019-007	Pike County Sheltered Workshop	26,500	-	26,500
G2019-008	Granuband Macon, LLC	25,500	-	25,500
G2019-009	Pike County Senate Bill 40	45,000	-	45,000
	Obligated Award Balance			503,540
	Unobligated Carryover	-	122,694	122,694
	Unobligated Interest	-	750	750
			District Fund Balance	<u>\$ 626,984</u>

**Region G - Mark Twain Solid Waste Management District  
Cash Balance  
June 30, 2019**

Grant Cash Account	\$	<u>626,984</u>
Total Account Balances	\$	<u><u>626,984</u></u>

**Region G - Mark Twain Solid Waste Management District  
 Schedule of State Funding  
 For The Two Years Ended June 30, 2019**

<u>Received</u>	<u>Total Amount</u>	<u>Fiscal Year</u>	<u>Type</u>
Year Ended June 30, 2019	405,459	2019	District Grant
Year Ended June 30, 2018	<u>397,050</u>	2018	District Grant
Total From DNR	<u><u>\$ 802,509</u></u>		