

INDEPENDENT ACCOUNTANT'S REPORT  
PERFORMANCE AUDIT

**REGION L ST. LOUIS-JEFFERSON  
SOLID WASTE MANAGEMENT DISTRICT  
ST. LOUIS, MISSOURI**

FOR THE PERIOD JANUARY 1, 2015 THROUGH  
DECEMBER 31, 2016

REGION I ST. LOUIS-JEFFERSON  
SOLID WASTE MANAGEMENT DISTRICT  
ST. LOUIS, MISSOURI

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## McBride, Lock & Associates, LLC

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Certified Public Accountants

### INDEPENDENT ACCOUNTANT'S REPORT

Missouri Department of Natural Resources  
and  
Region L St. Louis-Jefferson Solid Waste Management District  
St. Louis, Missouri

The Missouri Department of Natural Resources (DNR), Solid 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 L – St. Louis-Jefferson 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 L SWMD included:

1. To determine 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 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 the district was in compliance with laws, regulations, financial assistance agreements, solid waste plans, policies, and procedures.
5. To determine 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 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 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 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 L SWMD was for the two calendar years ended December 31, 2016.

#### 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, Solid Waste Management Program audit program. See Appendix I for a detailed list of the audit procedures.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the evidence obtained provides such a basis.

This report is intended solely for the information and use of the DNR of the State of Missouri and Region L 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

September 22, 2017

**REGION L ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT  
AUDIT PROCEDURES  
FOR THE TWO YEARS ENDED DECEMBER 31, 2016**

Our audit procedures were set forth in the Missouri Department of Natural Resources (DNR), Solid Waste Management Program audit program and included:

1. Entrance Conference

- We conducted an entrance conference with the solid waste management district to discuss the scope of the engagement and the status of the district activities.

2. History and Organization

- We reviewed the history and organization of the district.
- We reviewed the district's policies and procedures for monitoring the qualifications, terms, vacancies, and conflict of interest of the members of the executive board.
- We obtained and reviewed a listing of the executive board's advisory committee members including their affiliation.
- We obtained and reviewed the district's bylaws to determine that requirements are in compliance with RSMo and the bylaws are approved.
- We prepared a summary of the current organization of the district.

Findings: None.

3. Minutes of Meetings

- We reviewed minutes of the executive board meetings for the engagement period.
- We evaluated five sets of board minutes utilizing the Missouri Sunshine Law Compliance Checklist prepared by the DNR.
- We reviewed the district's written policy regarding the Sunshine Law and procedures regarding requests for district records.

Findings: None.

4. Follow-up to Prior Audits

- We reviewed the findings of the previous performance engagement and the financial audits performed for the district, documenting the status of the findings and the corrective action taken by the district.

Findings: See Finding No. 1 and the Schedule of Prior Audit Findings.

5. Internal Controls

- We completed the “Internal Control Questionnaire” form prepared by the DNR, which identifies strengths and weaknesses of the internal controls.

Findings: See Finding No. 1.

6. Cash

- We obtained the monthly bank statements and bank reconciliations for each month of the audit period and reviewed them for propriety and accuracy.
- We determined whether the board was provided an opportunity to review financial reports/reconciliations and that they were dated and signed as being reviewed by the board.
- We obtained a listing of DNR funds for the engagement period and tracked to the bank deposits.
- We obtained the district checkbook and examined for pre-signed checks and checks issued out of sequence.
- We reviewed a sample of 10 checks to the administrative contractor to ensure checks cleared the bank on or after the date of the check and on or after the last day of the month services were provided.
- We obtained a listing of local funds received by the district.
- We provided a makeup of the district’s cash balance at December 31, 2016 and December 31, 2015 and reconciled the cash balance reported to the DNR on the Quarterly Project Financial Summary Report to the bank and checkbook balances.
- We reviewed the system used by the district to allocate interest income to state and local funds.
- We reviewed the district’s cash management process for forecasting cash needs and requesting funds.

Findings: See Finding No. 1.

7. Administrative/Management Services

- We determined whether the district contracted out administrative/management services.
- We determined if the contract was in compliance with DNR rules and regulations; that contract terms are written and properly approved; and invoices and supporting documentation for billing of services are appropriate, properly approved, and in compliance with contract terms.

Findings: None.

8. Records

- We documented the availability and completeness of the district’s records and supporting documentation directly related to the funds and projects supported by DNR funding for a period of three years from the date of submission of the final status report.

Findings: None.

9. General Terms and Conditions

- We reviewed procedures and documented the district's compliance with the General Terms and Conditions, which are included as part of the financial assistance agreement between the DNR and the solid waste management district and which also applies to any subgrantee that receives DNR funding.

Findings: See Finding Nos. 2, 3, 4, 5, 6, and 7.

10. District Grants

- We obtained a schedule of district grants from the DNR for calendar years 2016 and 2015 and reviewed the Guidance Document for Solid Waste Management District Grants.
- We reviewed proposals for calendar years 2016 and 2015, the project and budget periods, and the proposal review and evaluation process used by the district to determine compliance with the guidance document.
- We reviewed a sample of awarded projects selected by the DNR and completed a "Detailed Review of District Grant Projects" form prepared by the DNR on each project.

Findings: See Finding Nos. 6 and 7.

11. Exit Conference

- We conducted an exit conference with the district and DNR to discuss the results of the engagement.

**REGION L ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT  
HISTORY AND ORGANIZATION  
FOR THE TWO YEARS ENDED DECEMBER 31, 2016**

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 L – St. Louis-Jefferson Solid Waste Management District (Region L SWMD or the district) was formed pursuant to Section 260.305, RSMo, and was officially recognized by the DNR in January 1992. In April 2001 the DNR officially recognized the inclusion of St. Charles County as a part of Solid Waste Regional Grouping L. The district includes the City of St. Louis and the counties of Jefferson, St. Louis and St. Charles 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 three county region, which includes the City of St. Louis, 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 is comprised of an executive director and three full-time employees. Region L has adopted an alternative management structure governed by an executive board comprised of four members from the City of St. Louis, seven members from the County of St. Louis, two members from the County of Jefferson and two members from the County of St. Charles. As of December 31, 2016, the executive board had two empty seats from the County of St. Louis and one empty seat from the City of St. Louis. The chief elected official of the government entity shall appoint those members of the executive board representing that particular government entity. Members shall be appointed for a period of four years. Officers of the executive board include the Chairperson, Vice Chairperson, Treasurer and Secretary. Officers shall serve a term of two years and shall be elected by a simple majority of the executive board. No officer shall serve more than two consecutive terms for any given office. A quorum shall consist of a simple majority of the number of currently filled seats of the executive board members.

Executive board members and district personnel as of the end of the audit period at December 31, 2016, are listed below.

Executive Board Members:

- Beth Lewandowski – City of St. Louis
- Jean Ponzi – City of St. Louis
- Dan Sise – City of St. Louis
- Jerry Brown – Jefferson County
- Kara Dunnam – Jefferson County
- Ryan Tilley, Vice Chair – St. Charles County
- David Kuppler – St. Charles County
- Pat Kelly, Chair – St. Louis County
- John Haasis – St. Louis County
- Tim Warren – St. Louis County
- Steve Mahfood – St. Louis County
- Richard Mange, Treasurer – St. Louis County

District Personnel:

- David Berger – Executive Director
- Linda Adams
- Kathy Schweitzer
- Rebecca Shelby

**REGION I ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE TWO FISCAL YEARS ENDED DECEMBER 31, 2016**

**1. No Evidence of Executive Board Review of the Bank Reconciliations Subsequent to November 2016**

**Condition** – The district had implemented procedures for the executive board to review bank statements and reconciliations, canceled checks, and accounting system financial reports at the monthly board meetings. However, beginning in December of 2016, when the district fiscal officer retired, procedures changed and the executive board had not reviewed these documents. The district started outsourcing the bank reconciliation process to an outside CPA and the banking packets including bank statements and reconciliations were not maintained by the district.

**Criteria** – Section I.I.3. of the DNR General Terms and Conditions states, “Effective control to prevent loss or misuse and accountability shall be maintained for all District and District Subgrantee cash, real and personal property, and other assets.”

**Effect** – The lack of effective controls over cash increased the risk that errors, irregularities or improper expenditures were not detected in a timely manner.

**Cause** – The district fiscal officer and the finance committee members serving at the time retired at the end of Calendar Year 2016 which resulted in a change in procedures for preparing bank reconciliations. Additionally, the district changed accounting systems.

**Recommendation** – We recommend the district implement procedures to ensure bank reconciliations performed on district bank accounts along with supporting documentation are reviewed, dated and signed by the Treasurer or other executive board member, evidencing their review.

**District Response** – The district stated, “The finance committee members serving at that time retired from the executive board in December 2016. The financial reports were prepared as normal in early 2017 by a professional CPA accounting firm, and were professionally audited in the district’s annual 2016 independent financial audit. The December 2016 reports have now also been reviewed by the district finance committee of the executive board on October 5, 2017. The district financial review procedures continue to exceed generally accepted accounting principles.”

**2. Inaccurately Prepared Quarterly Project Financial Summary Reports**

**Condition** – The quarterly project financial summary reports submitted to the DNR for the quarters ended December 31, 2016 and 2015 were not accurately prepared. The following differences were noted between the amounts reported and the amounts per the financial accounting system:

Fund Balance	Report	General Ledger	Variance
December 31, 2016			
Obligated Award Balance	\$ 2,006,971.72	\$ 1,918,355.33	\$ 88,616.39
Unobligated Interest	93,491.52	126,882.01	(33,390.49)
Unobligated Carryover	355,564.52	386,947.18	(31,382.66)
Local*	-	23,843.24	
December 31, 2015			
Obligated Award Balance	\$ 2,872,365.50	\$ 2,824,534.78	\$ 47,830.72
Unobligated Interest	123,385.94	114,264.02	9,121.92
Unobligated Carryover	375,526.88	408,582.15	(33,055.27)
Local*	-	23,897.37	

\*Variances were caused by including local funds in the amounts reported on the quarterly financial summary reports. Local Funds should not be included in this report; therefore, no variance for local funds was noted above.

**Criteria** – The DNR General Terms and Conditions I.I.2. states, “Records shall be maintained that adequately identify the source and use of funds provided for financially assisted activities. These records must contain information pertaining to subgrant awards and authorizations, restrictions on use of funds, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income, permit preparation of reports required by the SWMP...”

**Effect** – Accounting records and reports were not accurately prepared and accurate financial reports were not provided to the DNR.

**Cause** – The quarterly project financial summary reports were not reconciled to the accounting system to ensure the reports were accurately prepared by district personnel.

**Recommendation** – We recommend the district implement procedures to ensure the accuracy of quarterly project financial summary reports prepared and submitted to the DNR.

**District Response** – The district stated, “Quarterly financial summaries will only include interest earned on district grant funds and carryover from district grant funds. These are tracked separately by the accounting system.”

### 3. District Carryover Funds and Interest Income in Excess of \$20,000

**Condition** – District carryover funds were \$386,947 per the general ledger, which includes \$158,117 designated by the district as reserve funds, and the unobligated interest income funds were \$126,882 at December 31, 2016. There was no indication excess funds were approved by the DNR.

**Criteria** – 10 CSR 80-9.050(2)(C)6. states, “At the end of a district’s fiscal year, any district carryover funds and interest income in excess of twenty thousand dollars (\$20,000) shall be

allocated for projects other than district operations in the district's next request for project proposals...unless approved by the department."

**Effect** – The district was not in compliance with the Missouri Code of State Regulations.

**Cause** – The district assumed accumulated funds for carryover and interest income were approved by the DNR through acceptance of the quarterly project financial reports.

**Recommendation** – We recommend the district allocate excess carryover and interest income funds to projects other than district operations in the district's next request for project proposals, unless approved by the DNR.

**District Response** – The district stated, "The district has been regularly allocating both interest earnings and rollover funds as part of both district operations and district grants for many years. Funds are allocated and moved into operations after January 1 each year. Changing this long-standing schedule would create major administrative disruptions for district operations and for district grants and grant recipients. This schedule allows the district to build funds from interest and rollover for allocation into the next round of grants and operations.

The district has maintained a reserve fund equal to approximately four months of operating expenses for about 10 years. This reserve amount will remain the same.

The district has been allocating district grant interest to its annual operating budget with DNR concurrence for many years. The district used to be able to allocate approximately 20% of its operating budget through interest earnings. Interest earnings collapsed after 2008. As a result, interest allocation currently is only sufficient to provide approximately 10% of the overall district operations budget. Interest accrues throughout the year. The district denotes the interest allocated when it submits its annual operating budget, which has been accepted by DNR for many years. Interest earnings continue to accrue after that time for the next operations cycle. If interest earnings ever increase, the allocation into operations could also be increased.

District carryover from grants that are completed or closed during the year accumulate throughout the year. Available funds are allocated during the district grant review and approval process that happens in January each year. These are included on the annual grant forms the district provides to DNR, which have been accepted by DNR for many years.

The district executive board maintains responsibility for the allocation of district interest and carryover resources. DNR has accepted these ongoing practices for many years. The district is not proposing any changes at this time. The district also understands that recent legislative changes further clarify that the district executive board is the one to make the determination of these allocations. The district intends to continue current practices and annual schedule, including ongoing notifications to DNR, and will continue to work collaboratively to streamline procedures as appropriate to reduce administrative red tape. Notification and information for district grant interest and carryover will continue to be provided to DNR on a quarterly basis."

#### 4. Annual District Financial Audit Not Timely Submitted

**Condition** – The district did not timely submit its required financial audit report for the period ended December 31, 2015. The due date for the submission of the financial audit was June 30, 2016; however, the audit report was received by the DNR on September 2, 2016.

**Criteria** – 10 CSR 80-9.050(7)(J) states, “Districts shall arrange to have the audit conducted and submit to the department a complete audit report prepared by the certified public accountant or firm of certified public accountants within one hundred eighty (180) days of the end of the period covered by the audit.”

**Effect** – The district did not timely submit the required audit report to the DNR for the period ended December 31, 2015, and was not in compliance with the Missouri Code of State Regulations.

**Cause** – This was an administrative oversight by the district.

**Recommendation** – We recommend the district implement procedures to ensure the required district financial audit is timely conducted and the required audit report is submitted to the DNR prior to the deadline as stated in the rules and regulations.

**District Response** – The district stated, “The district completes its annual independent financial audit in the same time period every year. The district accountant did not submit the report to DNR as has usually happened. This was a simple oversight. Forwarding of the approved audit reports to DNR has now been specifically assigned to a district staff position to prevent future oversights.”

#### 5. Quarterly Project Financial Summary Reports Not Timely Submitted

**Condition** – The district did not timely submit five of the eight quarterly project financial summary reports prepared during the audit period. The days late ranged from three days to 22 days.

**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.” This would include ensuring the quarterly project financial summary reports are properly completed, signed and dated, and timely submitted to the DNR.

**Effect** – The district did not meet reporting requirements as reports were not timely submitted.

**Cause** – The district finds it difficult to address the large number of required quarterly reports in a timely manner.

**Recommendation** – We recommend the district implement procedures to ensure quarterly project financial summary reports are submitted timely to the DNR or an extension is requested from the DNR when the district is unable to provide reports in a timely manner.

**District Response** – It has become commonly understood that current reporting requirements are highly excessive. Excessive reporting costs tens and tens of thousands of dollars a year in excessive administrative expenses for the District and grantees, as well as DNR. The District has been working to reduce excessive reporting since 2012 and earlier. Continued compliance with the existing excessive reporting requirements and schedules will require regular routine extensions in order to comply. The District makes these extension requests on a regular basis, and will continue to do so as needed. The District notes that a simple change from quarterly reports to semi-annual reports would remedy much of this bottleneck. The District restates its request to reduce red tape by reducing the reporting requirements that incur additional unnecessary expense for the District and District grantees. Excessive reporting drives away potential grant applicants, diverts staff attention from other activities, and has other negative impacts. Moving from quarterly to semi-annual reporting is one of the best streamlining opportunities that can reduce red tape.

#### 6. **Project Period Extended Without Prior DNR Approval**

**Condition** – The project period for project L2013-019 was extended beyond two years and six months without prior approval from the DNR. The project financial assistance agreement was approved in May 2013 and the final payment was issued in June 2016.

**Criteria** – The DNR General Terms and Conditions I.B.2.c. states, “Any extension of the project or budget periods beyond two (2) years and six (6) months must have prior approval of the District’s Executive Board and the SWMP.”

**Effect** – The district was not in compliance with the DNR General Terms and Conditions.

**Cause** – The district’s policy is to request extensions only if additional reimbursable expenses will be incurred. If the only activity remaining is reporting, no extensions are requested.

**Recommendation** – We recommend the district implement procedures to ensure projects that remain open beyond two years and six months have received prior approval to extend the project period from the executive board and the SWMP.

**District Response** – The district stated, “The district initiated the amendment process for Project 2013019 in accordance with normal procedures. However, the district determined that an amendment was not needed for this project since no additional reimbursable project activity would be occurring. The district did not rescind the first step in the process that had been completed, but determined that the amendment was not needed. The amendment process ceased when that determination was made. The district was simply waiting for final project reporting to release the final 15% withholding. The district will continue to follow the established extension procedures for projects that would have additional reimbursable expenses incurred after a project period would be set to expire.”

#### 7. **Identification of DNR as a Funding Source Not Included on Printed Materials**

**Condition** – Two full page advertisements paid for with district grant funds did not include identification of DNR as a funding source (L2015-001, L2016-001).

**Criteria** – The DNR General Terms and Conditions I.W states, “District and District Subgrantees receiving grant funding from the SWMF shall identify the MDNR as a funding source on all equipment, site improvements, publications and other printed materials... 1. Identification shall include the MDNR’s logo with the full ‘Missouri Department of Natural Resources’ name.”

**Effect** – The district is not in compliance with the DNR General Terms and Conditions.

**Cause** – This was an administrative oversight by the district.

**Recommendation** – We recommend the district implement procedures to ensure publications and printed materials properly identify DNR as a funding source when applicable.

**District Response** – The district stated, “The district does not directly print or place ads in the Healthy Planet. The district has provided an opportunity for grantees and others to provide some brief information about their programs for the Earth Day and America Recycles Day editions of the Healthy Planet. This information is provided by programs to the Healthy Planet. The district does not write or prepare the articles directly. The district does currently require grantees to include the funding provided by DNR language and logo on all grantee publications paid for with district funds. The district will continue to require this for grants and any district publications until this issue can be addressed through the red tape reduction process.

The district has identified this as a red tape streamlining opportunity, since no DNR funds are used in these publications. District funds are not DNR funds, and it is inaccurate to require labeling that says it is DNR funds. It has created unnecessary red tape. Recent expansion of this requirement to require DNR approval of all content has created another administrative bottleneck that has become quite frustrating and time-consuming for districts across Missouri. The district has not been providing content, and no funding acknowledgement language has been included for either the district or DNR. District-funded publications and grant-funded publications will continue to include the DNR logo while streamlining efforts are underway regarding this opportunity to reduce red tape.”

**REGION I – ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE TWO FISCAL YEARS ENDED DECEMBER 31, 2016**

The prior audit was conducted by an audit firm contracted by the DNR for fiscal years 2009 through 2011. Of the 16 audit findings, 15 were implemented by the district and one was partially implemented by the district.

**1. Lack of Executive Board Review of the Bank Reconciliations**

**Condition** – The district did not have a policy for executive board review of bank reconciliations prepared for district bank accounts. Additionally, there was no indication on the bank reconciliations or in the board meeting minutes that the bank reconciliation along with the bank statements were reviewed by the board.

**Current Status** – Partially Implemented – The district had implemented a policy for executive board review of bank reconciliations prepared for district bank accounts; however, beginning in December 2016, the bank reconciliations and supporting documents were not reviewed by the finance committee or the executive board. See Finding No 1.

**2. Insufficient Control Over Disbursement Signature Authority**

**Condition** – The district’s check signing policy required dual signatures on all checks over \$500 for district operations and on all grant checks. One check over \$500 was noted with only one authorized signature. Additionally, four checks were noted where the payee was also an authorized signer on the check.

**Current Status** – Implemented – We noted no checks processed without two signatures. Additionally, no checks were processed in which the payee was also an authorized signer on the check.

**3. Lack of Adequate District Policy for Mileage Reimbursement**

**Condition** – The district lacked an adequate policy stating the procedures and requirements for processing mileage reimbursements to board members and district employees which should have included requirements regarding starting and ending points, mileage limitations and submitting proper documentation to support mileage.

**Current Status** – Implemented – The district has implemented an adequate policy for processing mileage reimbursements to board members and district employees.

**4. Lack of Internal Control and Supporting Documentation for District Credit Cards**

**Condition** – The district lacked an approved set of policies and conditions for use of credit cards. Additionally, the district lacked executive board oversight and review of credit card

statements. Furthermore, numerous transactions were identified in which the district was unable to provide itemized receipts or in some cases, any receipts to support the charges.

**Current Status** – Implemented – The district has implemented policies and conditions for credit card usage and has established reasonable credit limits. Additionally, credit card statements are reviewed monthly by the executive board as evidenced by dates and initials on the credit card statements. Furthermore, credit card charges were supported by itemized receipts.

5. **Excessive and Non-Essential District Expenditures**

**Condition** – Review of district administrative expenses noted numerous purchases deemed to be excessive and a non-essential use of public funds. Examples of these purchases included food items, gourmet coffee beans, drinks, and candy.

**Current Status** – Implemented – No instances of excessive and non-essential district administrative expenses were noted.

6. **Non-Compliance with the DNR Travel Requirements**

**Condition** – The executive director was authorized to travel to Europe in 2009 to attend the World Resource Forum under the provision that all expenses would be paid from district local funds. The cost of the flight was paid with credit card reward points; however, only a portion of the reward points were attributable to local usage.

**Current Status** – Implemented – No instances of credit card reward points usage were noted and no unapproved travel was paid for out of grant funds.

7. **Use of District Funds for Questionable Travel Expenditures**

**Condition** – Review of district credit card transactions identified two instances where district funds were used for questionable out-of-state travel expenditures.

**Current Status** – Implemented – No questionable out-of-state travel expenditures were noted.

8. **Gifts Provided to Subgrantees and Flowers for Board Members and Employees**

**Condition** – Three instances were noted in which the district provided gifts to a subgrantee. Additionally, three instances were noted in which the district provided flowers to district board members and employees.

**Current Status** – Implemented – No expenditures for gifts were made from district grant funds.

9. **Cash Refund Issued to District Employee on Credit Card Charge**

**Condition** – A cash refund in lieu of issuing a credit back to the card was issued to a district employee for incorrectly charging sales tax. There was no indication the employee reimbursed the district for the cash refund.

**Current Status** – Implemented – No instances were noted in which a cash refund was issued to a district employee.

**10. Foreign Transaction Fees Paid with District Funds**

**Condition** – Review of expenditures noted four instances in which the district incurred foreign transaction fees on credit card transactions conducted outside the United States.

**Current Status** - Implemented – No foreign transaction fees were made from district grant funds.

**11. Quarterly Reports Lacked Details of Project Progress**

**Condition** – Projects did not reach the estimated tonnage to be diverted as outlined in the grant proposal. This condition was not reported on the quarterly status reports submitted to the DNR.

**Current Status** – Implemented – There were projects that did not reach diversion goals as outlined in the grant proposal; however, problems encountered were reported on the quarterly status reports.

**12. Final Reports Lacked Details of Project Accomplishments and Diversion Reporting**

**Condition** – Final reports submitted to the DNR did not include a comparison of actual accomplishments to the goals established or a description as to how goals were either met, not met or exceeded. Additionally, these final reports did not include the weight in tons of waste diverted.

**Current Status** – Implemented – All final reports reviewed included a comparison of actual accomplishments to the goals established and a description of how goals were either met, not met or exceeded.

**13. Budget Amendment to Financial Assistance Agreement Not Reported**

**Condition** – One project was noted in which the district did not report a budget amendment to the financial assistance agreement in the quarterly status reports submitted to the DNR.

**Current Status** – Implemented – Budget amendments to the financial assistance agreement were reported in the quarterly status reports submitted to the DNR in all projects reviewed.

**14. Budget Amendment to Financial Assistance Agreement Not Retained with Quarterly Status Reports**

**Condition** – Projects were noted in which budget amendments to their financial assistance agreement were not retained with the district copy of quarterly status reports submitted to the DNR.

**Current Status** – Implemented – Budget amendments to the financial assistance agreement were retained with the district copy of quarterly status reports submitted to the DNR in all projects reviewed.

**15. Failure to Assign Security Agreement in Equipment Purchased for \$5,000 or More with District Grant Funds**

**Condition** – One project reviewed noted a security interest was not assigned to the district with documentation the district was listed as a lien holder for the purchase of a trailer partially funded with district grant funds. Additionally, the trailer was not recorded in the district's inventory records.

**Current Status** – Implemented – A security interest was assigned to the district for all applicable equipment purchases reviewed. Additionally, equipment was included in the district's inventory records.

**16. Utilization of Subgrantee Equipment**

**Condition** – One project reviewed noted the subgrantee used grant funds to purchase a shrink-wrap machine. Observation at the subgrantee facility found the machine was situated in the new flooring facility rather than in the expanded area for recycling. We identified numerous pallets of new flooring product shrink-wrapped with district funded equipment.

**Current Status** – Implemented – Observation of subgrantee equipment noted proper utilization in all projects reviewed.

**Region L - St. Louis-Jefferson Solid Waste Management District**  
**Status of Subgrantee Awards**  
**December 31, 2016**

Subgrant No.	Description	Awards		Unspent Funds
		Obligated	Unobligated	
L2012-003	SWMD HHW Program	\$ 14,883	\$ -	\$ 14,883
L2013-003	Midwest Shingle Recycling	9,000	-	9,000
L2013-025	St. Louis University Recycling	11,816	-	11,816
L2013-057	Hunt Industrial Pallet Recycling	3,000	-	3,000
L2014-008	St. Louis Cardinals Busch Stadium	26,244	-	26,244
L2014-009	Flooring Systems Inc. Recycling	19,500	-	19,500
L2015-002	St. Charles County Government Recycling Project	7,500	-	7,500
L2015-003	Habitat for Humanity Restore	13,809	-	13,809
L2015-004	Missouri Botanical Gardens Earthways Center	16,637	-	16,637
L2015-005	MERS Missouri Goodwill Industries	29,681	-	29,681
L2015-006	Remains, Inc. Plastics and Fiber Process	17,000	-	17,000
L2015-010	Always Green Recycling	12,000	-	12,000
L2015-011	USAgain LLC Education in Textile Recycling	1,950	-	1,950
L2015-012	St. Louis Zoo Waste Reduction	11,006	-	11,006
L2015-013	Parkway School District Outdoor Bin Replacement	10,000	-	10,000
L2015-014	City of Byrnes Mill Drop Off Project	3,750	-	3,750
L2015-016	Refab 2015	13,178	-	13,178
L2015-017	INC Environmental Recycling LLC	18,000	-	18,000
L2015-018	University City Drop Area Expansion	26,409	-	26,409
L2015-020	Flooring Systems Carpet Recycling	16,950	-	16,950
L2015-021	University of Missouri Curators Recycling Initiatives	14,969	-	14,969
L2015-022	Midwest Shingle Recycling LLC	64,500	-	64,500
L2015-023	St. Louis Composting Organics Education and Training Program	15,000	-	15,000
L2015-024	FRC Recycling Extruder	10,000	-	10,000
L2015-027	St. Louis Earth Day On the Go	17,087	-	17,087
L2015-028	Operation Brightside Recycling Engagement Pilot Program	3,750	-	3,750
L2015-029	City of Brentwood 2015 Recycle Truck	75,000	-	75,000
L2015-030	St. Louis Produce Organic Composting Project	120,000	-	120,000
L2015-031	St. Louis Earth Day Green Dining Alliance	10,500	-	10,500
L2015-032	Central Paper Stock Company Inc Plastic Pot Recycling	16,316	-	16,316
L2015-033	Maplewood Composting Lot	2,006	-	2,006
L2015-035	City of O'Fallon Recycling Education	5,000	-	5,000
L2015-038	City of Clayton Parks Grant	2,250	-	2,250
L2015-039	Central Paper Stock Company Inc Trailers for Green Growth	5,250	-	5,250
L2015-042	Mercy Health Foundation Recycling Program	1,800	-	1,800
L2015-043	Pro Computers CRT and TV Recycling	4,588	-	4,588

Subgrant No.	Description	Awards		Unspent Funds
		Obligated	Unobligated	
L2015-046	St. Louis Cardinals A Greener Game Recycling Program	5,200	-	5,200
L2015-048	City of St. Louis Refuse Division Residential Recycling Program	7,500	-	7,500
L2015-049	Bicycle Works Recycling	3,722	-	3,722
L2015-054	St. Louis Teachers Recycle Center	7,500	-	7,500
L2015-055	Hansen's RAS LLC Shingle Recycling Expansion	9,675	-	9,675
L2016-002	St. Charles County Government Electronics Recycling	58,206	-	58,206
L2016-003	Habitat for Humanity Independence Dependence	24,523	-	24,523
L2016-004	MORA Strive for 75% by 2025	12,070	-	12,070
L2016-005	St. Louis Composting Clean Compost Project	25,000	-	25,000
L2016-006	Habitat for Humanity St. Charles County Restore	16,016	-	16,016
L2016-007	Jefferson County Recycling Pilot Program	30,000	-	30,000
L2016-008	City of Byrnes Mill Recycling Drop Off	18,200	-	18,200
L2016-010	Central Paper Company Inc Mighty Monster Baler	6,000	-	6,000
L2016-011	Missouri Botanical Gardens Earthways Center	50,000	-	50,000
L2016-012	St. Louis Regional Chamber of Commerce Green Business	27,000	-	27,000
L2016-013	University City Television Recycling Program	5,000	-	5,000
L2016-014	MRC Recycling	10,000	-	10,000
L2016-015	Lens Masters Inc. St. Louis Consolidation Center	2,251	-	2,251
L2016-016	Remains, Inc. Post-Consumer Polyester Fiber-Fill	30,000	-	30,000
L2016-017	Hunt Industrial Service Corp Drop Trailer Service	10,000	-	10,000
L2016-018	U.S. Green Building Council	15,047	-	15,047
L2016-019	Always Green Recycling 2016	1,350	-	1,350
L2016-020	Operation Food Search Conveyor Project	3,000	-	3,000
L2016-021	Flooring Systems Inc. Carpet Reclamation Program	15,000	-	15,000
L2016-022	Leftovers, Inc. Resource Recovery Project	43,994	-	43,994
L2016-023	St. Louis Health Equipment HELP Facility Expansion	10,000	-	10,000
L2016-025	In the Green Productions Presents Jack Kaufmann	8,500	-	8,500
L2016-026	Missouri Kids Unplugged Sustainability Project	4,686	-	4,686
L2016-027	B & G Recycle Business Expansion	4,500	-	4,500
L2016-028	Midwest Material Recovery Electronics Recycling	14,187	-	14,187
L2016-029	St. Louis Recycling & Waste Solutions Rear Loader Truck	14,671	-	14,671
L2016-030	City of O'Fallon 2016 Recycle Cart Replacement	60,000	-	60,000
L2016-031	Organics Recycling Inc. 2016 Food Composting Project	50,000	-	50,000
L2016-032	Rummage Express Pick up Services Expansion	6,526	-	6,526
L2016-033	Pallet Logistics Inc. Clamp & Roll	20,000	-	20,000
L2016-035	Central Paper Company Inc. Plastic Pots Recycling	4,187	-	4,187
L2016-036	St. Louis Earth Day Green Dining Alliance	32,107	-	32,107
L2016-037	Missouri River Relief River Clean ups	2,275	-	2,275
L2016-038	Adonis Holdings LLC Adonis Recycling	47,355	-	47,355
L2016-039	Spectrum eCycle Solutions Inc.	12,143	-	12,143

Subgrant No.	Description	Awards		Unspent Funds
		Obligated	Unobligated	
L2016-040	Operation Brightside City Schools Recycling	8,335	-	8,335
L2016-041	City of Maplewood Marietta Parking Lot Recycling	4,000	-	4,000
L2016-042	St. Louis Teachers Recycle Center	31,205	-	31,205
L2016-043	St. Louis Earth Day Recycling on the Go	42,493	-	42,493
L2016-045	LEDRL LLC Construction and Demolition Recycling	13,500	-	13,500
L2016-046	St. Patrick Center Go Green 2016	35,000	-	35,000
L2016-047	Operation Brightside Recycling Project	13,329	-	13,329
L2016-048	FRC Recycling Personnel Services	16,951	-	16,951
L2016-049	Perrenial 2016	17,685	-	17,685
L2016-050	COAM Grant 2016	5,000	-	5,000
L2016-051	Didion Orf Recycling Electronics Recycling Expansion Project	10,500	-	10,500
L2016-052	Mercy Health Foundation Recycling Program	12,000	-	12,000
L2016-053	City of St. Louis Residential Recycling	40,000	-	40,000
L2016-054	Forest Park Forever Recycling Program	5,000	-	5,000
L2016-055	Refab	40,022	-	40,022
L2016-056	Bicycle Works Recycling Effort	12,000	-	12,000
L2016-057	FRC Recycling Lease	3,615	-	3,615
L2016-058	Zoo Recycling Program Equipment	14,000	-	14,000
L2016-059	INC Environmental Recycling Heavy Metal	41,000	-	41,000
L2016-060	St. Louis-Jefferson SWMD Permanent HHW Management	175,000	-	175,000
	Obligated Award Balance			1,918,355
	Local Funds	-	23,844	23,844
	Unobligated Carryover	-	386,947	386,947
	Unobligated Interest	-	126,882	126,882
			District	
			Fund Balance	<u>\$ 2,456,028</u>

**Region L - St. Louis-Jefferson Solid Waste Management District**  
**Cash Balance**  
**December 31, 2016**

Cash Checking	\$	32,324
Cash Money Market Account		<u>2,423,704</u>
Total Account Balances	\$	<u><u>2,456,028</u></u>

**Region L - St. Louis-Jefferson Solid Waste Management District  
Schedule of State Funding  
For The Two Years Ended December 31, 2016**

<u>Received</u>	<u>Total Amount</u>	<u>Fiscal Year</u>	<u>Type</u>
<u>Year Ended December 31, 2016</u>			
April 2016	\$ 1,381,389	2016	District Grant
June 2016	<u>227,001</u>	2016	District Grant
Total From DNR in FY 2016	<u><u>\$ 1,608,390</u></u>		
 <u>Year Ended December 31, 2015</u>			
January 2015	\$ 449,600	2015	District Grant
May 2015	697,000	2015	District Grant
June 2015	729,000	2015	District Grant
July 2015	61,736	2015	District Grant
August 2015	38,000	2015	District Grant
October 2015	38,500	2015	District Grant
December 2015	<u>449,600</u>	2015	District Grant
Total From DNR in FY 2015	<u><u>\$ 2,463,436</u></u>		