

INDEPENDENT ACCOUNTANT'S REPORT  
PERFORMANCE AUDIT

**REGION R**  
**SOUTHEAST MISSOURI**  
**SOLID WASTE MANAGEMENT DISTRICT**  
**PERRYVILLE, MISSOURI**

FOR THE PERIOD JULY 1, 2015 THROUGH  
JUNE 30, 2017

**McBRIDE, LOCK & ASSOCIATES, LLC**

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CERTIFIED PUBLIC ACCOUNTANTS  
KANSAS CITY

REGION R – SOUTHEAST MISSOURI  
SOLID WASTE MANAGEMENT DISTRICT  
PERRYVILLE, 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 R – Southeast Missouri Solid Waste Management District  
Perryville, 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 R – Southeast Missouri 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 R 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 district secured the assets of the district including the subgrantee's equipment, buildings and sit improvements.
9. 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 R SWMD was for the two Fiscal Years ended June 30, 2017.

#### 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.

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 Missouri DNR and Region R 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

August 17, 2018

**REGION R SOUTHEAST MISSOURI  
SOLID WASTE MANAGEMENT DISTRICT  
HISTORY AND ORGANIZATION  
FOR THE TWO YEARS ENDED JUNE 30, 2017**

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 R – Southeast Missouri Solid Waste Management District (Region R SWMD or the district) was formed pursuant to Section 260.305, RSMo, and was officially recognized by the DNR on June 18, 1992. The district is comprised of the following Missouri counties: Bollinger, Cape Girardeau, Iron, Madison, Perry, Ste. Genevieve and St. Francois 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 Southeast Missouri Regional Planning Commission (RPC) for the audit period through June 30, 2017. There are no direct employees of the district. The district has formulated an alternative management structure which was agreed to by resolution by each county in the district. The District consists of Council members with 34 voting members, and they consist of members representing the local units of government within the boundaries of the region. From the membership, an Executive Board is elected. The Region R Executive Board is made up of nine members. Of the Executive Board three are elected as the Chairman, Vice-Chairman, Secretary and Treasurer (same person is Secretary and Treasurer). These officials make up the Executive Committee for Region R. The Advisory Committee consists of five members, one member from the solid waste management industry, one member is a commercial solid waste generator, one elected official and two private citizens. Council members shall serve a term of two years or until their successor is selected and qualified and may be reappointed for additional two year terms. The Executive Board, chosen by its members, shall also serve a term of two years. The district Executive Board shall consist of a resident from each county. A quorum shall consist of six members being present and representing at least four counties.

District council, executive board members and personnel as of the end of the audit period at June 30, 2017, are listed below.

Council Members:

- Jerome Gaines – City of Marble Hill
- Michael Johnson – City of Marble Hill
- Evelyn Nussbuam – City of Delta
- Scott Meyer – City of Cape Girardeau
- Harry Rediger – City of Cape Girardeau
- Dwain Hahs – City of Jackson
- Roy Carr – City of Arcadia
- Shelby Chan – City of Pilot Knob
- Robert Lourwood – City of Ironton
- Sheldon King – City of Viburnum
- Kelly Korokis – City of Fredericktown
- Brent Buerck – City of Perryville
- Carl Leuckel – Perry County
- Alan AuBuchon – St. Francois Environmental Corporation
- Dan Bryan - City of Desloge
- Harold Gallaher – St. Francois County
- David Easter - City of Park Hills
- Dustin Steinic – City of Iron Mountain Lake
- David Kater – City of Desloge
- Mark McFarland – City of Park Hills
- Dennis Parks - City of Leadwood
- Sara McDonald – City of Bonne Terre
- Seth Radford – City of Bismarck
- Sandra Straughan – St. Francois County Environmental Corporation
- Paul Hassler – City of Ste. Genevieve

Executive Board Members:

- Martin Toma – Chairman, Ste. Genevieve County
- Bob Mooney – Vice Chairman, Madison County
- Travis Elfrink – Secretary/Treasurer, Bollinger County
- Clint Tracy – Member, Cape Girardeau County
- Jim Scaggs – Member, Iron County
- Jay Wengert – Member, Perry County
- Patrick Mullins – Member, St. Francois County
- Greg Beavers – Member, St. Francois County
- Garry Nelson – Member, Ste. Genevieve County

Primary Personnel who Participate in SWMD:

- David Grimes – Planner, RPC
- Barry Horst – Executive Director, RPC
- Erica Palmer – Fiscal Officer, RPC
- Rebecca Pecaut – Administrative Assistant, RPC

REGION R – SOUTHEAST MISSOURI  
SOLID WASTE MANAGEMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 2017

1. **Compliance with Missouri Sunshine Law**

**Condition** – Board minutes were not compliant with Missouri Sunshine Law in the following areas:

1. There was no evidence of the agenda being posted with the meeting notice and the notice did not state whether the meeting was open or closed. The agenda had a note which stated it was posted three hours prior to the meeting (1 out of 5 occurrences).
2. The date the meeting notice posted was not documented on the meeting notice. It could not be determined whether the notice was posted 24 hours in advance (2 out of 5 occurrences).
3. No “members absent” listing was included in the meeting minutes (5 out of 5 occurrences). Additionally, discrepancies existed between the sign-in sheet and the list of “attendees” documented in the meeting minutes (4 out of 5 occurrences). Therefore, the sign-in sheet did not clearly document the members absent.
  - 8/25/15, 3/22/16, 10/25/16 and 4/25/17 had persons listed as attendees who did not sign the sign-in sheet indicating they were present and 3/22/16 had one person who signed the sign-in sheet indicating they were present who was not included in the “attendees” listing in the documented board minutes.

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

**Effect** – The District was not in compliance with RSMo Chapter 610. The minutes are the official report made of the transactions or proceedings of the board and are a permanent record; thus, they should be complete and accurate. Failure to keep accurate minutes increases the risk of penalties being levied against the district.

**Cause** – The District had a template for each meeting notice and agenda which included a date set to “today” which updated each time the file was opened. Therefore, if the administrative assistant printed off a copy for documenting in the minutes rather than taking the copy which had been posted down and including that copy in the documentation, the date it was posted would not be correct. Additionally, the district has three meetings which occur on the same day each time meetings are held (Southeast Missouri Council of Governments, Southeast Missouri SWMD, and Southeast Missouri RPC). Sometimes people sign the wrong sign-in sheets causing this discrepancy.

**Recommendation** – We recommend the District adopt all required forms of documentation as stipulated by the Missouri Sunshine Law.

**District Response** – The District agreed with the finding and the recommendation. The district stated the following for each area noted:

1. The question of the dates was a matter of the date being entered in the Microsoft Word system as “today” rather than a firm date. The date the meeting notice is printed will be typed instead of using the “today” formula so all copies of the notice will reflect this date.
2. We always post the meeting notices at least a week in advance.
3. We typically hold three meetings in succession on any day we have meetings. Occasionally, persons attending a prior or subsequent meeting will sign the wrong sign in sheet. We will implement a review process to ensure sign-in sheets are accurate..

## **2. Final Project Report Not Timely Submitted**

**Condition** – The last quarterly report for sub-grant R2016-008 did not include the information for the final report. Therefore, no final report has been filed.

**Criteria** – The DNR General Terms and Conditions I.J.3. states, “The District shall submit to the SWMP a final report for each plan implementation or district sub-grantee project that shall contain the same information as described for project status in J.2.a....Final Project Reports shall be provided along with the next quarterly report submitted by the District (i.e., thirty days after the end of the next state fiscal year quarter).”

**Effect** – The District did not provide the DNR with all information required in the Final Project Report.

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

**Recommendation** – We recommend the district implement procedures to ensure Final Project Reports are provided along with the last quarterly reports.

**District Response** – The District agreed with the finding and recommendation. The District stated, “This seems to be a matter of a missed check box. We will correct.”

**REGION R – SOUTHEAST MISSOURI  
SOLID WASTE MANAGEMENT DISTRICT  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 2017**

The prior audit was conducted by an audit firm contracted by the DNR for Fiscal Years 2006 and 2007. Of the four audit findings, three were implemented by the district and one was not implemented by the district. The following issue was not fully implemented.

**No Open Meeting Notice**

**Condition** – When reviewing the July 2005, June 2006, August 2006, November 2006, February 2007 and June 2007 District’s notice of meetings, there was no indication whether the meetings were open or closed to the public documented.

**Current Status** – Partially Implemented – The district’s meeting posting notices did not state whether the meeting was open or closed. However, the district did post an agenda with the meeting notice in four out of five meetings tested and the meeting agenda included whether the meeting was regular or special.

**Region R Southeast Missouri Solid Waste Management District  
Status of Subgrantee Awards  
June 30, 2017**

Subgrant No.	Description	Awards		Unspent Funds
		Obligated	Unobligated	
R2018-001	Region R District Operations	\$ 50,488	\$ -	\$ 50,488
R2017-001	Region R District Operations	50,387	-	(1,457)
R2016-002	7th Annual Ste. Genevieve HHW	43,275	-	43,275
R2016-003	St. Joe State Park Enhancement	4,000	-	4,000
R2016-004	Cape Girardeau 2 - 20Yd. Cont.	7,317	-	-
R2016-005	Bollinger Co. Recycling Expansion	6,483	-	-
R2016-006	Bollinger Co. Recycling Bathroom	975	-	975
R2016-007	In-The-Green Productions	12,000	-	-
R2016-008	Ste. Genevieve Forklift Replacement	21,993	-	-
	Membership Fees Held	40,888	-	<u>40,888</u>
	Obligated Award Balance			138,169
	Unobligated Carryover	-	2,376	2,376
	Unobligated Interest	-	798	<u>798</u>
	District Fund Balance			<u><u>\$ 141,343</u></u>

**Region R Southeast Missouri Solid Waste Management District  
Cash Balance  
June 30, 2017**

Grant Cash Account	\$	100,455
Admin Cash Account		40,888
Savings Account		<u>-</u>
Total Account Balances	\$	<u><u>141,343</u></u>

**Region R Southeast Missouri Solid Waste Management District  
 Schedule of State Funding  
 Years Ended June 30, 2017 and June 30, 2016**

<u>Received</u>	<u>Total Amount</u>	<u>Fiscal Year</u>	<u>Type</u>
Year Ended June 30, 2017	<u>\$50,387</u>	2017	District Grant
Total From DNR in FY 2017	<u><u>\$50,387</u></u>		
Year Ended June 30, 2016	<u>135,588</u>	2016	District Grant
Total From DNR in FY 2016	<u><u>\$135,588</u></u>		