

Missouri Department of dnr.mo.gov

NATURAL RESOURCES

Eric R. Greitens, Governor

Carol S. Comer, Director

MAR 27 2018

Ms. Jeanne Moore Herbst
Bootheel Solid Waste Management District
105 E. North Main
Dexter, MO 63841

Dear Ms. Moore Herbst:

The Missouri Department of Natural Resources' Solid Waste Management Program (SWMP) has received the final Independent Auditors' Report Performance Audit of Region S- Bootheel Solid Waste Management District (District), conducted by McBride, Lock & Associates, L.L.C. of Kansas City, Missouri. The performance audit of District "S" 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.

Special Terms and Conditions may apply to grantees or subgrantees considered "high risk" in accordance with 260.335.5, RSMo. SWMP has assigned a "high risk" for District S focused more specifically on the subgrantee performance monitoring.

This "high risk" standard includes formal procedures to be established by the executive board on how the District will ensure adequate performance related to District funding, including all procedures for compliance of all subgrantee requirements. "High Risk" assessment includes special conditions and/or restrictions, as stated below.

- The Executive Board must submit to SWMP plans and procedures on how the District will ensure compliance and adequate performance related to the District's and subgrantee funding.
- SWMP is requesting additional monitoring, as in required project site visits every six (6) months.
- The District must submit status and update reports to SWMP monthly.
- The District must develop and maintain a detailed metrics-reporting log to account for project goals and progress through the project period, to be submitted to SWMP monthly.

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- The District must consult SWMP on all procurement over \$3,000.00 and have pre-approval on the purchase.
- SWMP is withholding authority from the District to proceed to the next phase until receipt of evidence of acceptable performance within a given funding period.

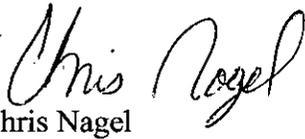
Your response to our recommended actions should be submitted in writing to SWMP within 60 days of this letter's date. We will be able to review your response more quickly if you follow the same order as the list of recommended actions.

After the SWMP receives your written comments regarding the recommended actions, SWMP 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 Ms. Debbie Ickes by mail at Missouri Department of Natural Resources, Solid Waste Management Program, P.O. Box 176, Jefferson City, MO 56102, by phone at (573) 526-3937 or by email at debbie.ickes@dnr.mo.gov.

Sincerely,

SOLID WASTE MANAGEMENT PROGRAM



Chris Nagel
Director

CN/dil

Enclosure

c: Mr. Willard Adams, Region S Bootheel Solid Waste Management Solid Waste

Performance Audit Follow-up
Region S – Bootheel Solid Waste Management District
July 1, 2014 through June 30, 2016

1. Incomplete Executive Board Meeting Minutes

Auditor Recommendation:

We recommend that the district adopt all required forms of documentation as stipulated by the Missouri Sunshine Law. Additionally, the district should ensure compliance with its bylaws.

District Response:

The district stated, “Concur and adopt. The district agrees to work with the DNR on this finding to ensure the district is in compliance with the Missouri Sunshine Law.”

SWMP Response:

The District must be in compliance with the state sunshine law, RSMo Chapter 610. Compliance with state law related to open public records is a condition of the grant award.

SWMP Recommendation:

SWMP recommends the District adopt a written policy in compliance with state sunshine law, RSMo Chapter 610, and provide meeting minutes showing approval of the policy and a copy of the policy to SWMP within 90 days.

2. No Evidence of Executive Board Review of the Bank Reconciliations

Auditor Recommendation:

We recommend the district implement procedures to ensure 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. The district agrees to implement procedures to ensure effective controls over cash.”

SWMP Response:

SWMP agrees with the auditor’s recommendation.

3. Executive Board Advisory Committee Not Compliant With State Statutes or Bylaws

Auditor Recommendation:

We recommend the district increase its efforts to recruit qualified participants to serve on a geographically balanced advisory committee.

District Response:

The district will take this recommendation under advisement.

SWMP Response:

SWMP agrees with the auditor's recommendation. The audit found that the District has not appointed an advisory committee as required by state law.

SWMP Recommendation:

SWMP recommends the District take action to comply with this finding within the next six (6) months. This finding will remain open until SWMP receives confirmation of the appointment of this committee as evidenced by submittal of board meeting minutes.

4. Annual District Financial Audit Not Timely Submitted

Auditor 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, "Concur and adopt. The district agrees to implement procedures to ensure future financial audits are timely completed and reports are timely submitted to the DNR."

SWMP Response:

SWMP agrees with the auditor's recommendation.

5. Grant Proposal Evaluation Incomplete

Auditor Recommendation:

We recommend the district implement procedures to ensure the required evaluation criteria is used by the executive board to review and rank project proposals and is included on the ranking sheets.

District Response:

The district stated, "Concur and adopt. The district will implement the required 19 evaluation criteria into the ranking sheets."

SWMP Response:

SWMP agrees with the auditor's recommendation.

SWMP Recommendation:

The District's evaluation method will include the 19 evaluation criteria as required by state regulations. SWMP requests written procedures outlining the steps to review, rank, and approve proposals to determine eligibility within 90 days.

6. Quarterly Reports Not Dated to Evidence Timely Submission

Auditor Recommendation:

We recommend the district implement procedures to ensure quarterly reports are properly signed and dated and submitted timely to the DNR. Additionally, we recommend the district implement procedures to ensure subgrantees are submitting properly signed and dated quarterly reports in a timely matter.

District Response:

The district stated, "Concur and adopt. The district will implement procedures to ensure quarterly reports are properly signed dated and submitted timely to the DNR."

SWMP Response:

SWMP agrees with the auditor's recommendation regarding submittal and completeness of reports.

SWMP Recommendation:

The District shall submit District and District Subgrantee information within thirty (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 three (3) years from the date of submission.

7. Lack of Adequate District Monitoring of Subgrantees Supported Activities

Auditor Recommendation:

We recommend the district implement procedures to ensure subgrantee supported activities are adequately monitored. Specifically, we recommend the district ensure source documentation is either maintained at the subgrantee or is submitted to the district and maintained by the district to support the information included on quarterly reports submitted to the district.

District Response:

The district stated, "Concur and adopt. The district will implement procedures to ensure subgrantee activities are adequately monitored."

SWMP Response:

SWMP agrees with the auditor's recommendation.

SWMP Recommendation:

SWMP recommends the District provide procedures evidencing adequate District oversight of the subgrantees' operations and performance within 90 days.

8. Lack of Subgrantee Source Documentation

Questioned Costs: **\$55,006.75**

Auditor Recommendation:

We recommend the district ensure subgrantees have adequate procedures for accurately reporting the weight in tons of waste diverted. Additionally, we recommend the district implement procedures to ensure subgrantee expenses claimed are adequately supported prior to reimbursement. Furthermore, the audit questions expenditures of state funds in the amount of **\$55,006.75** for lack of support documentation. We recommend the district work with the DNR to resolve the questioned costs.

District Response:

The district stated, "Concur and adopt. The district will implement procedures to ensure subgrantee activities are adequately monitored and required supporting documentation is timely reviewed by the district."

SWMP Response:

SWMP agrees with the auditor's recommendation.

SWMP Recommendation:

High-risk designation has been assigned and applicable Special Terms & Conditions will be provided to the District in accordance with 10 CSR 80-9.505 (7)(B) and General Terms and Conditions.

9. Quarterly and Final Reports Lack Details of Project Goals and Accomplishments

Questioned Costs: **\$31,398.00**

Auditor Recommendation:

We recommend the district implement procedures to ensure quarterly and final reports adequately address the progress toward project tasks outlined in the subgrant proposal and problems encountered in project execution, which would include an analysis of project goals. Additionally, we recommend the district implement procedures to ensure final reports adequately address the weight in tons of waste diverted and include a description as to how the goals either met, not met or were exceeded. We also recommend the district executive board properly review the subgrantee project performance prior to approving the final report and final payment to the subgrantee. We recommend the district work with the DNR to resolve the questioned costs.

District Response:

The district stated, "Concur and adopt. The district will implement procedures to ensure final reports adequately address the progress toward project tasks and problems encountered in project execution."

SWMP Response:

SWMP agrees with the auditor's recommendation.

SWMP Recommendation:

The District shall submit District and District Subgrantee quarterly status report forms within thirty (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 three (3) years from the date of submission.

10. Failure to Provide Proper Titles on Trailer Purchases

Auditor Recommendation:

We recommend the district implement procedures to ensure the district is in compliance with state regulations pertaining to titled property, and district interest in property purchased with grant funds is adequately protected. Additionally, we recommend the district obtain proper titles for trailers purchased with grant funds, including the three trailers mentioned above.

District Response:

The district stated, "Concur and adopt. The district will require the subgrantees noted above to provide proper titles for trailers purchase with grant funds and will ensure this practice is maintained moving forward."

SWMP Response:

SWMP agrees with the auditor's recommendation. It is the District's responsibility to obtain proper forms and meet all requirements regarding procedures.

SWMP Recommendation:

The District must obtain proper titles for the trailers S2015-006 and S2016-006 purchased with grant funds and send a copy of the title to SWMP within six (6) months.

11. Bidding Requirements Not Followed

Auditor Recommendation:

We recommend the district implement procedures to ensure subgrantees are in compliance with state procurement policies and procedures relating to bidding requirements for equipment and supplies.

District Response:

The district stated, "Concur and adopt. The district will implement procedures to ensure subgrantees are in compliance with state procurement policies and procedures relating to bidding requirements."

SWMP Response:

SWMP agrees with the auditor's recommendation regarding the bidding procedures.

SWMP Recommendation:

RSMo 34.040 requires all purchases in excess of \$3,000.00 be based on competitive bid. A minimum of three (3) competitive bids are required for all solicitations; the bid awards shall be let to the lowest and best bidder and all bids shall be files in records. All Districts and District Subgrantees must retain all bid documentation in files as set forth in the General Terms and Conditions, i.e. Retention and Custodial Requirements for Records.