

INDEPENDENT ACCOUNTANT'S REPORT
PERFORMANCE AUDIT

**REGION T LAKE OF THE OZARKS
SOLID WASTE MANAGEMENT DISTRICT
CAMDENTON, MISSOURI**

FOR THE PERIOD JULY 1, 2008 THROUGH
JUNE 30, 2010

REGION T LAKE OF THE OZARKS
SOLID WASTE MANAGEMENT DISTRICT
CAMDENTON, MISSOURI

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McBRIDE, LOCK & ASSOCIATES

INDEPENDENT ACCOUNTANT'S REPORT

Missouri Department of Natural Resources
and
Region T Lake of the Ozarks Solid Waste Management District
Camdenton, 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 T – Lake of the Ozarks 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 T SWMD included:

1. To determine that the district, council, executive board, and the advisory committee were organized properly and in accordance with the Revised Statutes of Missouri.
2. To determine that the council and executive board have carried out their duties 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 is 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, are timely, presented accurately and in accordance with the DNR Solid Waste Management Program guidelines.
6. To determine that expenditures by the district from advancements and reimbursements made by districts 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 that 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 T SWMD was for the two fiscal years ended June 30, 2010.

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 the separate section for a detailed list of the audit procedures.

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 provides a reasonable basis for our findings and conclusions based on our audit objectives.

This report is intended solely for the information and use of Region T SWMD and the DNR and is not intended to be 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
Certified Public Accountants

May 27, 2011

McBRIDE, LOCK & ASSOCIATES

REGION T LAKE OF THE OZARKS SOLID WASTE MANAGEMENT DISTRICT

History and Organization

Missouri's 20 solid waste management districts were created to foster regional cooperation among cities and counties in addressing solid waste management issues. The main function of a district is to develop a solid waste management plan with an emphasis on diverting waste from landfills and to assist with implementation of the plan. Plans should include provisions for a range of solid waste activities: waste reduction programs; opportunities for material reuse; recycling collection and processing services; compost facilities and other yard waste collection options; education in schools and for the general public; management alternatives for items banned from Missouri landfills and household hazardous waste; and preventive or remediation of illegal dumps. To help achieve their goals, districts administer grants to public and private entities within their district, made possible with monies from the Solid Waste Management Fund through the Missouri Department of Natural Resources (DNR).

The Region T Lake of the Ozarks Solid Waste Management District (Region T SWMD or the district) was formed pursuant to RSMo 260.305 and was officially recognized by the DNR on October 8, 1992. The district is comprised of the following counties: Camden, Laclede and Miller of Missouri, and comprised of the following cities within those counties: Camdenton, Conway, Eldon, Four Seasons, Lake Ozark, Lebanon and Osage Beach. 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 to meet the goals set out in RSMo Chapter 260. The district will make recommendations and suggestions relating to solid waste collection, storage, transportation, remanufacture and disposal. The district also intends to promote local problem solving and autonomy in solid waste management systems.

The DNR has established special terms and conditions which apply to the award of solid waste management district grant funds to the Region T Lake of the Ozarks Solid Waste Management District. Effective September 1, 2008 and continuing through June 30, 2009, or such further time as determined by the DNR Solid Waste Management Program (SWMP), the district is designated as "high risk". Significant compliance deficiencies were noted in the independent accountant's report on applying agreed upon procedures for the period July 1, 2005 through June 30, 2007. Specifically, the district has not conformed to terms and conditions of previous awards and has a history of unsatisfactory performance related to education, tire collection, and illegal dumping grants. During the sixty day period provided the district's executive board and staff for corrective action, sufficient progress was not demonstrated and documented by the district to ensure the district's return to a compliant status. For these reasons, the SWMP has determined the district to be at "high risk" in accordance with Section I, subsection 10, of the SWMP General Terms and Conditions.

The district had an administrative contract with the Lake of the Ozarks Council of Local Governments (LOCLG) for the first twelve months of the audit period through June 30, 2009. Since July 1, 2009, Region T SWMD's administrative contract has been with the Camden County Wastewater Department (CCWD). Region T SWMD's management structure is comprised of a general council consisting of 14 members and an executive board consisting of seven members. The general council is comprised of two representatives from each county commission of the counties whom are members of the district, 1 representative from each city with a population of over 500 whom are members of the district and 1 at large member. Council members serve a term of two years. Officers of the council include the Chairman, Vice Chairman, and Secretary. Officers of the executive board include the Chairman, Vice Chairman and Secretary. All officers of the council and the executive board are elected annually.

General council and executive board members as of the end of the audit period at June 30, 2010, are listed below.

General Council Members:

- Beverly Thomas – Camden County Commission
- Kris Franken – Camden County Commission
- Danny Rhoads – Laclede County Commission
- Ralph Pitts – Laclede County Commission
- Tom Wright – Miller County Commission
- Sid Doerhoff – Miller County Commission
- Sandra Osborn – City of Camdenton
- Donna Officer – City of Conway
- John Holland – City of Eldon
- Thomas Reinhart – Village of Four Seasons
- Johnnie Franzeskos – City of Lake Ozark
- Chuck Jordan – City of Lebanon
- Penny Lyons – City of Osage Beach
- Jennifer Eblen – At Large Member

Executive Board Members:

- Danny Rhoads – Laclede County Commission
- Ralph Pitts – Laclede County Commission
- Tom Wright – Miller County Commission
- Thomas Reinhart – Village of Four Seasons
- Chuck Jordan – City of Lebanon
- Penny Lyons – City of Osage Beach
- Robert O'Keefe – Chairman, City of Osage Beach

**REGION T LAKE OF THE OZARKS SOLID WASTE MANAGEMENT DISTRICT
AUDIT PROCEDURES
FOR THE TWO YEARS ENDED JUNE 30, 2010**

During the dates of April 25, 26, 27, 28, and 29 of 2011, the audit firm of McBride, Lock & Associates conducted a performance audit of Region T Lake of the Ozarks Solid Waste Management District. 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 that the bylaws are approved.
- We prepared a summary of the current organization of the district.

Findings: See Finding Nos. 5, 8, and 9.

3. Minutes of Meetings

- We reviewed minutes of the council and executive board meetings for the engagement period.
- We evaluated six 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: See Finding No. 1.

4. Follow-up to Prior Audits

- We reviewed the findings of the previous performance engagement, the financial audits performed for the district, and the State Auditor's Office (SAO) report on the DNR Solid Waste Management Program issued in February 2006, documenting the status of the findings and the corrective action taken by the district.

Findings: See Schedule of Prior Audit Findings and Schedule of Prior SAO 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: None.

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.
- We provided a makeup of the district's cash balance at June 30, 2009 and June 30, 2010 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 Nos. 2 through 4.

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 that invoices and supporting documentation for billing of services are appropriate, properly approved, and in compliance with contract terms.

Findings: See Finding No. 16.

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: See Finding Nos. 11 and 21.

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, 4, 7, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, and 22.

10. District Grants

- We obtained a schedule of district grants from the DNR for FY 2009 and FY 2010 and reviewed the Guidance Document for Solid Waste Management District Grants.
- We reviewed proposals for FY 2009 and FY 2010, 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. 3, 6, 11, 14, 15, 17, 18, 19, 20, 21, 22, and 23.

11. Exit Conference

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

**REGION T LAKE OF THE OZARKS SOLID WASTE MANAGEMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 2010**

1. Failure To Comply With Sunshine Law

Condition – The following deficiencies were noted in reviewing council and executive board minutes during the audit period:

- a. Place where meeting occurred was not included (6 out of 6 occurrences).
- b. Members absent were not included (1 out of 6 occurrences).

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

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

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

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

District Response – The district stated, “Concur and adopt. This has been implemented, all meeting minutes from July 1, 2010 forward include where location of meeting took place along with members absent.”

2. No Executive Board Review of the Bank Reconciliations

Condition – Prior to September 30, 2009, bank reconciliations were not independently reviewed by the executive board to ensure accuracy and propriety. It was noted that beginning in September 2009, bank reconciliations were presented to the executive board and were dated and signed by a board member to evidence their review.

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

Effect – The district did not have effective controls over cash.

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

Recommendation – We recommend that the district continue to ensure that 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. This has been implemented and the district plans to continue this practice.”

3. **District Fund Balances Include Expired Projects**

Condition – As of June 30, 2010, the district has funds encumbered in the amount of \$34,764 for grants awarded in 2004, 2005 and 2007. See Schedule IV for the individual grants.

Criteria – DNR General Terms and Conditions I.B.2 under Project and Budget Periods states that districts are to assign project and budget periods for district grants to allow for up to a two-year time period for project completion. A maximum of one six-month extension may be allowed when approved by the Executive Board. Any extension of the project or budget periods beyond two-years and six months, must have prior approval of the Executive Board and the SWMP.

Effect – The district is at risk for future loss or delay in funding when it accumulates excessive unspent grant funds obligated to expired projects.

Cause – The district has accumulated funds which have not been properly de-obligated and have not been timely reallocated for waste reduction and recycling projects. This appears to be an administrative oversight by the district.

Recommendation – We recommend that the district monitor the fund balances held by the district and timely reallocate unused grant funds for waste reduction and recycling projects in accordance with state rules and regulations.

District Response – The district stated, “Concur and adopt. The district will ensure that unused grant funds are timely reallocated for waste reduction and recycling projects.”

4. **Quarterly Project Financial Summary Report Discrepancies**

Condition – The Quarterly Project Financial Summary reports submitted to the DNR for the periods ending June 30, 2009 and 2010 were not prepared accurately and did not reconcile to total cash held by the district. The reconciliation of the district’s cash balance at June 30, 2010 resulted in an unidentified balance of \$7.91 (see Schedule V). Additionally, the executive board does not have a policy for review and reconciliation of the Quarterly Project Financial Summary reports.

Criteria – The DNR General Terms and Conditions I.J.2.c. requires the district to provide an accurate project financial summary on a timely basis for each grant. Additionally, 10 CSR 80-9.050(7)(B) states, “An executive board receiving funds from the Solid Waste Management Fund for district grants shall themselves maintain, and require recipients of financial assistance to maintain, an accounting system according to generally accepted accounting principles that

accurately reflects all fiscal transactions, incorporates appropriate controls and safeguards...” Furthermore, DNR General Terms and Conditions I.I.3. states, “Effective control and accountability must be maintained for all district and district subgrantee cash, real and personal property, and other assets.”

Effect – When internal controls over assets are compromised there is an increased risk that an error or omission might occur and go undetected resulting in an exposure to potential loss of resources. Additionally, correct Quarterly Project Financial Summary reports were not accurately reported to the DNR.

Cause – The district did not maintain an adequate grants funding tracking system or financial record keeping process for district projects and was unaware of proper procedures for completing the Quarterly Project Financial Summary reports. Additionally, there is a lack of oversight by the executive board.

Recommendation – We recommend that the district implement procedures to ensure that the Quarterly Project Financial Summary reports are prepared accurately, reconciled to the district cash balance and reviewed by the executive board. Additionally, the district should prepare a revised financial report as of June 30, 2010 that accurately reflects subgrant awards and disbursements and reconcile remaining cash balances to the total cash held by the district. Furthermore, we recommend that the district immediately deposit \$7.91 into the bank account to ensure that the district is properly funded.

District Response – The district stated, “Concur and adopt. The district agrees to work with DNR on this finding to ensure the district is in compliance with all reporting requirements.”

5. **Conflict of Interest**

Condition – The district’s conflict of interest policy requires that each executive board member submit annually a signed conflict of interest disclosure statement. It was noted that conflict of interest disclosure statements were not signed and submitted by any of the executive board members in 2009 or 2010.

Criteria- The district’s conflict of interest policy states, “Annually, before November 1, each executive board member and each staff member shall submit a conflict of interest disclosure statement providing notice to the other executive board members and the public of each business and institution in which he or she has a direct or indirect interest.” 10 CSR 80-9.050(2) (B)4 states, “District grant funds will not be awarded for a project whose applicant is directly involved in the evaluation and ranking of that particular project.” Additionally, RSMo section 260.320.5 states, “No person shall serve as a member of the executive board who is a stockholder, officer, agent, attorney or employee or who is in any way pecuniarily interested in any business which engages in any aspect of solid waste management regulated under sections 260.200 to 260.345.” Furthermore, DNR General Terms and Conditions, I.V. states, “No party to this subgrant, shall participate in any decision related to such subgrant which could result in a real or apparent conflict of interest, including any decision which would affect their personal or pecuniary interest, directly or indirectly.”

Effect – Failure to disclose any conflict of interest, actual or in appearance, may cause significant cost disallowances or future loss of funding. Additionally, the district is not in compliance with its own policy and procedures.

Cause – This appears to be an administrative oversight by the district.

Recommendation – We recommend that the district ensure that conflict of interest policy and procedures are current, reflect the actual practice established by the district, and are adequately conveyed to council and executive board members to ensure compliance with applicable rules and regulations regarding the ranking and approval of proposals.

District Response – The district stated, “Concur and adopt. As of July 1, 2010 these documents were provided to the executive board members, were signed and retained in our records.”

6. **Grant Proposal Evaluation Incomplete**

Condition – It is the district’s policy to provide written notification requesting project proposals to the governing officials of each county and city over 500 in population; however, written notification for the FY 2010 project proposals could not be provided by the district for the governing official of Camden County, City of Camden, City of Eldon, City of Conway, City of Lake Ozark, or the Village of Four Seasons.

Additionally, no evidence was maintained to support that formal notification was provided to applicants whose proposals were evaluated as ineligible or incomplete in FY 2009 or FY 2010.

Furthermore, for evaluating FY 2009 proposals the district executive board members completed an evaluation sheet, which included 16 evaluation criteria. The form did not include the following evaluation criteria required by state regulations: conformance with the integrated waste management hierarchy, degree to which funding to the project will adversely affect existing private entities in the market segment, and selected financial ratios.

Criteria – 10 CSR 80-9.050(5) (A) states, “The district executive boards shall request project proposals by giving written notification to the governing officials of each member county and city over five hundred (500) in population.”

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

Furthermore, 10 CSR 80-9.050(5) (D)3 lists 19 criteria by which subgrant proposals are required to be evaluated.

Effect – The district risks the appearance of treating applicants inconsistently or unfairly. Applicants may not have the opportunity to resubmit a proposal prior to the application deadline if they are not formally notified that it is ineligible or incomplete. Additionally, district subawards for FY 2009 were not properly reviewed and ranked using the required evaluation criteria to support award and therefore subject to DNR disapproval.

Cause – The district has not implemented adequate policies and procedures to ensure that applicants are formally notified of ineligible or incomplete proposals. Additionally, failure to notify the governing officials of each member county and city over 500 in population and the missing evaluation criteria were administrative oversights by the district.

Recommendation - We recommend that the district implement procedures to ensure that a formal notification is sent to the governing officials of each member county and city over 500 in population and applicants whose proposals have been evaluated as ineligible or incomplete. Additionally, we recommend that the district implement procedures to ensure that the required evaluation criteria is used by the executive board to review and rank project proposals and is maintained and filed by the district.

District Response – The district stated, “Concur and adopt. These issues have been corrected as of July 2010 and the district plans to continue these practices. All documents will be digitalized for ease of finding with the new administrator.”

7. **Annual District Financial Audit Not Timely Submitted**

Condition – The district did not timely submit its required financial audit report for the two-year period ended June 30, 2009. The due date for submission of the financial audit was December 31, 2009; however, the audit report is dated October 15, 2010.

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 180 days of the end of the period covered by the audit.”

Effect – The district did not timely conduct the financial audit and submit the required audit report to the DNR for the two-year period ended June 30, 2009.

Cause – The district was not fully unaware of the criteria requirements.

Recommendation – We recommend that the district implement procedures to ensure that 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 audit was due at a time when the old administrator was going out and a new was taking over. The new administrator was not aware of any audit being due. As soon as notice was received, bids went out and audit was performed and completed by December 31, 2010. An extension was granted by DNR to have the audit completed by December 31, 2010.”

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

Condition – The district has established a solid waste management council; however, two cities with a population over 500 within the district are not represented on the solid waste management council.

Additionally, state statutes require each district to establish a solid waste management council and prescribe the duties of the council. However, since the council's formation in January 2010, there has been only one meeting in which a quorum, necessary to conduct an official meeting, was obtained.

Furthermore, the district has not appointed one or more geographically balanced advisory committees composed of the representatives of commercial generators, representatives of the solid waste management industry, and two citizens unaffiliated with a solid waste facility or operation to assess and make recommendations on solid waste management as required by state statute.

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

RSMo section 260.315.4.(3) states, “The council shall meet at least twice annually and upon the call of either the chairman of the council or the chairman of the executive board.”

RSMo section 260.320.3.(7) states, “The executive board shall appoint one or more geographically balanced advisory committees composed of the representatives of commercial generators, representatives of the solid waste management industry, and two citizens unaffiliated with a solid waste facility or operation to assess and make recommendations on solid waste management.”

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

Cause – The district stated that the City of Iberia and City of Richland, each with a population over 500, declined representation in the solid waste management district; however, there is no documentation to support their decision. Additionally, the district has a problem with a lack of participation by council members. Furthermore, the district has been unable to obtain qualified participants to serve on a geographically balanced advisory committee.

Recommendation – We recommend that the district increase its efforts to encourage all cities over 500 in population within the district to provide representation on the solid waste management council or retain support for cities that opt not to participate. Additionally, we recommend that the district should either increase its efforts to encourage members to actively participate in the solid waste management council or consider forming an alternative management structure for the purpose of managing the district, agreed to by each county in the district. Finally, the district should increase its efforts to recruit persons to serve as members of the advisory committee.

District Response – The district stated, “A certified letter with required response will be mailed to the city of Richland. The city of Iberia has provided documentation to the district and it was forwarded to DNR.” Additionally, “The new administration, Waste Corp of Missouri, is in the

process of putting an advisory board together and getting increased participation from the council members. This is one of their priorities and will be established within ninety (90) days.”

9. Discrepancy in the District Bylaws

Condition – State statute requires the solid waste management council to serve a term of two years and establish the terms of office for members of the executive board; however, the district bylaws do not state the office term for executive board and council members.

Criteria – RSMo section 260.315.2. states, “Council members shall serve a term of two years and may be reappointed thereafter.” Additionally, RSMo section 260.315.4.(2) states, “The council shall establish the terms of office for members of the executive board.”

Effect – The district bylaws do not address the office term for executive board and council members and are therefore incomplete.

Cause – This was an administrative oversight by the district.

Recommendation – We recommend that the district revise the bylaws to include the terms of office for executive board and council members.

District Response – The district stated, “Waste Corp of Missouri is in the process of rewriting the district bylaws. The terms of council members and executive board members will be established within this document so that the district is in compliance.”

10. Equipment Management Not Adequately Performed

Condition – The audit noted that the district does not maintain a current listing of subgrantee fixed assets. The inventory list provided by the district does not include subgrantee equipment purchased in FY 2009 and FY 2010.

Additionally, the district has not performed a physical inventory of subgrantee equipment within the last two years. The last physical inventory was performed on October 18, 2007.

Furthermore, a signed certification that the use of equipment purchased is for project activities is not required annually from the subgrantee.

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

The DNR General Terms and Conditions I.M.2.b. states, “A physical inventory of the equipment must be taken and the results reconciled with the equipment records at least once every two years.” Additionally, the district inventory policy states, “District T shall annually inventory all

equipment purchased in whole or in part with district and/or DNR funds with a value over \$500. The District T inventory shall be the responsibility of the District Planner. Each piece of equipment inventoried shall be entered in the district's inventory record."

The DNR General Terms and Conditions I.M.1.g. states, "The district or district's subgrantee hereby agrees that any equipment purchased pursuant to this agreement shall be used for the performance of services under this agreement during the term of this agreement, and for three years thereafter. The district or district's subgrantee shall annually submit a statement as provided by the district certifying that the use(s) of said equipment is for project activities."

Effect – Property purchased under the program has not been properly inventoried, in violation of contract provisions.

Cause – The district has not implemented a proper inventory practice.

Recommendation – We recommend that all required equipment be maintained in the property records and that a physical inventory of property be taken and the results reconciled with the property records at least once every two years. Additionally, we recommend that the district require subgrantees to certify annually that equipment purchased under agreement is for project activities. Furthermore, we recommend that the district ensure its inventory policy and procedures are current and reflect the actual practice established by the district.

District Response – The district stated, "There was a misunderstanding on the general terms and conditions. Administration found fixed asset list from 2007 with prior administration. District plans to perform audit of subgrantee fixed assets within ninety (90) days along with review of the fixed asset policy, general terms and conditions and financial assistance agreement. Additionally, the district will notify subgrantees of use statement certifying equipment is for project activities."

11. Quarterly and Final Reports Missing, Not Signed and Dated or Submitted Timely

Condition – Quarterly and final reports required to be submitted for projects in FY 2009 were not submitted or were not retained by the district.

Additionally, quarterly and final reports required to be submitted for projects in FY 2010 were not consistently signed and dated.

Furthermore, it was noted that the quarterly reports for the quarter ended March 31, 2010 were not submitted timely within 30 days after the end of the quarter.

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..." This would include ensuring that the quarterly and final reports are properly completed, signed and dated, and timely submitted to the DNR.

Effect – The district was not always meeting reporting requirements as reports have not been properly signed and dated, timely prepared, or filed and retained.

Cause – This was an administrative oversight by the district.

Recommendation – We recommend that the district implement procedures to ensure that quarterly and final reports are properly signed and dated, submitted timely to the DNR, and filed and retained.

District Response – The district stated, “Concur and adopt. The district will work with DNR to correct missing and incomplete reports.”

12. Project Start and Completion Dates Not Included on the Financial Assistance Agreements

Condition – Review of Financial Assistance Agreements (FAA) approved and fully executed in FY 2010 between the district and the district subgrantees noted that the agreements did not provide the project start and completion dates necessary to determine the effective period of the projects.

Criteria – The DNR General Terms and Conditions I.C.3.a. states, “The approved and fully executed FAA between the district and the district subgrantee must provide the project start and completion dates.”

Effect – Not providing the project start and completion dates on the FAA makes it difficult to determine the effective period of the project which is necessary to ensure compliance with rules and regulations.

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

Recommendation – We recommend that the district ensure that the project start and completion dates are provided on the FAA in accordance with the rules and regulations.

District Response – The district stated, “Concur and adopt. The district will ensure that the project start and completion dates are provided on the FAA.”

13. Signed Certification of Disbursement Requests From Subgrantees Not Required

Condition – Signed certification of disbursement requests from district subgrantees for projects in FY 2009 were not required by the district. It was noted that signed certification of disbursement forms were required and obtained from district subgrantees in FY 2010.

Criteria – The DNR General Terms and Conditions I.C.3.c. states, “All disbursement requests must have the following signed certification by the authorized district subgrantee official: I certify that to the best of my knowledge and belief the data above are correct and that all outlays were made or will be made in accordance with the subgrant and that payment is due and has not been previously requested.”

Effect – The district paid subgrantee disbursement requests without obtaining certification of validity for the request from the subgrantee, in violation of the DNR General Terms and Conditions.

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

Recommendation – We recommend that the district continue to require subgrantees to provide a signed certification with each disbursement request prior to disbursing funds to the subgrantee.

District Response – The district stated, “Concur and adopt. The district will continue to require subgrantees to provide certified disbursement requests.”

14. **Project Reimbursements Exceeded Invoice Amount**

Questioned Costs - \$876.67

Condition – Review of project T2010-004 noted that the district reimbursed the subgrantee for contractual services in excess of the amount supported by the invoice. The project FAA budget only allows for contractual services reimbursement. The invoice for contractual services was for \$11,565.81; however, the district reimbursed the subgrantee \$12,442.48. The difference of \$876.67 is unsupported costs and therefore is questioned as unallowable.

Criteria – 10 CSR 80-9.050(7)(B) and the DNR General Terms and Conditions I.I.7. state, “The financial management systems of districts and district subgrantees must be in accordance with generally accepted accounting principles and meet the following standards: Accounting records must be supported by source documentation such as cancelled checks, paid bills, payrolls, time and attendance records, contract, and agreement award documents.”

Effect – The district is at risk for \$876.67 for expenses deemed unallowable due to lack of support for reimbursed project costs.

Cause – This was an administrative oversight by the district.

Recommendation – We recommend that the district implement procedures to ensure that expenses reimbursed to subgrantees are properly supported and in accordance with the FAA between the district and the subgrantee. Additionally, we recommend the district resolve questioned costs of \$876.67 with the DNR.

District Response – The district stated, “The district will work with DNR to resolve the issue.”

15. **Budget and Scope of Work Revisions Not Reported and Approved**

Condition – Review of projects T2009-018 and T2010-003 noted budget adjustments were made within budget categories which were not reported on the project quarterly or final reports. Additionally, changes to the scope of services described in the application and FAA did not receive prior approval from the district and the FAA was not amended and submitted to the DNR for their approval.

Criteria – The DNR General Terms and Conditions I.J.2.a.iii. Quarterly Reports requires the district to submit project status reports which include budget adjustments made within budget categories, with justifications. Additionally, DNR General Terms and Conditions I.L.5. Budget

and Scope of Work Revisions states, “The district and district subgrantees are permitted to re-budget within the approved direct cost budget to meet unanticipated requirements. However, the district and district subgrantees must request approval in writing to revise budgets and scopes of work under the following conditions: Changes to the scope of services described in the application and FAA must receive prior approval from the district or SWMP, as applicable. Approved changes in the scope of work or budget shall be incorporated by written amendment to the FAA with copies immediately provided to SWMP upon the obtaining of the district and district subgrantee’s official signatures.”

Effect – Failure to obtain advanced approval from DNR on subgrantee budget and scope of work revisions could yield significant cost disallowances on subcontracts.

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

Recommendation – We recommend that the district implement procedures to ensure that advanced approval is obtained from the DNR for subgrantee budget and/or scope of work changes and that budget and/or scope of work changes are properly included in the quarterly project status reports.

District Response – The district stated, “Concur and adopt. The district will implement procedures to ensure budget and scope of work changes are amended on the FAA and properly reported to DNR.”

16. Lack of Source Documentation – Administrative Grant

Questioned Costs - \$1,485.54

Condition – Review of district administrative grant T2008-1 noted district administrative costs in the amount of \$1,485.54 paid out September 2, 2008 with check number 1195 were not adequately supported. The district was unable to provide invoices, payroll records, timesheets or other documentation to support the administrative expenditure. Additionally, salaries charged directly to the grant in accordance with the FAA were adequately supported; however, no support was provided for match funds of salary in the amount of \$6,667 as budgeted on the FAA.

Criteria – 10 CSR 80-9.050(7)(B) and the DNR General Terms and Conditions I.I.7. state, “ The financial management systems of districts and district subgrantees must be in accordance with generally accepted accounting principles and meet the following standards: Accounting records must be supported by source documentation such as cancelled checks, paid bills, payrolls, time and attendance records, contract, and agreement award documents.” Additionally, the district grant FAA, which is entered into under authority of and subject to pertinent legislation, regulations, and policies applicable to RSMo. Sections 260.200 through 260.355, may include match requirements as part of the FAA budget. Even though the Solid Waste Management Program application guidelines do not require a subgrantee match, a match must be provided if included as part of the subgrantee’s project application.

Effect – The district is at risk for \$1,485.54 for expenditures deemed unallowable due to lack of support for reimbursed administrative costs. We were unable to determine whether this

disbursement was an allowable expenditure. Additionally, subgrantee compliance with provisions of the FAA regarding match commitments is not assured.

Cause – This was an administrative oversight by the district.

Recommendation – We recommend that the district implement procedures to ensure that administrative expenses claimed are adequately supported prior to reimbursement. Additionally, we recommend that the district require subgrantees to provide support for matching funds budgeted in the FAA when applicable. Furthermore, we recommend the district resolve questioned costs of \$1,485.54 with the DNR.

District Response – The district stated, “Concur and adopt. The issue has been corrected and support is maintained for all administrative expenses.”

17. Proof of Clear Title Not Provided by the District Subgrantee

Condition – Review of project T2009-014 noted that the subgrantee purchased trailers for an amount greater than \$5,000. The trailers were titled in the State of Missouri; however, the district was not listed as a lien holder on the titles and the titles were not provided to the district to hold.

Criteria – The DNR General Terms and Conditions I.M.3.b.iv. states, “The district subgrantee hereby grants to the district, its successors, and assigns a security interest in all equipment purchased by the district subgrantee for \$5,000 or more, in whole or in part, with SWMF monies. If the equipment owned by district subgrantee is purchased with SWMF monies and is required to be titled through the Missouri Department of Revenue, the district must be listed as a lien holder on said title. The district’s subgrantee must provide the district a clear title to be held until the security interest (lien) has been fully depreciated.”

Effect – The district is at risk for the amount of the unsecured interest in equipment funded by grant monies.

Cause – The district was not aware of the criteria requirements.

Recommendation – We recommend that the district require proof of the district’s security interest in items that are required to be titled in the State of Missouri and funded by the district. Related documentation should be maintained. Additionally, we recommend that the district require that the subgrantee lists the district as a lien holder on the titles for the trailers purchased for project T2009-014.

District Response – The district stated, “Concur and adopt. The district will notify subgrantee that the district should be on all titles to equipment as a lienholder for security interest purposes.”

18. Failure to File UCC Financing Statement

Condition – The district has not filed a UCC-1 Financing Statement to document the property lien on subgrantee equipment purchased over \$5,000 for project T2009-016.

Criteria – The DNR General Terms and Conditions I.M.3.b.ii states, “The district subgrantee hereby grants to the district, its successors, and assigns a security interest in all equipment purchased by the subgrantee for \$5,000 or more, in whole or in part, with SWMF monies. ...The security interest of the district may decrease at a rate of 25% per year, beginning on the purchase date shown on the equipment invoice.”

Effect – The district risks the subgrantee transferring, selling, or pledging the district’s security interest as collateral by not filing the UCC-1 in a timely manner.

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

Recommendation – We recommend that the district implement procedures to ensure that the district is in compliance with state regulations pertaining to the timely filing of UCC Financing Statements. Additionally, we recommend that the district immediately file a UCC Financing Statement on equipment purchased for project T2009-016.

District Response – The district stated, “Concur and adopt. The district will notify the subgrantee that the district should be on all titles to equipment as a lienholder for security interest purposes.”

19. Equipment Lacking Permanent Identification Tag

Condition – Review of FY 2009 projects T2009-014, T2009-015, T2009-016, and T2009-017 noted that equipment purchased with grant funds was not properly tagged with a Region T Solid Waste District identification decal.

Criteria – The DNR General Terms and Conditions I.M.2.c. states, “A control system must be developed to ensure adequate safeguards to prevent against loss, damage, or theft of equipment.” Additionally I.M.2.d. states, “The control system shall include permanent tagging of equipment to identify the equipment as belonging to the district or being funded by district grant funds.”

Effect – Equipment funded with state grant funds is not identifiable. There is the potential risk that equipment will be used for unauthorized purposes or not properly maintained as required by the FAA between the district and subgrantee.

Cause – The district was unaware of all the controls necessary to ensure that district equipment is adequately safeguarded.

Recommendation – We recommend that the district timely affix a district identification tag to equipment purchased with state grant funds to ensure that district property is properly identified.

District Response – The district stated, “Concur and adopt. The district will notify subgrantees that all equipment purchased with solid waste funds must have the DNR logo on equipment or sign stating equipment purchase made possible through DNR solid waste funds.”

20. Proof of Insurance Lacking

Condition – Review of projects T2009-015 and T2009-018 noted the district was unable to provide proof of insurance documentation for equipment purchased with state grant funds.

Criteria – The DNR General Terms and Conditions I.M.2.e. states, “For all equipment purchased, in whole or in part, with SWMF, the district or district subgrantee shall procure and maintain insurance covering loss or damage to equipment purchased with a district or district subgrantee award, with a financially sound and reputable insurer in such amounts and covering such risks as are usually carried by similarly situated companies engaged in the same or similar business.”

Effect – Without obtaining proof of insurance, the district cannot be assured assets purchased with grant monies would be able to be replaced or repaired in the event of loss or damage.

Cause – This was an administrative oversight by the district.

Recommendation – We recommend that the district implement procedures to ensure that all equipment and property funded by the district is properly insured and that proof of insurance is reviewed and maintained.

District Response – The district stated, “Concur and adopt. The district will ensure that all equipment is properly insured and will require proof of insurance on file.”

21. Missing Procurement Documentation

Condition – Review of project T2009-018 noted the district was unable to provide documentation to support proper procurement procedures were followed by the subgrantee for the acquisition of chemicals in excess of \$25,000 with district grant funds.

Criteria – The FAA states recipients of grant funds are required to conduct purchasing activities in accordance with state regulations per RSMo 34, and Department of Procurement Authority Delegation and Procedures. RSMo Chapter 34 and 1 CSR 40-1 specify the State’s procurement policies. The State’s bidding requirements for purchases greater than \$25,000 require a formal bid process which includes advertising for sealed bids to be opened on a set date.

Effect – The district reimbursed the subgrantee with district grant funds in excess of \$25,000 without assurance that the subgrantee followed proper procurement procedures.

Cause – The district did not ensure that the subgrantee was using proper procurement procedures related to bidding requirements.

Recommendation – We recommend that the district implement procedures to ensure that 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 ensure that subgrantees are using proper procurement procedures and require that subgrantees provide support documentation for bidding.”

22. Printed Materials Do Not Credit DNR for Funding

Condition – Review of project T2009-016 noted one publication was developed and distributed by the subgrantee that did not include credit to the DNR for funding or present the DNR logo.

Criteria – The DNR General Terms and Conditions I.S.1. states, “District and district subgrantees receiving grant funding from the SWMF shall identify the MDNR as a funding source on all publications and other printed materials which are intended for distribution. Identification shall include the MDNR’s logo with the full ‘Missouri Department of Natural Resources’ name.”

Effect – Printed materials were distributed by a district subgrantee which failed to credit DNR for funding or identify the department and its logo.

Cause – This was an administrative oversight by the district.

Recommendation – We recommend that the district implement procedures to ensure that all printed materials distributed by the district or any subgrantee of the district properly credit DNR for funding and identify the department and its logo.

District Response – The district stated, “Concur and adopt. The district will ensure that all printed materials distributed by the district or subgrantee properly credit DNR for funding and identify the department and its logo.”

23. Lack of Documentation of Diversion Reporting

Condition – Review of project T2010-005 noted that diversion documentation submitted by the district subgrantee included each type and quantity of recovered material; however, the weight for each type of recovered material, necessary to gauge the overall success of the project, was not supported.

Criteria – 10 CSR 80-9.050(6)(B)1.D. requires the district to submit to the department a quarterly status report, thirty days after the end of each state fiscal year quarter, which includes the weight in tons of waste diverted for each type of recovered material or other measurable outcomes, as appropriate.

Effect – When the stated diversion goal is determined by weight and type of diverted material, it is difficult to determine the overall success of the project when the weight of waste diverted for each type of recovered material is not provided. Additionally, the district is not properly reporting diversion totals to the DNR.

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

Recommendation – We recommend that the district ensure that subgrantees are reporting the weight of waste diverted for each type of recovered material or other measurable outcome. The reported measurable outcome should be based on the proposed measurable outcome so that the success and goals of the project can be adequately evaluated.

District Response – The district stated, “Concur and adopt. The district will ensure that subgrantees properly report diversion of waste materials and that diversion is reported to DNR on the quarterly and final project status reports.”

**REGION T
LAKE OF THE OZARKS SOLID WASTE MANAGEMENT DISTRICT
CAMDENTON, MISSOURI**

Schedule of Prior Audit Findings

The prior audit was conducted by an audit firm contracted by the DNR for fiscal years 2006 through 2007. Of the 11 audit findings, two were implemented by the district and nine were not implemented or partially implemented.

1. FINDING – Sunshine Law Compliance

Condition – The following was noted in reviewing executive board and council minutes during the audit period:

- Notice of meeting was not given (2 out of 6 occurrences).
- Notice of meeting did not include whether meeting was opened or closed to the public (5 out of 6 occurrences).
- The time of meeting was not included in the minutes (3 out of 6 occurrences).
- Place of meeting was not indicated in the minutes (2 out of 6 occurrences).
- Members absent were not listed (2 out of 6 occurrences).
- Votes cast yea or nay were not listed by member (5 out of 6 occurrences).

Current Status – The executive board and council meeting minutes noted two of the previous issues still exist. See Finding No. 1.

2. FINDING – Frequency of Meetings

Condition – The district council and executive board did not hold meetings in the frequency as prescribed by the district by-laws and state law. Only two council meetings were held during the audit period and only four executive board meetings were held.

Current Status – The council has met on several occasions; however, a quorum has only been obtained on one occasion. See Finding No. 8.

3. FINDING – Bank Reconciliations

Condition – Bank statements were reconciled by the accountant who also maintains accounting records. Bank statements and related reconciliations were not independently reviewed to ensure their accuracy and verify their propriety.

Current Status – Bank reconciliations prior to September 2009 were not evidenced as reviewed by a district board member. See Finding No. 2.

4. FINDING – District Financial Audit Not Completed

Condition – The district has not arranged for the required financial audit for the current two-year period or the prior two-year audit period.

Current Status – The district has completed a financial audit for the two year period ended June 30, 2009; however, the financial audit was not timely submitted. See Finding No. 7.

5. FINDING – Incomplete Documentation of Grant Evaluation Process

Condition – The district has not adopted sufficient written procedures for the grant evaluation process. For the 2007 district grant cycle, due process for determining eligibility and/or completeness was not given to two project proposals. One proposal was eliminated from consideration because other sources for obtaining the equipment could be found. Another proposal was rejected because of the lack of specifications and firm price quotes and district staff was asked to send a letter indicating what information would be necessary to the applicant to be considered in the next grant round. The letter to the applicant was not signed and dated; and therefore, there is no assurance that the letter was sent.

The executive board members completed an evaluation sheet which included 16 evaluation criteria. The form did not include the following evaluation criteria required by state regulations: conformance with the integrated waste management hierarchy, degree to which funding to the project will adversely affect existing private entities in the market segment, and selected financial ratios. In addition, grant evaluation sheets were not signed or dated by the evaluator.

Current Status – The district was unable to provide support that denial letters were sent to applicants whose proposals were rejected in FY 2009 and FY 2010. Additionally, for FY 2009 project proposals, the district board members completed an evaluation sheet, which included 16 evaluation criteria. See Finding No. 6.

6. FINDING – Quarterly Reports Not Accurate or Complete

Condition – Quarterly reports submitted by the district did not include details of progress on projects, problems encountered in project execution, budget adjustments, and other information necessary for proper evaluation of the progress of the project. In addition, quarterly reports were not always signed and dated. Furthermore, a review of project numbers 2005189, 2005191, 2005197, and T2007-06 had been completed without a final report being submitted to DNR which should be within thirty days of the project completion date.

Current Status – Quarterly and final reports were not completed or not retained by the district for FY 2009 projects. Additionally, quarterly and final reports were not always signed and dated. Furthermore, budget adjustments were not properly reported. See Finding Nos. 11 and 15.

7. FINDING – Project Administration

Condition – Quarterly reports prepared for projects during the audit period showed project periods of two years whereas the project financial assistance agreement showed project periods of one year. Of eleven active projects reported at June 30, 2007, seven had been expired over a year from the expiration date per the project financial assistance agreement. Expenditures of \$1,756 were made for two of these projects after the projects had expired.

Current Status – Financial Assistance Agreements for FY 2010 projects did not include the project start and completion dates. See Finding No. 12.

8. FINDING – Administrative Cost Allocations

Condition – Administrative costs for salaries and related fringe benefits were allocated based on estimates of time spent by staff. These estimates were not supported by timesheets or other documented analysis of time spent. Salaries and fringe benefits were also used for local match and were likewise based on estimates.

Current Status – The current audit noted unsupported administration costs and a lack of support for salary match budgeted on the FAA. See Finding No. 16.

9. FINDING – Surety Bonding

Condition – Employees and executive board members involved with the receipt or disbursement of district funds were not covered by a surety bond during this audit period and the prior audit period.

Current Status – Employees and board members with fiduciary responsibilities are adequately covered by a surety bond. Consider the prior audit recommendation implemented.

10. FINDING – Fixed Assets Inventory

Condition – The district did not maintain an inventory of equipment purchased with subgrantee funds.

Current Status – The district did not maintain a current inventory list for FY 2009 and FY 2010 subgrantee equipment. Additionally, the district has not performed a physical inventory as required. See Finding No. 10.

11. **FINDING – District Organization**

Condition – The following documentation to support the proper formation of the district was not available for review.

- County ordinances or orders adopted by the governing body of each of the three member counties to join the solid waste management district.
- Written notice to the DNR to form the district.
- Notification of Formation issued by the DNR.

Current Status – The district located and retained documentation to support proper formation of the district. Consider the prior audit recommendation implemented.

**REGION T LAKE OF THE OZARKS SOLID WASTE MANAGEMENT DISTRICT
SCHEDULE OF PRIOR SAO AUDIT FINDINGS
FOR FISCAL YEARS ENDING JUNE 30, 2005, 2004, AND 2003**

1. FINDING – District Fund Balances

Condition – Region T Lake of the Ozarks has funds encumbered for grants awarded as far back as 1996. This district has also approved new grants for educational and dump clean-up programs, while grant monies awarded in previous years for the same purposes have not yet been spent.

Current Status – As of June 30, 2010, the district had funds encumbered for grants awarded in 2004, 2005 and 2007. See Finding No. 3.

2. FINDING – District Subgrantee Procedures

Condition – The district did not always comply with state regulations that require the executive board to retain 15% of funds from the recipient until the board gives approval to the recipient's final report. The district reimbursed four of the five subgrantees reviewed for grant expenses even though quarterly reports were not filed on a timely basis.

Current Status – Compliance with timeliness of filing quarterly reports could not always be determined because the reports were not always signed and dated or maintained and filed by the district. See Finding No. 11.

3. FINDING – District Subgrantee Procedures

Condition – Grant reimbursements were made for expenses that were not related to the purpose of grants. The district awarded \$18,000 each year for the three years ended June 30, 2005, for the purpose of locating and cleaning up illegal dumping sites. Over these three years, only \$4,641 was spent of the \$54,000 made available, and this entire amount was paid to a district board member for mileage reimbursement and wages.

Current Status – Changes to scope of services described in the application did not receive prior approval from the district and FAA was not amended and submitted to the DNR for approval. See Finding No. 15.

4. FINDING – Capital Assets

Condition – The district did not maintain a listing of capital assets purchased with grant monies and physical inventories of capital assets were not performed.

Current Status - The audit noted that the district does not maintain a current listing of subgrantee fixed assets. The inventory list provided by the district does not include subgrantee equipment purchased in FY 2009 and FY 2010. Additionally, physical inventory of capital assets has not been timely performed. See Finding No. 10.

Region T Lake of the Ozarks Solid Waste Management District
Status of Subgrantee Awards
June 30, 2010

Subgrant No.	Purpose	Awards		Unspent Funds
		Obligated	Unobligated	
2004184	Stoutland Education Project	\$ 1,300.00	\$ -	\$ 1,300.00
2005195	Village of Tuscumbia Recycling Awareness	4,870.00	-	4,870.00
2007-02	Lebanon Alternative Center Equipment Purchase	651.65	-	651.65
2007-04	City of Osage White Goods Collection	2,266.35	-	2,266.35
2007-05	District T Tire Collection	6,324.00	-	6,324.00
2007-08	City of Lebanon HHW Collection	609.69	-	609.69
2007-09	City of Iberia Skid Steer Loader	9,265.00	-	9,265.00
2007-11	District T Tire Collection	9,443.00	-	9,443.00
2007-12	Region T District Operations	34.35	-	34.35
2008-01	Region T Administration	5,524.58	-	5,524.58
2009-13	Lake of the Ozarks Watershed Alliance West Side Recycling	8,811.00	-	8,811.00
2009-16	City of Lebanon HHW Collection	736.80	-	736.80
2009-17	Waste Watchers Equipment Purchase	109.59	-	109.59
2009-19	City of Osage White Goods Collection	6,130.00	-	6,130.00
2010-01	Camden County Wastewater Department	14,073.92	-	14,073.92
2010-03	City of Osage Lake Wide Area White Goods	2,327.55	-	2,327.55
2010-04	City of Eldon/Miller County HHW Collection	6,423.89	-	6,423.89
2010-05	City of Lebanon Recycling Program	16,878.50	-	16,878.50
2010-06	Can Densifier, Pre-owned	20,000.00	-	20,000.00
2010-07	Lake Ozarks Watershed Alliance HHW Collection	3,044.96	-	3,044.96
2010-08	Material Processing Center, LLC	2,881.50	-	2,881.50
	Unobligated Interest	-	512.70	512.70
			District Fund Balance	\$ 122,219.03

Region T Lake of the Ozarks Solid Waste Management District
Cash Balance
June 30, 2010

Cash (Checking)	<u>\$122,211.12</u>
Total Account Balances	<u><u>\$122,211.12</u></u>

There is an immaterial variance in the Fund Balance and Assets of \$7.91. The variance was discovered in FY 2009 and is unidentified. See Finding No. 4.

Region T Lake of the Ozarks Solid Waste Management District
 Schedule of State Funding
 Years Ended June 30, 2010 and June 30, 2009

<u>Received</u>	<u>Total Amount</u>	<u>Fiscal Year</u>	<u>Type</u>
<u>Year Ended June 30, 2009</u>			
September 2008	\$20,000.00	2009	District Grant
October 2008	23,997.95	2009	District Grant
November 2008	<u>53,883.00</u>	2009	District Grant
Total From DNR in FY 2009	<u><u>\$97,880.95</u></u>		
 <u>Year Ended June 30, 2010</u>			
August 2009	\$17,820.00	2010	District Grant
October 2009	<u>114,218.50</u>	2010	District Grant
Total From DNR in FY 2010	<u><u>\$132,038.50</u></u>		