

INDEPENDENT ACCOUNTANT'S REPORT
PERFORMANCE AUDIT

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

FOR THE PERIOD JULY 1, 2016 THROUGH
JUNE 30, 2018

McBRIDE, LOCK & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS
KANSAS CITY

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

TABLE OF CONTENTS

	Appendix	Page
Independent Accountant’s Report		1
History and Organization	I	3
Schedule of Findings and Questioned Costs	II	5
Schedule of Prior Audit Findings	III	8
Schedule of Status of Subgrant Awards	IV	10
Schedule of Cash Balance	V	11
Schedule of State Funding	VI	12

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McBRIDE, LOCK & ASSOCIATES, LLC

Certified Public Accountants

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), Waste Management Program (WMP) 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 whether the district, council, executive board, advisory committee or alternative management structure were organized properly and in accordance with the Revised Statutes of Missouri.
2. To determine whether the duties of the council and executive board or alternative management structure have been carried out as specified in the Revised Statutes of Missouri.
3. To review the district's internal controls for accounting and financial matters, safeguarding assets, subgrantees, and compliance with laws, regulations, financial assistance agreements, solid waste plans, policies, and procedures.
4. To determine whether the district was in compliance with laws, regulations, financial assistance agreements, solid waste plans, policies, and procedures.
5. To determine whether the quarterly and final reports submitted to the DNR WMP by the district, along with accounting records and supporting documentation, were timely, presented accurately and in accordance with the DNR WMP guidelines.

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

Scope

The scope of our audit of Region T SWMD was for the two Fiscal Years ended June 30, 2018.

Methodology

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

We conducted 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 T 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
June 27, 2019

**REGION T LAKE OF THE OZARKS
SOLID WASTE MANAGEMENT DISTRICT
HISTORY AND ORGANIZATION
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 2018**

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 Section 260.305, RSMo, and was officially recognized by the DNR on October 8, 1992. The District is comprised of the following Missouri counties: Camden, Laclede and Miller and their participating cities with a population of 500 or more. Participation in the district is voluntary and is formally established through a resolution of adoption filed with the district office by the member governments. The purpose is to develop and improve efforts to reduce the amount of solid waste generated and disposed of in a three county region 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 Waste Corporation of Missouri, LLC (WCM) for the audit period through June 30, 2018. There are no direct employees of the District. The District consists of council members with eight voting members, and they consist of members representing the local units of government within the boundaries of the region. The council members also make up the Region T executive board. Of the executive board three are elected as the Chairman, Vice-Chairman, and Secretary to serve one year terms. Council and executive board members shall serve until such date as an elected official representative retires, is removed, or no longer holds that office. The executive board shall consist of one council member selected and designated by each member county, one council member for each participating city with a population of 500 or more and another member selected at-large by the council. A quorum shall consist of a majority (51%) of the entire council or executive board.

The executive board, by resolution adopted by a majority of the board, shall designate such committees as may be required, each of which shall consist of one or more board members. An advisory committee may be created by the executive board that is geographically balanced and consisting of representatives of commercial generators, and solid waste management industry, and two citizens unaffiliated with the operation of management of solid waste facilities to assess and make recommendations on solid waste management.

District council, executive board members and personnel as of the end of the audit period at June 30, 2018, are listed below.

Council/Executive Board Members:

- Tom Wright – Chairman, Miller County
- Dave Van Dee – Vice Chairman, Lake Ozark
- Jeana Woods – Secretary, Osage Beach
- Chuck Jordan – Lebanon
- Danny Rhodes – Laclede County
- Jeff Hancock – Camdenton
- Greg Hasty – Camden County
- Walter Moreland - Iberia

Primary Personnel who Participate in SWMD:

- Ethan Shackelford – Planner, WCA

**REGION T – LAKE OF THE OZARKS
SOLID WASTE MANAGEMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 2018**

1. Compliance with Missouri Sunshine Law

Condition – The minutes and notices are the official report made of transactions and proceedings of the Board. However, council and executive board meeting minutes were not compliant with Chapter 610, RSMo due to not detailing the members who were absent from the meeting within the minutes.

Criteria – Chapter 610, RSMo (commonly referred to as the Missouri Sunshine Law) requires a listing of members who were absent be included in the minutes of the meeting.

Effect – Including a listing of members who were absent in the minutes reduces the potential risk of penalties being levied against the District due to non-compliance with the Missouri Sunshine Law.

Cause – The District did not implement prior audit recommendations.

Recommendation – We recommend the District include a listing of members who were absent in the minutes along with all other items which are stipulated by the Missouri Sunshine Law to ensure that they are complete and accurate. The Board should ensure the District complies with these requirements.

District Response – The District agreed with the finding and the recommendation. A board members absent line was added to the meeting minutes template.

2. Management Structure Not Compliant With State Statutes or District Bylaws

Condition – The District was not fully compliant with state statutes or District bylaws in the following areas:

- The bylaws do not state the office term for council and executive board members.
- The District council only met on three occasions during the audit period, of which a quorum was present for only one of the meetings.
- The council has eight active members, including just one representative from each of the three counties and one representative of each city with a population of 500 or more within the three counties included in the District.
- The District has not maintained resolutions from each participating county and city approving the formation and management structure of the District.

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.”

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.” Additionally, the District bylaws require the council to meet at least quarterly.

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.” Additionally, the District bylaws state “the council will consist of 14 members, two appointed by each of the three county commissions and one by each city with a population of 500 or more and another member selected at large by the council.”

Effect – Following state statutes and council approved bylaws reduces the potential risk of non-compliance including the risk the District may be considered invalid and future allocations from DNR may potentially be withheld.

Cause – The District bylaws were last revised April 12, 2007 and no longer reflect the current management structure. Additionally, the District did not maintain documentation approving the formation of the District and describing the management structure as agreed to by each governing body.

Recommendation - We recommend the District revise their bylaws to reflect the current management structure including the office term for council and executive board members. Additionally, we recommend the District increase its efforts to encourage all cities and counties within the District to provide representation on the council to ensure compliance with state statutes and bylaws.

District Response – The District agreed with the finding and recommendation. The bylaws have been updated to show the correct number of council and executive board members.

3. **Identification of the DNR as a Funding Source Not Included on Equipment**

Condition – Identification of the DNR as a funding source, including the department’s logo and full name, was not included on equipment purchased with solid waste management grant funds.

Criteria – The DNR GTC I.W. states, “District and district subgrantees receiving grant funding from the WMF shall identify the MDNR as a funding source on all equipment, buildings, site improvements, publications and other printed materials which are intended for distribution and paid for, in whole or in part, with solid waste management funds...1. Identification shall include the MDNR’s logo with the full “Missouri Department of Natural Resources” name.”

Effect – Following the DNR GTC reduces the potential risk of non-compliance, including the risk of allocations potentially being withheld in the future.

Cause – This was an administrative oversight by the District.

Recommendation – We recommend the District follow the DNR GTC and ensure equipment properly identifies the DNR as a funding source when applicable.

District Response – The District agreed with the finding and recommendation. The District Planner is picking up stickers which identify DNR as a funding source and they will be put on the equipment.

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

Condition – Two out of 33 quarterly project reports reviewed were not submitted to the DNR within thirty days from the end of the quarter. Additionally, we found 2 out of 9 final project reports were not submitted to the DNR within thirty days of the project completion date. Projects 2018-006 and 2017-006 had one quarterly report each submitted 88 days and 85 days late respectively. Projects 2017-004 and 2017-006 had final reports submitted three days and 60 days late respectively.

Criteria – 10 CSR 80-9.050(6)(B) states, “On quarterly status report forms provided by the department, the District shall submit the following information to the department thirty (30) days after the end of each state Fiscal Year quarter...” Additionally, 10 CSR 80-9.050(6)(B)4., states, “The District shall submit to the department a final report for each plan implementation or district subgrantee project...”

Effect – Following the CSRs and submitting quarterly and final reports timely reduces the potential risk of non-compliance including the potential risk of future allocations being withheld.

Cause – This was an administrative oversight by the District.

Recommendation – We recommend the District follow the CSRs and ensure quarterly and final project reports are timely prepared and submitted to the DNR within required timeframes.

District Response – The District agreed with the finding and recommendation. The District will ensure quarterly and final reports are timely submitted in the future.

**REGION T – LAKE OF THE OZARKS
SOLID WASTE MANAGEMENT DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 2018**

The prior audit was conducted by an audit firm contracted by the DNR for Fiscal Years 2008 through 2010. Of the 23 audit findings, 18 were implemented by the District and five were not implemented by the District. The following issues were not fully implemented.

1. Sunshine Law Compliance Deficiencies

Condition – The following deficiencies were noted in reviewing council and executive board minutes:

- Place where meeting occurred was not included.
- Members absent were not included.

Current Status – Partially Implemented – Members absent were not included in minutes reviewed for the council and executive board meetings.

2. 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, there has been only one meeting in which a quorum was obtained. Furthermore, the District has not appointed one or more geographically balanced advisory committees.

Current Status – Partially Implemented – There was only one meeting of the council in which a quorum was obtained.

3. Discrepancy in the District Bylaws

Condition – State statute requires the council members 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.

Current Status – Not Implemented – The District bylaws do not state the office term for executive board and council members.

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

Condition – Quarterly and final reports were not submitted or not retained by the District. Additionally, quarterly reports were not consistently signed and dated. Furthermore, quarterly reports were not timely submitted within 30 days after the end of the quarter.

Current Status – Partially Implemented – Quarterly and final reports were not always timely submitted.

5. Equipment Lacking Permanent Identification Tag

Condition – Equipment purchased with grant funds was not properly tagged with a Region T Solid Waste District identification decal.

Current Status – Not Implemented – Equipment paid for in whole or part with grant funds did not identify the DNR as a funding source. Identification did not include the Department's logo with the full Department name.

**Region T - Lake of the Ozarks Solid Waste Management District
Status of Subgrantee Awards
June 30, 2018**

Subgrant No.	Description	Awards		Unspent Funds
		Obligated	Unobligated	
T2017-004	City of Lebanon	\$ 37,078	\$ -	\$ 37,078
T2017-003	Gateway Industries	2,834	-	2,834
T2017-005	Lake Area Industries	1,397	-	1,397
T2017-006	School of Osage	848	-	848
T2018-001	District Operations	26,340	-	26,340
T2018-002	Gateway Industries	2,444	-	2,444
T2018-003	Lake Area Industries	5,466	-	5,466
T2018-004	City of Osage Beach	4,100	-	4,100
T2018-005	Laclede Industries	872	-	872
T2018-006	City of Osage Beach	19,845	-	19,845
T2018-007	Show Me Metals	2,209	-	2,209
T2018-008	Camdenton Recycling	2,737	-	2,737
T2018-009	City of Lebanon	10,540	-	<u>10,540</u>
	Obligated Award Balance			\$ 116,710
	Unobligated Carryover			19,570
	Unobligated Interest			<u>140</u>
			District Fund Balance	<u><u>\$ 136,420</u></u>

**Region T - Lake of the Ozarks Solid Waste Management District
Cash Balance
June 30, 2018**

Grant Cash Account	\$	<u>136,420</u>
Total Account Balances	\$	<u><u>136,420</u></u>

**Region T - Lake of the Ozarks Solid Waste Management District
 Schedule of State Funding
 For The Two Years Ended June 30, 2018**

<u>Received</u>	<u>Total Amount</u>	<u>Fiscal Year</u>	<u>Type</u>
Year Ended June 30, 2018	\$ 56,999	2018	District Grant
Year Ended June 30, 2017	<u>115,867</u>	2017	District Grant
Total From DNR	<u>\$ 172,866</u>		