

# Auditor Engagement Letter & Procurement

Received  
APR 16 2008  
SWMP

**REQUEST FOR PROPOSALS  
EAST CENTRAL MISSOURI SOLID WASTE MANAGEMENT DISTRICT-REGION I  
INDEPENDENT FINANCIAL AUDIT**

The East Central Missouri Solid Waste Management District-Region I (District) is seeking proposals to conduct an independent financial audit in accordance with Generally Accepted Auditing Standards and applicable Missouri Department of Natural Resources regulations and guidelines. District audits must also meet OMB A-133 requirements. The District is a regional political corporation dedicated to expanding waste reduction and recycling in Franklin, Lincoln, Montgomery and Warren Counties. The District has an annual budget of approximately \$100,000, including sub-grantee reimbursements.

The selected firm shall conduct a multi-year audit for the period beginning January 1, 2006 and ending December 31, 2007. The District intends to contract for up to three multi-year audit periods.

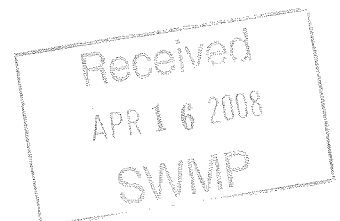
Information provided to the District shall include:

- a. The specialized experience and technical competence of the firm with respect to auditing public entities;
- b. Qualifications of key staff involved with the project;
- c. The capacity and capability of the firm to perform the work in question;
- d. Ability of the firm to complete the assigned work no later than May 31, 2008;
- e. The past record of performance of the firm with respect to such factors as quality of work and ability to meet schedules;
- f. References from all previous clients of related work with the firm within the past five years; and
- g. Cost of services.

Proposals must be received by 10:00 a.m., Monday, December 10, 2007. Proposals should be delivered to Marvin Himmel, Chairman, East Central Missouri Solid Waste Management District, 201 Main Street, Troy, MO 63379. For additional information please contact Boonslick Regional Planning Commission at (636)456-3473.

All sealed proposals must be clearly labeled on the outside of the envelope "Audit Proposal for East Central Missouri Solid Waste Management District"

East Central Missouri Solid Waste Management District is an Equal Opportunity Employer and invites the submission of proposals from minority and female-owned firms.



**CHARLES E. MONTGOMERY***CERTIFIED PUBLIC ACCOUNTANT*

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April 7, 2008

East Central Missouri Solid Waste Management District -- Region 1

I am pleased to confirm my understanding of the services I am to provide for the East Central Missouri Solid Waste Management District – Region 1 for the years ended June 30, 2007 and 2008. I will audit the statement of assets and liabilities of the East Central Missouri Solid Waste Management District – Region 1 as of June 30, 2007 and 2008, and the related statements of revenue collected and expenses paid and changes in fund balances for the year then ended. Also the document I submit to you will include the following additional information that will be subjected to the auditing procedures applied in my audit of the financial statement.

1. Schedule of Federal Assistance (if applicable)
2. Report on Internal Control
3. Report on Compliance

My audit will be made in accordance with generally accepted auditing standards and the Single Audit Act, and will include tests of your accounting records and other procedures I consider necessary to enable me to express an unqualified, opinion that your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles. If my opinion is other than unqualified, I will fully discuss the reasons with you in advance.

**Management Responsibilities**

Management is responsible for establishing and maintaining effective internal controls. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. You are also responsible for all management decisions and functions; for designating a management-level individual with suitable skill, knowledge, or experience to oversee our financial statement preparation services and any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

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Management is responsible for making all financial records and related information available to us. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the general purpose financial statements taken as a whole.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the East Central Missouri Solid Waste Management District - Region 1 and the respective changes in financial position and where applicable, cash flows, in conformity with U.S. generally accepted accounting principles.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations and for taking timely and appropriate steps to remedy and fraud, illegal acts, or violations of contracts or grant agreements that we may report.

#### Audit Procedures General

An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. I will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

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Because an audit is designed to provide reasonable, but not absolute, assurance and because I will not perform a detailed examination of all transactions, there is a risk that material misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, I will inform you of any material errors that come to my attention, and I will inform you of any fraudulent financial reporting or misappropriation of assets that comes to my attention. I will also inform you of any violations of laws or governmental regulations that come to my attention, unless clearly inconsequential. My responsibility as auditor is limited to the period covered by my audit and does not extend to matters that might arise during any later periods for which I am not engaged as auditor.

My procedures will include tests of documentary evidence supporting the transactions recorded in accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected customers, creditors and banks. I will request written representation from you about the financial statements and related matters.

#### Audit Procedures -- Compliance

Identifying and ensuring that East Central Missouri Solid Waste Management District -- Region 1 complies with laws, regulations, contracts, and agreements, is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I will perform tests of East Central Missouri Solid Waste Management District's -- Region 1 compliance with applicable laws and regulations and the provisions of contracts and agreements. However, the objective of my audit will not be to provide an opinion on overall compliance and I will not express such an opinion.

#### Audit Procedures -- Internal Control

In planning and performing my audits, I will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing my opinions on East Central Missouri Solid Waste Management District's -- Region 1 financial statements.

An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, I will inform the governing body or audit committee of any matters involving internal control and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control that, in my judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

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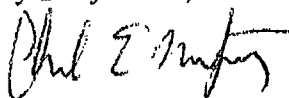
## Audit Administration, Fees and Other

I understand that your employee will type all cash, accounts receivable, accounts payable, and other conformations that I request and will locate any invoices selected by me for testing.

My fees for these services will be based on actual time spent at my standard hourly rate, plus travel, and other out-of-pocket costs such as report production, typing, postage, etc. My standard hourly rate varies according to the level of the personnel assigned to your audits. My invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with my firm's policy, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. Based on my preliminary estimates, the fee will not exceed \$1,800 for both years of the audits. This fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, I will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

I appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our agreement with the terms of my engagement as described in this letter, please sign the enclosed copy and return it to me, and this letter will continue in effect until canceled by either party.

Very Truly Yours,



Charles E. Montgomery, CPA