

EAST BREMER REGIONAL RECYCLING AUTHORITY LLC

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

**For the Period
July 1, 2013 through June 30, 2014**

TABLE OF CONTENTS

	<u>Page</u>
Officials	1
Independent Accountant's Report on Applying Agreed-Upon Procedures	2-3
Detailed Recommendations:	<u>Finding</u>
Segregation of Duties	A 4
Business Transactions	B 4
Questionable Disbursements	C 4
Electronic Check Retention	D 4
Bond Coverage	E 4

East Bremer Regional Recycling Authority LLC

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Gary Walke	Chairperson	Sumner
Billy Lehmkuhl	Vice-Chairperson	Sumner
DeAnn Lahmann	Secretary/Treasurer	Tripoli
Dan Wedemeier	Board Member	Readlyn
Norbert Raynard	Board Member	Tripoli
Doug Daniels	Board Member	Sumner
Denis Ducker	Board Member	Tripoli
Barry Fortsch*	Board Member	Readlyn
Herb Clemen**	Board Member	Readlyn

*Appointed January 2014

**Passed Away January 2014

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors:

I have performed an agreed-upon procedures engagement of the East Bremer Regional Recycling Authority LLC (a 28E Entity) pursuant to Chapter 11.6 of the Code of Iowa enacted by the Iowa Legislature to provide certain minimum oversight of Iowa cities. I have applied certain tests and procedures to selected accounting records and related information of the East Bremer Regional Recycling Authority LLC for the period July 1, 2013 through June 30, 2014. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

The procedures I performed are summarized as follows:


1. I reviewed selected Board meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. I reviewed the Authority's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. I reviewed surety bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. I obtained and reviewed the treasurer's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the Board of Directors.
5. I reviewed and tested selected receipts for accurate accounting.
6. I reviewed and tested selected disbursements for proper approval, adequate supporting documentation, and accurate accounting.

Based on the performance of the procedures described above, I identified various recommendations for the Authority. My recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

I was not engaged to and did not conduct an audit of the East Bremer Regional Recycling Authority LLC, the objective of which is the expression of an opinion on the Authority's financial statements. Accordingly, I do not express an opinion on the Authority's financial statements. Had I performed additional procedures, or had I performed an audit of the East Bremer Regional Recycling Authority LLC, additional matters might have come to my attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and members of the East Bremer Regional Recycling Authority LLC and other parties to whom the East Bremer Regional Recycling Authority LLC may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the East Bremer Regional Recycling Authority LLC during the course of my agreed-upon procedures. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.



Keith Oltrogge
Certified Public Accountant

October 13, 2014

Detailed Recommendations

East Bremer Regional Recycling Authority LLC

Detailed Recommendations

For the period July 1, 2013 through June 30, 2014

(A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Generally, one individual has control over each of the following areas for the Authority:

- 1) Cash – handling, reconciling and recording.
- 2) Receipts – opening mail, collecting, depositing, journalizing, reconciling and posting.
- 3) Disbursements – purchasing, invoice processing, check writing, mailing, reconciling and recording.
- 4) Financial reporting – preparing and reconciling.
- 5) Journal entries – preparing and journalizing.

Recommendation – I realize segregation of duties is difficult with a limited number of employees. However, the Authority should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Independent reviews of reconciliations should be evidenced by the signature or initials of the reviewer and the date of the review.

(B) Business Transactions – No business transactions between the Authority and Authority officials which may represent conflicts of interest were noted.

(C) Questionable Disbursements – No disbursements I believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

(D) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the Authority to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The Authority does not receive an image of the back of each cancelled check for the bank accounts.

Recommendation – The Authority should obtain and retain images of both the front and back of cancelled checks for all bank accounts as required by Chapter 554D.114 of the Code of Iowa.

(E) Bond Coverage – Surety bond coverage of Board officials was reviewed. There is no coverage.