



Audit Planning Discussion

Mid-America Regional Council

January 24, 2023



Agenda

Mid-America Regional Council

- ◆ 2022 Scope of Services
- ◆ Engagement Timeline
- ◆ Financial Statement Risk Assessment
- ◆ Required Discussion Items



2022 Scope Of Services

Mid-America Regional Council

- ❖ Audit of MARC's Financial Statements including Preparation of Financial Statements (expanded services in FY21)
- ❖ Single Audit
- ❖ Audit of SWMD's Financial Statements
- ❖ 990 for Mid-America Regional Council Community Services Corporation
- ❖ Management Letter (If necessary)
- ❖ Auditor Communication Letter



Engagement Timeline

Mid-America Regional Council

- ❖ Audit Planning Meeting January 24, 2023
- ❖ Interim Fieldwork December 5 - 16, 2022
- ❖ Year-end Financial and Single Audit Compliance Fieldwork March 13 – May 5, 2023
- ❖ Issuance of Draft Financial Statements and Uniform Guidance Reports and Auditor Communication Letter Week of May 8, 2023
- ❖ Year-end Meeting with Budget and Personnel Committee and/or Board to Discuss Financial and Compliance Audits May 23, 2023
- ❖ Preparation of 990 Extension will be prepared Prior to May 15, 2023



Financial Statement Risk Assessment

Mid-America Regional Council

Preliminary Assessment Of Risk	2022
High Risk Area	<ul style="list-style-type: none">◆ Federal financial assistance◆ Compliance with federal programs
Moderate Risk Area	<ul style="list-style-type: none">◆ Contributed services
Low Risk Area	<ul style="list-style-type: none">◆ Cash and investments◆ Capital assets◆ Other assets◆ Cash disbursements, purchasing and current liabilities◆ Payroll and employee benefits◆ Net position / Fund balance



Required Discussion Items

Mid-America Regional Council

- ❖ Effectiveness of controls in place to mitigate fraud risks
- ❖ Communication of control structure by Management to those charged with oversight
- ❖ Reports (if any) communicated through whistleblower process
- ❖ Any allegations, suspicions or known instances of fraud during the current year
- ❖ Compliance with laws, regulations, and provisions of contracts and grant agreements
- ❖ Opportunity to discuss matters independent of management

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***MID-AMERICA REGIONAL COUNCIL
AND MID-AMERICA REGIONAL COUNCIL SOLID
WASTE MANAGEMENT DISTRICT
AUDITOR PLANNING COMMUNICATIONS
DECEMBER 31, 2022***



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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Board of Directors
Mid-America Regional Council and
Mid-America Regional Council Solid Waste Management District
Kansas City, Missouri

This letter is provided in connection with our engagement to audit the financial statements and to audit compliance over major federal award programs of Mid-America Regional Council (MARC) and the Mid-America Regional Council Solid Waste Management District (SWMD) (collectively the Company) as of and for the year ended December 31, 2022. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit, the compliance audit and the planned scope and timing of our audit, including significant risks we have identified.

Responsibilities

As stated in our engagement letter dated January 20, 2023, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), *Government Auditing Standards* of the Comptroller General of the United States of America, the requirements of the Single Audit Act, as amended; and the provisions of the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), for the purpose of forming and expressing opinions on the financial statements, and on major federal award program compliance. Our audits do not relieve you or management of your respective responsibilities.

Our responsibility as it relates to the schedule of expenditures of federal awards is to evaluate its presentation for the purpose of forming and expressing an opinion as to whether it is presented fairly in all material respects in relation to the financial statements as a whole.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Our responsibility for the required supplementary information accompanying the financial statements, as described by professional standards, is to apply limited procedures in accordance with generally accepted auditing standards, which consist of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtain during our audit. We will not express an opinion or provide any assurance on the information because these limited procedures will not provide us with sufficient evidence to provide any assurance.

Our responsibility relating to other information, whether financial or nonfinancial information (other than financial statements and the auditors' report thereon), included in MARC's annual comprehensive financial report includes only the information identified in our report. We have no responsibility for determining whether the introductory or statistical sections are properly stated. We require that we receive the final version of the annual comprehensive financial report (including all the documents that, together, comprise the annual comprehensive financial report) in a timely manner prior to the date of the auditors' report, or if that is not possible, as soon as practicable and, in any case, prior to MARC's issuance of such information.

Audit Strategy And Planned Scope

Our audit will include 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. Our audit procedures will also include determining major federal programs and performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of MARC's major programs. Our audit is designed to provide reasonable, but not absolute, assurance about whether the financial statements as a whole are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements or material noncompliance may exist and not be detected by us.

We focus on areas with higher risk of material misstatement (whether due to error or fraud). Our audit strategy includes consideration of:

- a) Prior year audit results together with current year preliminary analytical review, including discussions with management and those charged with governance regarding the Company's operations;
- b) Inherent risk over financial reporting within the Company;

- c) Recent developments within the industry, regulatory environment and general economic conditions;
- d) Recently issued and effective accounting and financial reporting guidance;
- e) The Company's significant accounting policies and procedures, including those requiring significant management judgments and estimates and those related to significant unusual transactions;
- f) The control environment and the possibility that the control system and procedures may fail to prevent or detect a material error or fraud;
- g) Information about systems and the computer environment in which the related systems operate; and
- h) A continual assessment of materiality thresholds based upon qualitative and quantitative factors affecting the Company.

The areas indicated below relate to significant risks identified during our initial risk assessment procedures:

- Management override of controls
- Grant revenues are not properly recorded (MARC only)
- Grant expenditures are not properly accrued for at year end (MARC only)

Our audit will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and as a basis for designing the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. However, we will communicate to you at the conclusion of our audit any material weaknesses or significant deficiencies identified. We will also communicate to you:

- Any violation of laws or regulations that comes to our attention;
- Our views relating to qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures;
- Significant difficulties, if any, encountered during the audit;
- Disagreements with management, if any, encountered during the audit;
- Significant unusual transactions, if any;
- The potential effects of uncorrected misstatements on future-period financial statements; and
- Other significant matters that are relevant to your responsibilities in overseeing the financial reporting process.

The anticipated timing of our audit is as follows:

	<i>Begin</i>	<i>Complete</i>
Perform interim audit procedures	December 2022	December 2022
Perform year-end audit procedures	March 2023	April 2023
Issue audit report	June 2023	June 2023

This information is intended solely for the information and use of Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

RubinBrown LLP

January 24, 2023