

STATE OF CONNECTICUT



*AUDITORS' REPORT
MATERIALS INNOVATION AND RECYCLING AUTHORITY
FISCAL YEARS ENDED JUNE 30, 2019 AND 2020*

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ CLARK J. CHAPIN

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March 3, 2022

EXECUTIVE SUMMARY

In accordance with the provisions of Section 2-90 of the Connecticut General Statutes, we have audited certain operations of the Materials Innovation Recycling Authority (MIRA) for the fiscal years ended June 30, 2019 and 2020. Our audit identified internal control deficiencies, and instances of noncompliance with laws, regulations, and policies, and a need for improvement in practices and procedures that warrant the attention of management. The significant findings and recommendations are presented below:

<p><u>Page 10</u></p>	<p>MIRA did not prepare and submit its required annual plan of operations to the Department of Energy and Environmental Protection during the audited period. The Materials Innovation and Recycling Authority should prepare and submit its annual plan of operations to the Department of Energy and Environmental Protection for consistency with the statewide solid waste management plan as required by Section 22a-264 of the General Statutes. (Recommendation 1.)</p>
<p><u>Page 11</u></p>	<p>MIRA entered into two contracts without going out to public bid. MIRA’s power plant operator only obtained quotes from three vendors and selected the preferred vendor and price. The Materials Innovation and Recycle Authority should strengthen procurement procedures to ensure that it complies with its policies and procedures and sections 22a-268 and 22a-268a of the General Statutes. (Recommendation 2.)</p>

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

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March 3, 2022

AUDITORS' REPORT

We have audited certain operations of the Materials Innovation and Recycling Authority in fulfillment of our duties under Section 1-122 and Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the fiscal years ended June 30, 2019 and 2020. The objectives of our audit were to:

1. Evaluate the authority's internal controls over significant management and financial functions;
2. Evaluate the authority's compliance with policies and procedures internal to the authority or promulgated by other state agencies, as well as certain legal provisions; and
3. Evaluate the effectiveness, economy, and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the authority; and testing selected transactions. Our testing was not designed to project to a population unless specifically stated. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the 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.

The accompanying Résumé of Operations is presented for informational purposes. This information was obtained from various available sources including, but not limited to, the authority's management and the state's information systems, and was not subjected to the procedures applied in our audit of the authority. For the areas audited, we:

1. Identified deficiencies in internal controls;
2. Identified apparent non-compliance with laws, regulations, contracts and grant agreements, policies, and procedures; and
3. Identified a need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations section of this report presents findings arising from our audit of the Materials Innovation and Recycling Authority

COMMENTS

FOREWORD

The Materials Innovation and Recycling Authority (MIRA) was established as a successor to the Connecticut Resources Recovery Authority (CRRA) by Public Act 14-94, effective June 6, 2014. MIRA operates primarily under the provisions of Title 22a, Chapter 446e of the General Statutes. Section 22a-261(a) of the General Statutes names MIRA a public instrumentality and political subdivision of the state created for the performance of an essential public and governmental function. MIRA is a quasi-public agency subject to the requirements within Section 1-120 of the General Statutes. MIRA's financial information, as a component unit, is included in the State of Connecticut's Annual Comprehensive Financial Report (ACFR).

The mission of MIRA is to work for and in the best interest of the state's municipalities and residents in developing and implementing environmentally sound solutions and best practices for solid waste disposal and recycling management. The purpose of MIRA is to plan, design, construct, finance, manage, own, operate and maintain solid waste disposal, volume reduction, recycling, resource recovery facilities and related facilities considered necessary, desirable, convenient or appropriate in carrying out the provisions of the state solid waste management plan. MIRA provides solid waste management services to municipalities, regions, and persons within the state by receiving solid waste at MIRA facilities, recovering resources from solid waste, and generating revenues from the services sufficient for MIRA to operate on a self-sustaining basis.

The predecessor to MIRA, the Connecticut Resources Recovery Authority (CRRA), was created in 1973 to modernize the state's solid waste disposal practices by developing a network of resource recovery facilities and shifting the state away from the process of landfilling. CRRA built facilities in Hartford, Preston, Bridgeport and Wallingford to serve systems historically known as the Mid-Connecticut, Southeast, Bridgeport, and Wallingford projects respectively. The initial underlying contracts for these four projects expired over the last several years, resulting in a

distribution and/or reformation of project assets. For the fiscal years ended June 30, 2019 and 2020, MIRA's financial interests and activities were focused within its operations of the Connecticut Solid Waste System (CSWS) and Property and Landfill divisions. MIRA undertook certain closeout activities related to the Mid-Connecticut and Southeast projects. Those closeout activities advanced MIRA's evolution to focus on the operation and redevelopment of CSWS in accordance with Section 22a-268g of the General Statutes. The statute required the commissioner of the Department of Energy and Environmental Protection (DEEP), in consultation with MIRA, to solicit proposals for the redevelopment of the CSWS Project. Since then, MIRA has been working closely with DEEP to develop the new system. In September 2016, DEEP announced its selection of three finalists, which were invited to participate in the second phase of the proposal. On January 2, 2018, DEEP announced its selection of the Sacyr Rooney Redevelopment Team (SRRT) to modernize and operate the Hartford plant on a long-term basis. SRRT is an alliance between Sacyr, an international Spain-based firm specializing in complex infrastructure projects, and Manhattan Construction Group, which has extensive experience financing and building large-scale infrastructure projects. MIRA and SRRT have been engaged in negotiations consistent with MIRA's municipal service agreements, the contracting requirements in MIRA's enabling legislation (Public Act 14-94), and the DEEP request for proposal. The SRRT proposal calls for significant reduction in combustion at the site, enhanced recycling, and new technologies for anaerobic digestion and composting. The project will assist the state in reaching its statutory goal to divert 60% of waste from disposal by landfill or combustion by 2024. The redeveloped system is expected to commence operations by July 1, 2023.

Under the provisions of Section 22a-262(a)(3) of the General Statutes, the authority is authorized to contract with private industry to implement some or all of the requirements of the statewide solid waste management plan and for other activities it considers necessary.

Significant Legislation

Public Act 18-137 (Section 26), effective October 1, 2018, prohibited quasi-public agencies from making a payment in excess of fifty thousand dollars to a departing employee for the purposes of avoiding costs associated with potential litigation or pursuant to a non-disparagement agreement. Additionally, the act makes it illegal for the agreement to prohibit an employee from making a complaint or providing information in accordance with Section 4-61dd of the General Statutes (Whistleblower Act).

Board of Directors and Administrative Officials

Pursuant to Section 22a-261(b) of the General Statutes, the powers of MIRA are vested in and exercised by a board of directors. The MIRA board consists of 11 members who represent municipalities or are experts in the field of energy, environment, public or corporate finance, or business. The board includes three members appointed by the Governor; two appointed by the president pro tempore of the Senate; two appointed by the speaker of the House of Representatives; two appointed by the minority leader of the Senate; and two appointed by the minority leader of the House of Representatives. No director may be a member of the General Assembly. The Governor appoints the chairperson of the board. The board adopts bylaws and procedures it deems necessary to carry out its functions.

Members of the board as of June 30, 2020, were as follows:

Appointed by the Governor:	<u>Term Expires:</u>
Honorable James M. Hayden	May 31, 2016
Patricia M. Widlitz	February 25, 2020
Vacant	
Appointed by Senate President Pro Tempore	
Scott Shanley	June 30, 2016
Vacant	
Appointed by the Minority Leader of the Senate:	
Honorable, Donald S. Stein, Chair	June 30, 2022
Richard J. Barlow	June 30, 2020
Appointed by the Speaker of The House	
Honorable Edward Bailey	June 30, 2022
Vacant	
Appointed by the Minority Leader of the House of Representatives	
Honorable Carl Fortuna	June 30, 2023
John Adams	June 30, 2016
Ad Hoc Members	
Honorable Luke Bronin	November 19, 2022
Thomas Swarr	November 19, 2022

Board members with expired terms may continue to serve until a successor is appointed in accordance with Section 4-1 of the General Statutes. In addition, the board established several committees and subcommittees to assist the full board in making decisions. During the audited period, these committees were Finance, Synergy and Human Resources, and Policies and Procurement.

Thomas D. Kirk served as president of MIRA throughout the audited period and continues to serve in that capacity.

RÉSUMÉ OF OPERATIONS

Connecticut Solid Waste System Project

The Connecticut Solid Waste System (CSWS) is the primary operating division of the authority. During the fiscal years ended June 30, 2019 and 2020, CSWS provided solid waste disposal and recycling services to 51 municipalities and 41 private haulers in the state. CSWS provided those services using the Hartford resource recovery facility operated by NAES Corporation, three satellite transfer stations in Torrington, Watertown and Essex, and the Hartford recycling center.

The Hartford resource recovery facility consists of a waste processing facility and a power block facility. The plant processes approximately one-third of the state’s solid waste by burning and converting that energy to electricity. The power block facility has three combustion boilers to incinerate the refuse-derived fuel and create steam. The two steam turbines convert that steam into electricity. The facility processed 430,359 and 518,198 tons of municipal solid waste and generated 208,745 and 272,654 megawatt hours of energy in the fiscal years ended June 30, 2019 and 2020, respectively.

The member tipping fees for waste disposal are based on a tiered contractual arrangement at \$83.00 per ton for the fiscal year ended June 30, 2020. The CSWS business model provides that participating town waste disposal fees be set at the level necessary to fund its net cost of operation. The net cost of operation is the total operating budget less the revenue from the sale of generated energy, the use of CSWS by non-participating municipalities, and the recycling activities. Therefore, the change in energy price directly affects the tip fees charged to participating towns. Some of the town contracts include tip fee opt-outs, which if exceeded, allow the towns to terminate the contract. Non-disposal fee revenues in recent years have been volatile enough to cause tip fees to approach and ultimately exceed this opt-out level during the 2020 fiscal year. This volatility was due to the performance of the CSWS resource recovery system, energy prices, tip fees for non-participating towns, and the recycled commodities. To address the challenge of energy revenue volatility, MIRA management established the Tip Fee Stabilization Fund within its Property Division. Additional information concerning this fund is discussed later under the Property Division section of this report.

The Hartford recycling center processed 71,897 and 73,356 tons of recyclables and recovered 61,551 and 61,427 tons of paper, cardboard and containers from the waste stream for resale into recycling commodities market during the fiscal years ended June 30, 2019 and 2020, respectively. Due to steep declines in recycled commodity prices, CSWS did not generate surplus recycling revenue, and consequently did not provide rebates to its participating municipalities.

Below is selected revenue information from the audited financial statements along with the processed municipal solid waste (MSW) tonnage and member town tipping fees for the project for the audited period and the preceding year:

	Fiscal Year Ended June 30,		
	2020	2019	2018
Municipal Solid Waste Processed (ton)	518,198	430,359	554,315
Recyclable Processed (ton)	73,356	71,897	66,761
Member and Others Service Charge (\$)	43,210,000	40,810,000	39,567,000
Energy Generation Net of In-Plant Usage (MWh)	272,654	208,745	276,654
Energy Sales (\$)	13,322,000	14,943,000	15,598,000
Member Town Tipping Fee per Ton (\$)	83	81	68

In November 2018, the Hartford plant experienced the failure of two turbine generators. This caused MIRA to stop its operations for more than three months. MIRA was forced to reduce the amount of waste accepted and to divert a significant portion of accepted waste to out-of-state sites. The financial impact was significant and included an increase in operating expenses and tipping fees for the member municipalities. The board of directors increased the tip fee by \$9.35 effective

April 1, 2019, and \$1.65 effective July 1, 2019, bringing the total tip fees to \$83 per ton of solid waste.

During fiscal year 2020, the CSWS waste to energy facility's operational performance continued its decline. MIRA was able to resume turbine operations, after a catastrophic failure in fiscal year 2019, and increase energy output. Waste deliveries declined by 4.8% and average monthly combined boiler availability was only 64.8% of capacity primarily due to equipment failures and major maintenance requirements.

Property Division

When the Mid-Connecticut and Bridgeport projects expired, all capital assets retained by MIRA, except for those associated with landfills, were assigned to the Property Division. These primarily included the Hartford resource recovery and recycling facilities, three transfer stations, jet-powered electric generating peaking units, the Bridgeport project's land, and the recycling facility in Stratford. The division derived net income from the lease of the Bridgeport project and other property, and from the sale of the peaking unit power products through various ISO New England energy markets.

The Tip Fee Stabilization Fund within the Property Division helps to address the challenge of energy revenue volatility. The primary source of revenue for this fund is the income generated by MIRA's peaking units. Management may draw funds to support the Connecticut Solid Waste System's (CSWS) net cost of operations when wholesale energy revenue is low. The cash balance of the Tip Fee Stabilization Fund, as of June 30, 2020, was \$1.9 million and a total of \$50.6 million was contingently due back to the fund from CSWS. The funding deficit caused the \$25.7 million increase due from CSWS since our prior audit. CSWS relies heavily on financial support from the Tip Fee Stabilization Fund because of the SCWS project's declining operational performance and increases in major maintenance costs. Property Division cash receipts were sufficient to distribute \$14.5 million and \$9.6 million to the fund in the 2019 and 2020 fiscal years, respectively.

Landfill Division

The Landfill Division consists of three closed landfills and adjoining properties in Ellington, Shelton, and Waterbury. The division is also assigned certain equipment and installations associated with those landfills and the Hartford landfill, which is owned by the City of Hartford. The Hartford landfill operation ceased in December 2008 and the landfill was certified closed in February 2015. MIRA installed, owns, and operates a photovoltaic solar panel system on a portion of the property and has a site access agreement with the City of Hartford. The division generates revenue from the sale of electricity produced by the solar panel system on top of the Hartford landfill. The authority no longer has liabilities for closure and post-closure care of landfills as they have been certified as closed and the obligations transferred to DEEP pursuant to state statute.

Closeout Activities

During the fiscal years ended June 30, 2019 and 2020, the Mid Connecticut project remained administratively active on MIRA's financial statements for claims, litigation, and settlement activities only.

- **Mid-Connecticut Project** – During the 2020 fiscal year, the authority assigned all capital assets other than those associated with landfills to the Property Division and put them into service as the Connecticut Solid Waste System. The authority disbursed approximately \$1.995 million in surplus funds to the Mid-Connecticut member towns.

Other Examinations

Independent public accountants audited MIRA financial statements for the fiscal years under review. The goal of the independent audits was to provide reasonable assurance that MIRA financial statements were free of material misstatements. The independent audit involved examining evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent public accountants concluded that the financial statements were fairly presented in conformity with Generally Accepted Accounting Principles.

Statement of Net Position

Based on the MIRA’s audited financial statements, a summary of assets, liabilities, and net position follows:

Assets	Fiscal Years Ended June 30,		
	2020	2019	2018
Current:			
Unrestricted Assets:			
Cash and Cash equivalents	\$ 31,991,000	\$ 31,169,000	\$ 32,727,000
Accounts Receivable, net of allowance	6,958,000	11,083,000	5,587,000
Inventory	5,833,000	5,779,000	6,203,000
Prepaid expenses	2,430,000	2,487,000	2,496,000
Restricted Assets:			
Cash and Cash equivalents	230,000	209,000	206,000
Total Current Assets:	47,442,000	50,727,000	47,219,000
Non-Current:			
Capital Assets:			
Depreciable, net	18,746,000	25,889,000	47,985,000
Non-depreciable	26,851,000	30,783,000	32,245,000
Total Non-Current Assets:	45,597,000	56,672,000	80,230,000
Total Assets:	93,039,000	107,399,000	127,449,000
Liabilities			
Current:			
Payable from unrestricted assets:			
Accounts payable	1,973,000	2,344,000	1,444,000
Accrued expenses and other current liabilities	3,330,000	2,347,000	2,886,000
Unearned revenue	38,000	821,000	3,641,000
Payable from restricted assets:			

Accrued expenses and other current liabilities	179,000	159,000	157,000
Total Current Liabilities:	5,520,000	5,671,000	8,128,000
Long-Term:			
Other liabilities	-	-	-
Total Liabilities	5,520,000	5,671,000	8,128,000
Net Position			
Net investment in capital assets	45,597,000	56,672,000	80,230,000
Restricted	51,000	50,000	49,000
Unrestricted	41,871,000	45,006,000	39,042,000
Total Net Position	\$ 87,519,000	\$ 101,728,000	\$ 119,321,000

MIRA's total assets decreased by approximately \$20 million (15.7%) and its liabilities decreased by approximately \$2.5 million (30.2%) during the fiscal year ended June 30, 2019. The decrease in total assets was primarily due to a reduction in net capital assets offset by an increase in total current assets. The decrease in liabilities primarily reflected a reduction in unearned revenue.

MIRA's total assets decreased by approximately \$14.3 million (13.4%) and its liabilities decreased by approximately \$151,000 (2.7%) during the fiscal year ended June 30, 2020. The decrease in total assets was primarily due to a reduction in net capital assets.

Summary of Revenues, Expenditures and Net Income

Based on the MIRA's audited financial statements, a summary of revenues, expenditures and changes in net position follows:

	Fiscal Years Ended June 30,		
	2020	2019	2018
Operating Revenues:			
Service Charges: Members	\$ 33,585,000	\$ 31,264,000	\$ 25,519,000
Service Charges: Other	9,625,000	9,546,000	14,048,000
Energy Sales	26,898,000	33,399,000	30,648,000
Other Operating Revenues	4,172,000	3,299,000	3,674,000
Total Operating Revenues:	74,280,000	77,508,000	73,889,000

Operating Expenditures:			
Solid Waste Operations	54,944,000	59,887,000	51,420,000
Maintenance & Utilities	13,501,000	2,781,000	906,000
Legal Services - External	608,000	76,000	(37,000)
Administrative and Operational Services	5,074,000	4,797,000	4,829,000
Total Operating Expenditures Before Depreciation:	74,127,000	67,541,000	57,118,000

Operating Income Before Depreciation and Amortization	153,000	9,967,000	16,771,000
Depreciation & Amortization	12,633,000	39,054,000	21,431,000
Operating Loss	(12,480,000)	(29,087,000)	(4,660,000)

Non-Operating Revenues (Expenditures):			
Investment Income	423,000	459,000	383,000
Settlement Income	153,000	11,619,000	3,715,000
Settlement Expenses, Net	-	-	(2,324,000)
Distribution to SCRRRA	-	-	(656,000)
Distribution to Towns	(1,975,000)	(88,000)	(3,412,000)
Other Income (Expenses), Net	(330,000)	(496,000)	(326,000)
Total Non-Operating Revenues (Expenditures)	(1,729,000)	11,494,000	(2,620,000)

Change in Net Position	(14,209,000)	(17,593,000)	(7,280,000)
Total Net Position – Beginning of Year	101,728,000	119,321,000	126,601,000
Total Net Position – End of Year	\$ 87,519,000	\$ 101,728,000	\$ 119,321,000

During the fiscal year ended June 30, 2019, total operating revenue increased by \$3.6 million (4.9%). This was primarily due to an increase in member charges and additional energy sales.

During fiscal year ended June 30, 2020, total operating revenue decreased by \$3.2 million (4.2%). This was primarily due to an increase in member charges and a decrease in energy sales.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Materials Innovation and Recycling Authority disclosed the following two recommendations, of which one has been repeated from the previous audit:

Annual Plan of Operations

- Criteria:* Section 22a-264 of the General Statutes requires that the Materials Innovation and Recycling Authority (MIRA) prepare an annual plan of operations to be reviewed by the Commissioner of the Department of Energy and Environmental Protection (DEEP) for consistency with the statewide solid waste management plan. Upon approval by the DEEP commissioner and a vote of the authority's board of directors, the annual plan of operations shall be adopted.
- Condition:* Our review disclosed that MIRA did not prepare and submit the required annual plan of operations to DEEP during the audited period.
- Context:* MIRA last prepared its annual plan of operations for the fiscal years ended June 30, 2008 and 2009. That plan was submitted to DEEP but was never approved. Public Act 14-94 required DEEP to revise the Statewide Solid Waste Management (SWSM) plan. The new plan, referred to as the Comprehensive Materials Management Strategy (CMMS) plan, was adopted in July 2016. Although DEEP revised the solid waste management plan, MIRA did not prepare or submit annual plans of operations to DEEP.
- Effect:* There is less assurance that MIRA is providing solid waste management services in accordance with the statewide solid waste management plan.
- Cause:* MIRA management believes that the DEEP Resource Rediscovery initiative, pursuant to Section 22a-268g, essentially and effectively served as MIRA's annual plan of operations.
- Prior Audit Finding:* This finding has been previously reported in the last two audit reports covering the fiscal years ended June 30, 2015 through 2018.
- Recommendation:* The Materials Innovation and Recycling Authority should prepare and submit its annual plan of operations to the Department of Energy and Environmental Protection for consistency with the statewide solid waste management plan as required by Section 22a-264 of the General Statutes. (See Recommendation 1.)
- Auditee Response:* "No comment."

Competitive Bidding – Contracting with Vendors

Background: On February 13, 2019, the MIRA board of directors approved a \$98,000 contract for a refurbished jet engine with Wood Group Pratt & Whitney Industrial Turbine Services, LLC to serve as a spare for its jet engine power complex. On February 18, 2020, the board approved a contract for a spare free turbine with Worldwide Turbines, LLC for the jet engine power complex. The contract’s value was not to exceed \$200,000.

Criteria: Section 22a-268 of the General Statutes requires MIRA to engage in competitive bidding for vendor contracts. Additionally, MIRA’s Procurement Policies and Procedures, which include the contracting procedures adopted under Section 22a-268a of the General Statutes, state that MIRA must enter into contracts for the procurement of goods and services using a competitive process.

According to an operation and maintenance agreement between MIRA and North American Energy Services (NAES), NAES is responsible for major repairs including vendor solicitation. According to the NAES procurement procedures, NAES must document all vendor procurement contacts and obtain at least three written quotes for goods and services in excess of \$5,000.

Condition: MIRA entered two contracts, totaling \$298,000, without a public bidding process. MIRA’s power plant operator, NAES Corporation, only obtained quotes from three vendors and selected the preferred vendor and price.

Effect: Noncompliance with the competitive procurement process may result in MIRA not receiving the most favorable price for contracted services.

Cause: MIRA requested quotes from three vendors previously solicited for similar services as an alternative to competitive bidding.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Materials Innovation and Recycle Authority should strengthen procurement procedures to ensure that it complies with its policies and procedures and sections 22a-268 and 22a-268a of the General Statutes. (See Recommendation 2.)

Auditee Response: “No comment.”

RECOMMENDATIONS

Status of Prior Audit Recommendations:

Our prior audit report on the Materials Innovation and Recycling Authority contained two recommendations. One has been implemented or otherwise resolved and one has been repeated or restated with modifications during the current audit.

- The Materials Innovation and Recycling Authority should prepare and submit its annual plan of operations. If the authority believes this reporting requirement is redundant, it should seek an amendment to Section 22a-264 of the General Statutes to eliminate the reporting requirement. **This recommendation is being repeated in modified form (See Recommendation 1.)**
- The Materials Innovation and Recycling Authority should reconsider making a separation payment in excess of \$5,000 unless it receives approval from its board of directors. **This recommendation has been resolved.**

Current Audit Recommendations:

- 1. The Materials Innovation and Recycling Authority should prepare and submit its annual plan of operations to the Department of Energy and Environmental Protection for consistency with the statewide solid waste management plan as required by Section 22a-264 of the General Statutes.**

Comment:

MIRA did not prepare and submit its required annual plan of operations to the Department of Energy and Environmental Protection during the audited period.

- 2. The Materials Innovation and Recycle Authority should strengthen procurement procedures to ensure that it complies with its policies and procedures and sections 22a-268 and 22a-268a of the General Statutes.**

Comment:

MIRA entered two contracts, totaling \$298,000, without going out to public bid. MIRA's power plant operator only obtained quotes from three vendors and selected the preferred vendor and price.

ACKNOWLEDGMENTS

The Auditors of Public Accounts wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Materials Innovation and Recycling Authority during the course of our examination.

The Auditors of Public Accounts also would like to acknowledge the auditors who contributed to this report:

Michael Abbatiello
Shirley Huang
Anna Karpiej
Nikolaos Perdikakis



Michael Abbatiello
Associate Auditor

Approved:



John C. Geragosian
State Auditor



Clark J. Chapin
State Auditor