

STATE OF CONNECTICUT



*AUDITORS' REPORT
MATERIALS INNOVATION AND RECYCLING AUTHORITY
(FORMERLY CONNECTICUT RESOURCES RECOVERY AUTHORITY)
FOR THE FISCAL YEARS ENDED
JUNE 30, 2015 AND 2016*

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ ROBERT J. KANE

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AUDITORS OF PUBLIC ACCOUNTS

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April 17, 2019

INTRODUCTION

**AUDITORS' REPORT
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(FORMERLY THE CONNECTICUT RESOURCE RECOVERY AUTHORITY)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015 and 2016**

Executive Summary

In accordance with the provisions of section 2-90 of the General Statutes we have audited certain operations of the Materials Innovation and Recycling Authority (MIRA), formerly the Connecticut Resources Recovery Authority, for the fiscal years ended June 30, 2015 and 2016. The mission of this quasi-public agency is to work for and in the best interest of the municipalities and residents of the State of Connecticut in developing and implementing environmentally sound solutions and best practices for solid waste disposal and recycling management on behalf of its constituents.

The objectives of the audit were to evaluate internal controls over significant functions; compliance with policies, procedures, and legal provisions; and the economy and efficiency of certain management practices and operations. The audit resulted in 2 recommendations, presented below.

Recommendation 1	The Materials Innovation and Recycling Authority should ensure that quarterly reports to the Governor and the Office of Fiscal Analysis are submitted in a timely manner as prescribed by the General Statutes.
Recommendation 2	The Materials Innovation and Recycling Authority should prepare and submit the annual plan of operations as required by the General Statutes.

Objectives and Conclusions

We have audited certain operations of the Materials Innovation and Recycling Authority (MIRA) in fulfillment of our duties under Sections 1-122 and 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, 2015 and 2016. 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, including but not limited to whether MIRA has complied with its regulations concerning affirmative action, personnel practices, the purchase of goods and services, the use of surplus funds, and the distribution of loans, grants and other financial assistance, as applicable; 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. 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 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 that the evidence obtained provides such a basis.

The accompanying Résumé of Operations is presented for informational purposes. This information was obtained from various available sources including, but not limited to, the department'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 identified:

1. Deficiencies in internal controls;
2. Apparent noncompliance with legal provisions; and

3. Need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations in the accompanying report presents any findings arising from our audit of MIRA.

COMMENTS

FOREWORD

The Materials Innovation and Recycling Authority (MIRA) was established as a successor to the Connecticut Resources Recovery Authority (CRRA), effective June 06, 2014, pursuant to Public Act 14-94. MIRA is a public instrumentality and political subdivision of the State of Connecticut and is included as a component unit in the state's Comprehensive Annual Financial Report (CAFR). MIRA operates primarily under the provisions of Sections 22a-257 through 22a-285k of the General Statutes.

The mission of MIRA is to work for and in the best interest of the municipalities and residents of the state 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, resource recovery facilities, and related facilities considered to be 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 agency 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. Facilities were constructed in Hartford, Preston, Bridgeport and Wallingford to serve systems that have historically been known as the Mid-Connecticut, Southeast, Bridgeport, and Wallingford projects. CRRA secured financing, facility developer, operator and customer contracts, and administered those projects throughout their various stages over the last four decades. The initial underlying contracts for the Mid-Connecticut, Southeast, Bridgeport, and Wallingford projects expired over the last several years, resulting in a distribution and/or reformation of project assets. During the 2015 and 2016 fiscal years, MIRA's financial interest and activities were focused within its operations of the Connecticut Solid Waste System (CSWS), Southeast Project, and Property and Landfill divisions. MIRA undertook certain closeout activities that have advanced its evolution to a central focus on the redevelopment of the CSWS.

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

Recent State Legislation

Public Act 14-94, effective June 6, 2014, established a new consultative partnership between MIRA and the state Department of Energy and Environmental Protection (DEEP) specifically for redevelopment of the Connecticut Solid Waste System and generally for the development of new waste management industries and technologies. The act charged DEEP with revising the Statewide Solid Waste Management Plan and undertaking those consultative efforts consistent with the revised plan.

The act transferred CRRA's prior role in statewide recycling education to the Recycle CT Foundation. Following a transition period, MIRA closed its Hartford Trash Museum on June 24, 2016 and, as of June 30, 2016, MIRA did not provide recycling education services.

Board of Directors and Administrative Officials

Pursuant to Section 22a-261 (b) of the General Statutes, MIRA's powers are vested in and exercised by a board of directors consisting of 11 members who represent municipalities or are experts in the field of energy, environment, public or corporate finance, and business. The MIRA board should include 3 members appointed by the Governor; 2 appointed by the president pro tempore of the Senate; 2 appointed by the speaker of the House of Representatives; 2 appointed by the minority leader of the Senate; and 2 appointed by the minority leader of the House of Representatives. No director may be a member of the General Assembly.

The board shall adopt bylaws and procedures it deems necessary to carry out its functions. The members of the Board of Directors, as of June 30, 2016, were as follows:

Appointed by Governor:

James M. Hayden
Robert L. Painter
Patricia M. Widlitz

Legislative Appointments:

Honorable, Donald S. Stein, Chairman
John E. Adams
Richard J. Barlow
Marilynn Cruz-Aponte
Ralph Eno
Andrew J. Nunn
Scott Shanley
One Vacancy

In addition, the board established several committees and subcommittees to assist in making decisions related to MIRA. During the audited period, the MIRA board had the following standing committees: Finance Committee, Synergy and Human Resources Committee, and Policies and Procurement Committee.

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

RÉSUMÉ OF OPERATIONS

Financial operations for MIRA for the fiscal years ended June 30, 2015 and 2016 were comprised of 2 comprehensive solid waste disposal systems (Connecticut Solid Waste System and Southeast Project), 2 divisions (Property and Landfill), a general fund, and closeout activities. Each of the operating systems has a unique legal, contractual, financial, and operational structure.

Connecticut Solid Waste System

Connecticut Solid Waste System (CSWS) is a primary operating division of MIRA. During the fiscal year ended June 30, 2015 and 2016, CSWS provided solid waste disposal and recycling services to 51 municipalities and 41 private haulers in the state. CSWS provided those services by use of the Hartford resource recovery facility (operated by [NAES Corporation](#)); 3 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 waste processing facility converts municipal solid waste into refuse derived fuel (RDF) by removing ferrous metals and shredding the trash. The shredded mixture is then blown into 3 combustor boilers located in the power block facility. Two steam turbines located in the power block facility produce up to 90 megawatt hours of energy per hour. The facility generated 332,092 and 343,429 megawatt hours of energy in the fiscal years ended June 30, 2015 and 2016, respectively.

The member tipping fees for waste disposal are based on a tiered contractual arrangement and averaged \$63.80 per ton for the fiscal year ended June 30, 2016. The business model for CSWS provides that member tipping 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 energy generated, the use of the CSWS by non-participating municipalities, and the recycling activities. Therefore, the change in energy price directly impacts 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 sufficiently volatile to cause tip fees to approach this opt-out level. MIRA management established the Tip Fee Stabilization Fund to address the challenge of energy revenue volatility.

In the fiscal year ended June 30, 2015, CSWS recycling operations allowed MIRA to declare a surplus of approximately \$219,000 in recycling revenues, which were proportionately rebated to 41 member municipalities. Due to steep declines in recycled commodity prices, CSWS did not generate surplus recycling revenue during the 2016 fiscal year, and consequently did not provide rebates to its participating municipalities.

MIRA has worked closely with DEEP in preparing the request for proposals (RFP) for CSWS redevelopment, mandated by statute. DEEP issued the RFP, termed "Resource Rediscovery," on November 6, 2015 in advance of the January 1, 2016 statutory deadline. During the fiscal year ended June 30, 2016, DEEP received and evaluated the initial phase one proposals. In September 2016, DEEP announced the selection of three finalists that were invited to participate in a final selection process. Pursuant to state statute, by December 31, 2017, DEEP selected a final proposal

and directed the authority to enter into an agreement with the contractor for the CSWS redevelopment.

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:

	<u>Fiscal Years Ended June 30,</u>	
	<u>2016</u>	<u>2015</u>
Municipal Solid Waste Processed (ton)	631,450	638,290
Recyclable Recovered (ton)	72,223	64,264
Member and Other Service Charges	\$ 39,141,000	\$ 39,843,000
Energy Sales	\$ 15,857,000	\$ 17,984,000
Member Town Tipping Fee per Ton	\$ 63.80	\$ 64.50

Southeast Project

During the fiscal years ended June 30, 2015 and 2016, the Southeast project provided solid waste disposal services to 12 municipal members of the Southeast Connecticut Regional Resource Recovery Authority (SCRRA) as well as additional customers secured through the contract operator of the resource recovery facility located in Preston. During the fiscal year ended June 30, 2015, MIRA remained the nominal owner of this facility, contracted its operation to a private contractor (Covanta) under a long term service agreement, and secured waste deliveries to the project through an agreement with SCRRA. During the fiscal year ended June 30, 2016, the MIRA Resource Recovery Revenue Refunding Bonds, issued by MIRA to finance the construction of this facility, matured and were fully paid. MIRA transferred financial control of the project to SCRRA and ownership of the resource recovery facility to Covanta. Prior to the transfer of financial control to SCRRA, the Southeast Project generated 124,891 and 34,065 megawatt hours during the fiscal years ended June 30, 2015 and 2016, respectively.

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:

	<u>Fiscal Years Ended June 30,</u>	
	<u>2016</u>	<u>2015</u>
Municipal Solid Waste Processed (ton)	94,809	261,748
Member and Other Service Charges	\$ 8,455,000	\$ 8,114,000
Energy Sales	\$ 9,343,000	\$ 21,799,000
Member Town Tipping Fee per Ton	\$ 58.00	\$ 58.00

Property Division

All capital assets retained by CRRA upon expiration of the Mid-Connecticut and Bridgeport projects, other than those associated with landfills, were assigned to the Property Division. This primarily included the Hartford resource recovery and recycling facilities, 3 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, other property, and the sale of the peaking unit power products through various ISO New England energy markets.

Management established the Tip Fee Stabilization Fund within the property division to address the challenge of energy revenue volatility. The primary source of revenue for this fund is the income generated by the MIRA peaking units. Management may draw funds to support the CSWS net cost of operations when wholesale energy revenue is low, thereby avoiding the opt-out price. The cash balance of the Tip Fee Stabilization Fund, as of June 30, 2016, was \$3.7 million and a total of \$7.4 million was contingently due back to the fund from CSWS.

Landfill Division

The Landfill Division consists of 3 closed landfills and adjoining properties in Ellington, Shelton, and Waterbury. The division is also assigned certain equipment and installations associated with those landfills as well as 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 from the solar array on top of the former Hartford landfill. Federal, state, and local regulations required the authority to cap its landfills when it stopped accepting waste (closure obligations), and to perform certain maintenance and monitoring functions for periods that may extend 30 years after closure. Accordingly, the authority previously estimated its liability for closure and post-closure care costs and recorded any increases or decreases to the liability as an operating expense. During the fiscal year ended June 30, 2014, pursuant to the Public Act 13-247 Section 236, the authority transferred all of its landfill post-closure care obligations to DEEP and concurrently transferred \$31 million of its landfill reserve accounts to the General Fund as required by Public Act 13-184 Section 99. As of June 30, 2016, all landfills have been certified as closed, and MIRA has transferred all obligations to DEEP.

Closeout Activities

- **Bridgeport Project** – This project remained administratively active for claims, litigation, and settlement activities during part of the fiscal year ended June 30, 2016. MIRA completely distributed all funds associated with the Bridgeport Project and disbursed approximately \$141,000 in surplus funds to the project's member towns. As of June 30, 2016, MIRA has no further financial obligations related to this project.
- **Wallingford Project** – During the fiscal year ended June 30, 2015, MIRA completed its transfer of ownership of the Wallingford project to the private sector pursuant to project terms. MIRA disbursed approximately \$600,000 in surplus funds to the project's member

towns. Final distribution of surplus funds was held pending the resolution and payment of the project's final expenses. The final distribution of approximately \$40,000 occurred during the fiscal year ended June 30, 2016. MIRA has no further financial obligations related to this project.

- **Recycling Division** – During the fiscal year ended June 30, 2015, MIRA reached an agreement with the Southwest Connecticut Regional Recycling Operating Committee (SWEROC) on the disposition of the equipment housed within the Stratford facility. MIRA disbursed approximately \$551,000 in surplus funds to SWEROC member towns. As of June 30, 2016, MIRA has no further financial obligations related to this division.

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

	<u>Fiscal Years Ended June 30,</u>	
Assets	<u>2016</u>	<u>2015</u>
Current:		
Unrestricted Assets:		
Cash and Cash equivalents	\$ 43,682,000	\$ 53,771,000
Accounts Receivable, net of allowance	4,952,000	12,122,000
Inventory	5,954,000	5,916,000
Prepaid Expenses	3,295,000	2,442,000
Unrestricted Assets:	207,000	1,800,000
Non- Current:		
Capital Assets:		
Depreciable, net	\$ 69,458,000	\$ 72,507,000
Nondepreciable	29,038,000	32,769,000
Development cost, net	-	392,000
Total Assets	<u>\$ 156,586,000</u>	<u>\$ 181,719,000</u>
Liabilities		
Current:		
Payable from unrestricted assets:		
Accounts payable	\$ 2,615,000	\$ 4,535,000
Accrued expenses and other current liabilities	3,874,000	9,992,000
Unearned revenue	2,879,000	2,586,000
Payable from restricted assets:		
Accrued expenses and other current liabilities	158,000	1,752,000
Long-Term:		
Other liabilities	5,000,000	3,500,000
Total Liabilities	<u>\$ 14,526,000</u>	<u>\$ 22,365,000</u>
Net Position		
Net investment in capital assets	98,496,000	105,277,000
Restricted	49,000	48,000
Unrestricted	43,515,000	54,029,000
Total Net Position	<u>\$ 142,060,000</u>	<u>\$ 159,354,000</u>

The authority's total assets decreased by \$25.1 million (13.8%) and its total liabilities decreased by \$7.8 million (35.1%) between the 2015 and 2016 fiscal years. This was primarily due to the close-out and transfer of control of its Southeast Project.

Summary of Revenues, Expenditures and Net Income

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

	Fiscal Years Ended June 30,	
	<u>2016</u>	<u>2015</u>
Operating Revenues:		
Service Charges: Members	\$ 26,103,000	\$ 31,005,000
Service Charges: Other	21,493,000	17,020,000
Energy sales	33,347,000	46,921,000
Other operating revenues	2,393,000	3,319,000
Total Operating Revenue:	\$ 83,336,000	\$ 98,265,000
Operating Expenditures:		
Solid waste operations	\$ 66,148,000	\$ 81,852,000
Maintenance & utilities	1,098,000	1,144,000
Legal Services - external	580,000	1,760,000
Administrative and Operational Services	5,718,000	6,210,000
Distribution to SCRRRA	5,875,000	-
Operating Expenditures Before Depreciation	\$ 79,419,000	\$ 90,966,000
Operating Income before depreciation and amortization	3,917,000	7,299,000
Depreciation & amortization	19,422,000	17,614,000
Operating Income (Loss)	\$ (15,505,000)	\$ (10,315,000)
Non-Operating Revenues (Expenditures)		
Investment income	\$ 99,000	\$ 60,000
Settlement income	638,000	-
Settlement expenses	(693,000)	-
Other income (expenses), net	(1,833,000)	(2,157,000)
Non-Operating Revenues (Expenditures)	\$ (1,789,000)	\$ (2,097,000)
Change In Net Position	(17,294,000)	(12,412,000)
Total Net Position - Beginning Of Year	159,354,000	171,766,000
Total Net Position - End Of Year	142,060,000	159,354,000

Total operating revenue decreased by \$14.9 million, or 15.2%, from the 2015 to the 2016 fiscal year. The operating revenues decreased \$25.1 million, or 20.3%, from the 2014 to the 2015 fiscal year. That was due to declining wholesale energy prices, reduced energy production associated with the aging resource recovery facility, and declining revenue from nonparticipating towns. Even though MIRA contracted a fixed price per kWh of energy during the audited period, which was an effective hedge against volatile wholesale energy prices, the CSWS experienced its second-lowest level of energy production since its inception.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our audit identified the following reportable conditions.

Untimely Reporting

Criteria: Section 1-123 (b) of the General Statutes requires quasi-public agency boards of directors to submit a quarterly financial report to the Office of Fiscal Analysis.

Section 1-123 (c) of the General Statutes requires the board of directors to submit quarterly personnel status reports to the Office of Fiscal Analysis.

Section 22a-263 of the General Statutes requires MIRA to report quarterly to the Governor on its operations.

Good business practice requires that reports are prepared and submitted in a timely manner.

Condition: Our review disclosed that the Materials Innovation and Recycling Authority did not submit the following reports for the fiscal years ended June 30, 2015 and 2016 in a timely manner:

- 7 of 8 quarterly financial and personnel status reports;
- 7 of 8 quarterly reports on operations.

Cause: MIRA lacked sufficient internal controls to ensure that reports were filed in a timely manner.

Effect: Legislative oversight of the authority was diminished.

Recommendation: The Materials Innovation and Recycling Authority should strengthen its internal controls to ensure all statutory reports are submitted in a timely manner. (See Recommendation 1.)

Agency Response: “We file the quarterly reports after the prior year’s annual reports are filed. The prior year’s fourth quarter report and the prior year’s annual reports are filed after the Audit and the CAFR is completed. Audit is completed as of September 30th and CAFR is completed as of December 31st of the following year.

For example, FY14 year end is as of 6/30/14. The audit for FY14 is completed as of 9/30/14 and the CAFR for FY14 is completed as of 12/31/14. Therefore, the fourth quarter report and annual reports for FY14 are submitted to State after completion of Audit and CAFR.

In order to follow a logical pattern, the FY15 quarterly reports are submitted after the FY14 annual reports are submitted. Also as far as we know there are no set deadlines for these reports per the Statutes.”

Annual Plan of Operations

- Criteria:* Section 22a-264 of the General Statutes requires that the Materials Innovation and Recycling Authority prepare an annual plan of operations which shall be reviewed by the commissioner of the Department of Energy and Environmental Protection (DEEP) for consistency with the statewide solid waste management plan. Upon the commissioner’s approval and a vote of the MIRA board of directors, the annual plan of operations is adopted.
- Condition:* Our review disclosed that MIRA did not prepare and submit the annual plan of operations to DEEP.
- Cause:* Management did not allocate resources for the preparation and submission of the annual plan of operations.
- Effect:* There is less assurance that MIRA is providing solid waste management services in conformity with the statewide solid waste management plan adopted by the DEEP commissioner.
- Recommendation:* The Materials Innovation and Recycling Authority should prepare and submit its annual plan of operations as required by the General Statutes. (See Recommendation 2.)
- Agency Response:* “The Connecticut Department of Energy and Environmental Protection (DEEP) revised the Connecticut Solid Waste Management Plan in July 2016. This document is now referred to as the 2016 Comprehensive Materials Management Strategy (CMMS).
- The Materials Innovation and Recycling Authority (MIRA) has not submitted an Annual Plan of Operations since the CMMS was issued in July 2016.
- MIRA has not submitted an Annual Plan of Operations for the following reason:
- Public Act 14-94, by revision to CGS 22a-241a, directed DEEP to update the Solid Waste Management Plan by July 2016, the outcome of which was the CMMS.
- The CMMS, among other things, established strategies to modernize the solid waste infrastructure in the state, including facilities capable of

managing organic food waste, and established as a target a 60% diversion (recycling) rate for the state.

Public Act 14-94, by adding new CGS 22a-268g, also directed DEEP to undertake an initiative to redevelop MIRA's Connecticut Solid Waste System.

DEEP proceeded with a redevelopment initiative, called Resource Rediscovery (see http://www.ct.gov/deep/cwp/view.asp?a=2718&q=570556&deepNav_GID=1646), which consisted of a 2 phase public solicitation to identify an organization that would contract with MIRA to redevelop MIRA's Connecticut Solid Waste System – most significantly MIRA's Resource Recovery Facility located in Hartford, CT – in accordance with the 2016 CMMS targeting developers that would redevelop the facility with new and enhanced technology and infrastructure to achieve a 60% diversion rate.

DEEP began this initiative in CY2015, selecting a final candidate firm (Sacyr Rooney Recovery Team LLC) in December 2017, and directed MIRA to negotiate an agreement with this company.

At this time, MIRA is conducting contract negotiations with Sacyr Rooney Recovery Team LLC.

CGS 22a-264 states that MIRA shall prepare an Annual Plan of Operations which shall be reviewed by the Commissioner of Energy and Environmental Protection for consistency with the state-wide solid waste management plan (i.e., the CMMS). The CMMS (page 22) states that MIRA and DEEP will work in partnership to help facilitate a statewide transition to improved materials management technology and infrastructure. Accordingly, DEEP's "Resource Rediscovery" initiative pursuant to GCS 22a-268g essentially and effectively has served as MIRA's Annual Plan of Operations since the CMMS was adopted in July 2016."

RECOMMENDATIONS

Status of Prior Audit Recommendations:

Our prior audit, covering the fiscal years ended June 30, 2012, 2013, and 2014, did not contain any recommendations.

Current Audit Recommendations:

1. **The Materials Innovation and Recycling Authority should strengthen internal controls to ensure compliance with reporting requirements as prescribed by the Connecticut General Statutes.**

Comment:

Our review disclosed that MIRA did not file several reports in a timely manner.

2. **The Materials Innovation and Recycling Authority should prepare and submit its annual plan of operations as required by the General Statutes.**

Comment:

Our review disclosed that MIRA did not prepare and submit its annual plan of operations to DEEP.

ACKNOWLEDGEMENT

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

Anna Karpiej
Nikolaos Perdikakis

CONCLUSION

In conclusion, we wish to express appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Materials Innovation and Recycling Authority during the course of this examination.

Anna Karpiej

Anna Karpiej
Auditor II

Approved:



John C. Geragosian
State Auditor



Robert J. Kane
State Auditor