



**NAPA-VALLEJO WASTE
MANAGEMENT AUTHORITY**

Agenda Date: 1/9/2014

Agenda Placement: 7A

Napa-Vallejo Waste Management Authority Board Agenda Letter

TO: Board of Directors
FROM: Richard Luthy - Executive Director
Napa-Vallejo Waste Management Authority
REPORT BY: Karen Querin, Audit Manager - 707-253-4588
SUBJECT: Internal Audit Report for the Quarter Ended June 30, 2013

RECOMMENDATION

DRTS QUARTERLY FINANCIAL AUDIT

REQUESTED ACTION: Accept Internal Audit Report for the quarter ended June 30, 2013.

EXECUTIVE SUMMARY

Staff recommends acceptance of the Internal Audit Report solely to assist the Authority Board and management with respect to the review of revenue and accounts receivable associated with inbound customers; and verification of controls associated with fees, manual tickets, stored tare weights, voids and issuance of tickets at Devlin Road Transfer Station operated by Northern Recycling Operations & Waste Services, LLC (Northern), for the quarter ended June 30, 2013.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

This engagement was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing. We have performed a review applicable to the revenue and other elements noted below for the Napa-Vallejo Waste Management Authority (Authority). This review is solely to assist the Authority Board and management with respect to the review of Revenue and Accounts Receivable associated with inbound customers; and verification of controls associated with fees, manual tickets, stored tare weights, voids and issuance of tickets at Devlin Road Transfer Station operated by Northern Recycling Operations & Waste Services, LLC (Northern), for the quarter ended June 30, 2013.

Summary of the Engagement:

For the purpose of our review, items requiring notification to the Board and management have been categorized as follows:

Results – A transaction or group of transactions that warrant notification to the Board and management but that do not require action from the involved parties.

Exception – A transaction or group of transactions that warrant notification to the Board and management and require action from the involved parties, such as a revision of procedures.

Based on our review of the quarter ended June 30, 2013, we noted the following results and exception as identified below by Category and Report Section:

Accounts Receivable

I.A. Result - Account Balances over 90 Days – As of June 30, 2013, twenty-four (24) accounts had balances over 90 days past due and two (2) accounts had a refund due for over 90 days for a cumulative amount of \$8,192.

Revenue

II.A. Result - Comparison of General Ledger activity to Deposit Slips- There was a prior year reclassification for the amount of \$31,254.45.

Internal Controls

III.A. Exception - Same Time In and Out – During the quarter there were four (4) tickets with the same “Time In” and “Time Out” that were not Collection Contractors or public agencies for a cumulative amount of \$1,566.

III.B Result - Negative Tickets - During the quarter there were thirty-five (35) tickets with negative amounts for a cumulative amount of \$10,517.

Please see the attached Internal Audit Report for a detail description of the results, exception, recommendation, and management response noted during the review of the quarter ended June 30, 2013. Please note that management's

response to the exception has been included; however, we did not review the response, and accordingly express no opinion on it.

SUPPORTING DOCUMENTS

A . Internal Audit Report for Quarter Ended June 30, 2013

Executive Director: Approve

Reviewed By: Martha Burdick