## Napa-Vallejo Waste Management Authority
# Board Agenda Letter

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| **TO:** | Board of Directors |
| **FROM:** | Luthy, Richard - Executive Director<br>Napa-Vallejo Waste Management Authority |
| **REPORT BY:** | Karen Querin, Audit Manager - 707-253-4588 |
| **SUBJECT:** | Internal Audit Report for the Quarter Ended March 31, 2013 |

## RECOMMENDATION

**DRTS QUARTERLY FINANCIAL AUDIT**
REQUESTED ACTION: Accept Internal Audit Report for the quarter ended March 31, 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 March 31, 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 March 31, 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 March 31, 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 March 31, 2013, seventeen (17) accounts had balances over 90 days past due and one (1) account had a refund due for over 90 days for a cumulative amount of $5,944.

### Revenue

II.A.     **Result** - Deposit Corrections - The Treasurer-Tax Collector corrected posting errors for the revenue recorded in the quarter ended December 31, 2012 for a cumulative increase of $59,520.36.

II.B.     **Result** - Shortage/Short Pays – During the quarter one (1) payment for a short pay occurred in the amount of $10.56 causing an overage for the quarter.

### Internal Controls

III.A.     **Exception -** Same Time In and Out – During the quarter there were twenty-two (22) tickets with the same "Time In" and "Time Out" that were not Collection Contractors or public agencies for a cumulative amount of $30,844.

III.B.     **Result** - Negative Tickets - During the quarter there were twenty-three (23) tickets with negative amounts for a cumulative amount of $6,369.

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 March 31, 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 March 31 2013

Executive Director:  Approve

Reviewed By: Martha Burdick