



**NAPA-VALLEJO WASTE
MANAGEMENT AUTHORITY**

Agenda Date: 10/4/2018

Agenda Placement: 8A

Napa-Vallejo Waste Management Authority Board Agenda Letter

TO: Board of Directors

FROM: Richard Luthy - Executive Director
Napa-Vallejo Waste Management Authority

REPORT BY: Himmat Bains, ACCOUNTANT-AUDITOR II - 707-253-4589

SUBJECT: Napa-Vallejo Waste Management Authority - Internal Audit Report for the Quarters Ended December 31, 2017 and March 31, 2018

RECOMMENDATION

DRTS QUARTERLY INTERNAL AUDIT

REQUESTED ACTION: Executive Director requests acceptance of Napa-Vallejo Waste Management Authority -- Internal Audit Report for the quarters ended December 31, 2017 and March 31, 2018.

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 quarters ended December 31, 2017 and March 31, 2018.

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*. Napa County Auditor-Controller Internal Audit Section performed a review applicable to the internal controls over the areas 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 quarters ended December 31, 2017 and March 31, 2018.

Summary of the Engagement

Based on our review of the quarters ended December 31, 2017 and March 31, 2018, we noted the following results as identified below by Category.

Results with no exceptions

- | Revenue - Analysis of General Ledger Activity
- | Internal Controls
 - Hand tag Analysis
 - Ticket rate testing
 - Report Reliability

Results with exceptions

- | **Accounts Receivable:** For the Quarters ended December 31, 2017 and March 31, 2018, accounts with past due balances over 90 days did not exceed \$10,000. However, two of the accounts with a cumulative balance of \$2,129.89 less fees and interest have been deemed uncollectible by the Treasurer-Tax Collector and will be brought to the Board at a later date for permission to write-off the balances.
- | **Revenue:** During the quarters we noted there was a net overage of \$83.39 for the December 2017 quarter and a shortage of \$211.18 for the March 2018 quarter. Credit card refunds began processing through Authority's bank account in February 2018, However cumulative refund amount of \$1,501.30 from March 2017 to January 2018 are still pending recognition as of March 31, 2018.
- | **Void Tickets:** There were three cash tickets in the March 2018 quarter, which had replacement ticket amounts lower than the original void, it was noted that one ticket did not have driver signature on the replacement ticket. Signatures are required to insure the revised ticket was acknowledged by the customer.

Conclusion

Overall we believe the percentage of errors given the volume of transactions and revenue is minimal hence evident of good internal controls that are in place.

SUPPORTING DOCUMENTS

A . NVWMA Report for quarters ended December 31, 2017 & March 31, 2018

Executive Director: Approve

Reviewed By: Martha Burdick