



Agenda Date: 11/8/2012
Agenda Placement: 7B

**NAPA-VALLEJO WASTE
MANAGEMENT AUTHORITY**

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

TO: Board of Directors
FROM: Luthy, Richard - Executive Director
Napa-Vallejo Waste Management Authority
REPORT BY: Richard Luthy, Executive Director, Napa-Vallejo Waste Management - 707-299-1314
SUBJECT: Accountants' Report on Applying Agreed-Upon Procedures for the Quarter ending June 30, 2012.

RECOMMENDATION

DRTS QUARTERLY FINANCIAL AUDIT

REQUESTED ACTION: Accept Accountants' Report on Applying Agreed-Upon Procedures for the Quarter ending June 30, 2012.

EXECUTIVE SUMMARY

Staff recommends acceptance of the Accountants' Report on Applying Agreed-Upon Procedures as they pertain to the revenues, accounts receivable and internal controls for the Devlin Road Transfer Station for the quarter ending June 30, 2012..

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 performed at the request of the Authority and, in accordance with the agreed-upon procedures, specific steps were performed with respect to the accounts receivable, revenue and operations of Northern Recycling Operations & Waste Services, LLC, associated with Devlin Road Transfer Station, for the quarter ending June 30, 2012.

Results of the Engagement:

The exceptions noted during the engagement for the quarter ending June 30, 2012 have been grouped by exception type (i.e. Accounts Receivable) and summarized below:

Accounts Receivable

| Step | Results |
|-------------|---|
| I.A. | Accounts Receivable Adjustments - Adjustments of \$572.61, \$153.49 and (\$46.51) were required for the months of April, May and June 2012, respectively. |
| I.B. | Charged to Wrong Account – One (1) ticket in the amount of \$32. |
| I.C. | Incorrect Rate Charged – One customer was overcharged for C & D roofing, \$65 versus \$61 per ton. |
| I.D. | Treasurer's Fees and Interest included in Accounts Receivable – The Treasurer's fees and interest of \$1,550.33, \$1,550.33 and \$1,677.25 for the months of April, May and June 2012, respectively are included in the Accounts Receivable balances. |
| I.E. | Aging Report Errors – Aging Report did not recognize credit balances and other adjustments for the month of April and May resulting in adjustments of (\$30.40) and \$197.00, respectively. |
| I.F. | Account Balances over 90 Days – As of June 30, 2012, twenty (20) accounts had balances over 90 days past due for an aggregate amount of \$7,584.50, excluding fees and interest. |

Revenue

| Step | Results |
|-------------|---|
| II.A.1. | Short Pays – During the quarter six (6) short pays occurred. Two (2) for an aggregate of \$40 remained unpaid as of June 30, 2012. |
| II.B.1. | General Ledger Posting Errors – There were four (4) deposits posted incorrectly for an aggregate amount of \$1,203.11. Errors were corrected by the end of the quarter. |
| II.B.2. | Change Order Posting Error – Change order was incorrectly posted to the General Ledger for the amount of \$49.40. |

Internal Controls

| Step | Results |
|-------------|--|
| III.A. | Same Time In and Out – Fifteen (15) tickets with the same "Time In" and "Time Out" that were not Collection Contractors or public agencies for an aggregate of \$7,627.05. |
| III.B.1. | Missing Tickets – There were 47 missing tickets for the quarter ended June 30, 2012, upon further research the tickets were for entering hand tags for April 21, 2012; however the date was incorrectly entered as March 21, 2012. |
| III.B.2. | Sequential Order of Tickets – 697 Tickets were issued out of sequence during the quarter ended June 30, 2012. |
| III.C. | Negative Tickets – With No Explanation – There were four (4) out of 48 tickets for an aggregate value of \$1,021.42 that did not have explanations on the reconciliation form. |

Please see attached report for a detail description of the exceptions, recommendations, and management responses. Please note that management's responses to each exception have been included; however, we did not review the responses, and accordingly express no opinion on them. Additional detail is available upon request.

SUPPORTING DOCUMENTS

A . NVWMA Agreed Upon Procedures for Quarter Ended June 30, 2012

Executive Director: Approve

Reviewed By: Martha Burdick