



**NAPA-VALLEJO WASTE  
MANAGEMENT AUTHORITY**

Agenda Date: 4/6/2017

Agenda Placement: 8A

## Napa-Vallejo Waste Management Authority Board Agenda Letter

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**TO:** Board of Directors

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

**REPORT BY:** Marie Nicholas, Accountant-Auditor II - 253-4977

**SUBJECT:** Napa-Vallejo Waste Management Authority - Internal Audit Report for the Quarter Ended September 30, 2016

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### **RECOMMENDATION**

#### **DRTS QUARTERLY INTERNAL AUDIT**

REQUESTED ACTION: Executive Director requests acceptance of Napa-Vallejo Waste Management Authority -- Internal Audit Report for the quarter ended September 30, 2016.

### **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 September 30, 2016.

### **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 quarter ended September 30, 2016.

### **Summary of the Engagement**

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

**Result** - A transaction or group of transactions that warrant notification to the Board and management, but do not require action from the involved parties, such as a revision of procedures.

**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 September 30, 2016, we noted the following results and exceptions as identified below by Category and Report Section:

### **Report Section**

**I. Result:** Account Balances over 90 Days – As of September 30, 2016, twelve accounts had balances over 90 days past due for an amount of \$6,016. See Exhibit A on page 7 for a detail list and Exhibit B on page 8 for the quarterly history of accounts over 90 days from October 1, 2014 to September 30, 2016.

**II.A Result:** Analysis of General Ledger Activity – A total of \$2.9 million in revenue was received in cash, checks, credit card charges, and payments to accounts receivable. See Exhibit C on page 9 for the detail results of the analysis.

**II.B Exception:** Cash (Shortage) Overage – During the quarter there were seven overages and five of those overages were refunded back to the customers. There were four shortages and three of those shortages were paid back by the customers. Total net overage for all occurrences was \$38.

**III.A Exception:** Same Time In and Out - We noted twenty-two tickets with the same “Time In” and “Time Out” entries for a cumulative amount of \$1,423. The Scale Transaction report did not indicate a cause of why the time was the same within the comment field nor did the information appear on the Daily Reconciliation Forms.

**III.B Exception:** Negative Tickets – During the quarter there were ninety tickets with negative amounts for a cumulative amount of \$29,650. There were thirty-one instances where the voided ticket was not noted on the Daily Reconciliation form on the day of the void for a cumulative amount of \$11,698. See Exhibit E on page 11 and 12 for additional analysis.

**III.C Exception:** Wrong material code – During the quarter there were twenty-six instances where rate increases

were not applied, resulting in a shortage of \$32.

Please see the attached Internal Audit Report for a detailed description of the results, exceptions, recommendations, and management responses for the quarter ended September 30, 2016. Please note that management's responses to the exceptions have been included; however, we did not review the responses, and accordingly express no opinion on them.

**SUPPORTING DOCUMENTS**

A . NVWMA Report for 9/30/16

Executive Director: Approve  
Reviewed By: Martha Burdick