



**NAPA-VALLEJO WASTE  
MANAGEMENT AUTHORITY**

Agenda Date: 7/9/2020

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, SENIOR ACCOUNTANT-AUDITOR - 253-4977

**SUBJECT:** Napa-Vallejo Waste Management Authority - Internal Audit Report for the Quarter Ended March 31, 2020

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### **RECOMMENDATION**

#### **NAPA-VALLEJO WASTE MANAGEMENT QUARTERLY INTERNAL AUDIT**

REQUESTED ACTION: Executive Director requests acceptance of Napa-Vallejo Waste Management Authority - Internal Audit Report for the quarter ended March 31, 2020.

### **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, 2020.

### **FISCAL & STRATEGIC PLAN IMPACT**

Is there a Fiscal Impact? No

County Strategic Plan pillar addressed:

### **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 March 31, 2020.

Based on our review of the quarters ended March 31, 2020, we noted the following results:

**Ticket Testing:** There were two franchise customers who were charged the non-franchise fee, which resulted in 42 tickets being overcharged for a total of \$561.88. It was determined that a system malfunction caused the error and billing adjustments were subsequently submitted to Central Collections for correction.

**Reporting Accuracy:** During the quarter we noted there was a net shortage of \$57.45 for the quarter ended March 31, 2020. The cumulative cash shortage for the fiscal year 2019-20 is \$13.33.

See the attached report for additional details.

### **Conclusion**

Given the magnitude of transactions and revenue received, Northern should be commended for a cash shortage that is less than 1% of the revenue processed. Overall, we have reasonable assurance that internal controls associated with the inbound customers are in place and effective.

### **SUPPORTING DOCUMENTS**

A . Napa Vallejo Waste Management - Quarter ended March 31, 2020

Executive Director: Approve

Reviewed By: Martha Burdick