



**NAPA-VALLEJO WASTE
MANAGEMENT AUTHORITY**

Agenda Date: 9/12/2019

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: Marie Nicholas, Accountant-Auditor II - 253-4977

SUBJECT: Napa-Vallejo Waste Management Authority - Internal Audit Report for the Quarters Ended March 31, 2019 and June 30, 2019

RECOMMENDATION

DRTS QUARTERLY INTERNAL AUDIT

REQUESTED ACTION: Executive Director requests acceptance of Napa-Vallejo Waste Management Authority - Internal Audit Report for the quarters ended March 31, 2019 and June 30, 2019.

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 March 31, 2019 and June 30, 2019.

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 March 31, 2019 and June 30, 2019.

Based on our review of the quarters ended March 31, 2019 and June 30, 2019, we noted the following results:

Voided Ticket Testing: There were seven tickets voided and replaced with tickets wherein the amounts were lower than the original ticket. In addition, there was one voided ticket with no replacement for a credit card that was declined when the hand tag was inputted. Additional testing was performed as a result of the excessive number of voided tickets. Most of the voids were due to documented system errors.

Reporting Accuracy: During the quarter we noted there was a net shortage of \$347.15 for the quarter ended March 31, 2019 and \$836.12 for the quarter ended June 30, 2019. The cumulative cash shortage for the fiscal year 2018-19 is \$1,529.39.

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 . NVWMA Report for quarters ended March 31, 2019 & June 30, 2019

Executive Director: Approve

Reviewed By: Martha Burdick