



**NAPA-VALLEJO WASTE  
MANAGEMENT AUTHORITY**

Agenda Date: 9/3/2015

Agenda Placement: 7A

## 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 Report for the Quarter Ended March 31, 2015

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### **RECOMMENDATION**

#### **DRTS QUARTERLY FINANCIAL AUDIT**

REQUESTED ACTION: Executive Director requests acceptance of Napa-Vallejo Waste Management Authority - Internal Report for the quarter ended March 31, 2015.

### **EXECUTIVE SUMMARY**

Staff recommends acceptance of the Internal 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, 2015.

### **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 revenue and other elements 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, 2015.

### **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.

**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 March 31, 2015, we noted the following results and exceptions as identified below by Category and Report Section:

### **Accounts Receivable**

**I. Result - Account Balances over 90 Days** - As of March 31, 2015, fifteen accounts had balances over 90 days past due for an amount of \$4,891. See Exhibit A on page 8 for a detail list and Exhibit B on page 9 for the history of accounts over 90 days from April 1, 2013 to March 31, 2015.

### **Revenue**

**II.A. Result - Analysis of General Ledger Activity** - A total of \$3.4 million in revenue was received in cash, checks, credit card charges and charges to accounts receivable. See Exhibit C on page 10 of the report for the detail results of the analysis.

**II.B. Exception - Overages/Shortages/Short Pays** - During the quarter, one overage, two refunds, three short pays, two payments for short pays and one scale house shortage occurred for a cumulative shortage of \$187. See Exhibit D on page 11 for the detail of Net Cash (Shortages) Overages for the quarter ended March 31, 2015.

### **Internal Controls**

**III.A. Exception - Same Time In and Out** - We noted twelve tickets with the same "Time In" and "Time Out" entries for a cumulative amount of \$778 for inbound materials that did not indicate the cause of why the time was the same within the comment field of SoftPak or on the Daily Reconciliation Forms. Tickets for voids, replacements, non-weighed items, Collection Contractors and public agencies were excluded from the procedures.

**III.B. Exception - Negative Tickets** - During the quarter there was one ticket with a negative amount of \$139.

**III.C. Exception - Hand Tags** - During the quarter there were forty-three hand tags issued during power outages or when the system was down, but only forty-two hand tags could be accounted for. Additional information is available on page 7 of the report.

Please see the attached Internal Report for a detailed description of the results, exceptions, recommendations,

and management responses noted during the quarter ended March 31, 2015. 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 . Internal Report for the Quarter Ended March 31, 2015

Executive Director: Approve  
Reviewed By: Martha Burdick