

Quarterly Monitoring  
NVWMA

For the Period: October 1, 2018 - December 31, 2018

Report Date: May 14, 2019

Napa County

Auditor-Controller

Internal Audit Report



A Tradition of Stewardship  
A Commitment to Service

Tracy A. Schulze  
Auditor-Controller



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A Commitment to Service

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Auditor-Controller

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Board of Directors  
Napa-Valley Waste Management Authority

### Executive Summary

The Internal Audit Section of the Napa County Auditor-Controller's Office has completed a fiscal monitoring for Napa Vallejo Waste Management Authority (Authority). We are not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on specified elements, accounts or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters may have come to our attention that would have been reported to you.

It was noted that there was an overall shortage of \$158.12 primarily due to improper change being given out to customers, in addition, during the quarter a City of Napa truck with MDF material was charged an incorrect rate and subsequently corrected. Given the volume of transactions that occur throughout the quarter we believe the error rate resulting in cash shortages and the use of an incorrect rate are immaterial. Based upon the walk-through of internal controls we have reasonable assurance that internal controls associated with fees collected and tickets issued or voided are in place and effective.

This report is intended solely for the information and use of the Authority Board and management and is not intended to be used by anyone other than these specified parties.

I want to thank the Internal Audit and Devlin Road Transfer Station staff, along with the Authority management for their expertise and professionalism in conducting this engagement.

Sincerely,

Tracy A. Schulze  
Auditor-Controller

## Procedures

In achieving the objectives, the following procedures were performed, including but not limited to:

1. **General Controls** – We documented the procedures applicable to customers weighing in and out at the DRTS along with the flow of information between Northern and the Napa County Treasurer’s (Treasurer) Office in a narrative format. Key controls were identified within the narratives for the scale house procedures. We verified these controls by performing walk-throughs on a sample of transactions occurring during the December quarter for every type of material that DRTS accepts through the scale house and processes on the outbound scale.
2. **Specific Controls** – Based on the risk assessed from the analysis of the General Controls, we:
  - o Examined if credit card transactions were deposited timely
  - o Performed ticket rate testing as new rates for franchise customers were instituted on October 1, 2018.
3. **Reporting Accuracy** – We compared the amount posted into the Authority’s general ledger to the amount reported in the SoftPak system for cash and credit card transactions.

## Results and Recommendations

For the quarter ended December 31, 2018, internal controls over inbound procedures were adequate ensuring checks and balances are in place to accurately conduct business transactions while minimizing the risk of errors and fraudulent activity. However, the following reportable results were noted:

### **Over/Short Variance:**

**Result:** There was an overall shortage of \$158.12 primarily due to improper change being given out to customer.

**Recommendation:** We recommend when a significant shortage occurs without a specific reason or where the scale operator’s only reason is improper change, that the camera feed should be reviewed to detect any fraudulent activity. In addition, DRTS should continue to monitor the existing system of controls over the cash receipts, specifically:

- o Practice dual custody when counting cash drawers (opening and closing)

Exhibit A

Napa-Vallejo Waste Management Authority  
 Summary of Cash (Shortage) Overage  
 For the Quarter Ended December 31, 2018

Description	Quarter Ended		Year to Date
	Dec 31, 2018	Sep. 30, 2018	
<u>Authority's General Ledger</u>			
Cash	\$ 576,093.88	\$ 673,762.74	\$ 1,249,856.62
VISA/MC	751,530.96	879,659.68	1,631,190.64
Subtotal	1,327,624.84	1,553,422.42	2,881,047.26
<u>Northern's Records</u>			
Cash	576,291.04	673,899.74	1,250,190.78
VISA/MC	751,491.96	879,710.64	1,631,202.60
Subtotal	1,327,783.00	1,553,610.38	2,881,393.38
Net Cash (Shortage) Overage	\$ (158.16)	\$ (187.96)	\$ (346.12)