

County of Napa

Auditor-Controller

Internal Audit Report

Quarterly Monitoring
Napa-Vallejo Waste Management Authority

For the Quarter Ended June 30, 2021

Report Date: September 20, 2021



A Tradition of Stewardship
A Commitment to Service

Tracy A. Schulze, CPA
Auditor-Controller

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Engagement Team

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Tracy A. Schulze
Auditor-Controller

September 20, 2021

Board of Directors
Napa-Vallejo Waste Management Authority

Executive Summary

The internal audit section of the Napa County Auditor-Controller's Office has completed a quarterly monitoring for Napa-Vallejo Waste Management Authority (Authority) for the quarter ended June 30, 2021.

We conducted our review in conformance with the *International Standards for the Professional Practice Internal Auditing (Standards)* established by the Institute of Internal Auditors. These *Standards* require that we identify, analyze, evaluate, and document sufficient information and evidence to achieve our objectives; and that the internal audit activity be independent, objective, and perform engagements with proficiency and due professional care.

Based on our review, internal controls over revenue and accounts receivable appears to be adequately designed and implemented as of June 30, 2021. In addition, Treasurer-Tax Collector's collection efforts appears reasonable. During this quarter, we did note, however, a net cash shortage of \$720.06 and cumulative cash shortage of \$1,355.81 from cash/check and credit card transactions for fiscal year 2020-2021. We recommend NVWMA to request from Northern reimbursement for the cash shortage.

This report is a matter of public record and is intended solely for the information and use of the Authority's Board of Directors and Executive Director, Northern's Manager, and the Treasurer-Tax Collector.

I want to thank the internal audit team, Northern's staff, and the Authority's management for their expertise and professionalism in conducting this engagement.

Sincerely,

A handwritten signature in blue ink, appearing to read "TAS", written over the typed name.

Tracy A. Schulze, CPA
Auditor-Controller

Quarterly Monitoring
Napa-Vallejo Waste Management Authority
For the Quarter Ended June 30, 2021

Background and Authority

The agreement between the Napa-Vallejo Waste Management Authority (Authority), a joint powers agency organized under the laws of the State of California pursuant to Government Code Section 6500 et seq., and Northern Recycling Operations and Waste Services LLC (Northern), a California Limited Liability Company was entered into and executed as of March 1, 2007, and subsequently amended on March 19th, 2010.

The Authority is composed of County of Napa and the Cities of Napa, American Canyon and Vallejo, and was formed for the purpose of providing economic coordination of solid waste processing, transfer, and disposal services. The Authority has contracted with Northern to operate the Devlin Road Transfer Station (DRTS), pursuant to the provisions of *Public Resource Code section 40059(a)(2)*. The Authority and Northern are authorized to enter into a transfer station operation agreement where Northern will operate DRTS.

The Authority has engaged Napa County Auditor-Controller's Office to perform a quarterly monitoring over internal controls during fiscal year 2020-2021.

Objective and Scope

The primary objectives of this engagement are to:

- Determine if internal controls over fees, collections, manual (hand tags) tickets, void and replacement tickets are adequately designed and implemented
- Report Treasurer-Tax Collector's collection efforts for any accounts receivable over 90 days past due if the balance due exceeds \$250
- Report cash (shortage) / overage from cash, check, and credit card transactions

The scope includes a review of the Authority's and Northern's records for the quarter ended June 30, 2021.

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For the Quarter Ended June 30, 2021

Procedures

To achieve our objectives, our procedures included, but not limited to, the following:

1. Northern's Scale Transaction Report

- Agreed revenue (non-cash transactions) per Northern's Scale Transaction Report to Treasurer-Tax Collector's Transaction 501 (AR) Report (CAMS)
- Verified Ticket Rates (i.e., scale rates charged) to the Board's Resolution
- Verified the completeness of the report (i.e., missing tickets)
- Verified internal controls over voided and replacement tickets and manual (hand tag) tickets

2. Accounts Receivable Aging Report

- Compiled Accounts Receivable 90 Day Aging Report from Treasurer-Tax Collector's Transaction 501, 501B, and 501C (AR) Reports (CAMS)
- Reported Treasurer-Tax Collector's collection efforts for any accounts receivable over 90 days past due if the balance due exceeds \$250

3. Cash Overage / (Shortage) Summary

- Compared Northern's Cash Receipt Reports (i.e., cash, checks, credit cards) to the Authority's general ledger
- Investigated short pays over \$25 for reasonableness
- Reported cash (shortage) / overage from cash, checks, and credit cards transactions for quarter-end and fiscal year cumulative

Conclusion

Based on our review, internal controls over revenue and accounts receivable appears to be adequately designed and implemented as of June 30, 2021. In addition, Treasurer-Tax Collector's collection efforts appears reasonable. During this quarter, we did note, however, a net cash shortage of \$720.06 and cumulative cash shortage of \$1,355.81 from cash/check and credit card transactions for fiscal year 2020-2021. We recommend NVWMA to request from Northern reimbursement for the cash shortage.

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Exhibit A – Cash (Shortage) / Overage Summary

Description	For Quarter Ended June 30, 2021	For Quarter Ended March 31, 2021	For Quarter Ended December 31, 2020	For Quarter Ended September 30, 2020	Year-to-Date
Authority's General Ledger					
Cash	\$ 731,673.80	\$ 621,845.25	\$ 632,694.98	\$ 694,044.61	\$ 2,680,258.64
VISA/MC	1,388,308.81	1,112,679.11	987,080.24	1,125,668.14	4,613,736.30
Bank Adjustments and DJT	50.68	(181.00)	(77.01)	(214.40)	(421.73)
Total	\$ 2,120,033.29	\$ 1,734,343.36	\$ 1,619,698.21	\$ 1,819,498.35	\$ 7,293,573.21
Northern's Records					
Cash/Check per Northern's Cash Report	\$ 733,171.32	\$ 622,131.88	\$ 632,941.92	\$ 694,560.80	\$ 2,682,805.92
VISA/MC per Northern's Cash Report	1,387,582.03	1,112,335.31	986,857.36	1,125,348.40	4,612,123.10
Total	\$ 2,120,753.35	\$ 1,734,467.19	\$ 1,619,799.28	\$ 1,819,909.20	\$ 7,294,929.02
Cash Overage / (Shortage)	\$ (720.06)	\$ (123.83)	\$ (101.07)	\$ (410.85)	\$ (1,355.81)
Percent Collected	99.97%	99.99%	99.99%	99.98%	99.98%

Note: Cash Overage / (Shortage) amounts for first and second quarter have been corrected from previous reports reported.

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For the Quarter Ended June 30, 2021

Exhibit B – Accounts Receivable Aging Report and Collection Efforts

Account Name	Account Number	Total	Collection Measure ¹
Account 501 - General A/R			
Erb and Sons General Contracting, Inc.	63109	\$ 468	Account has been written off in full. Refer to approved agenda on 6/3/21
Green Hauling	63343	4,008	Continuing collection procedures, payment received for \$4,059.83 on 8/17/21, and left a balance of \$104.22
Total Accounts Receivable²		<u>\$ 4,476</u>	

¹ Collection measures provided by Central Collections on July 30, 2021.

² Total accounts receivable over 90 days aging for accounts with balances exceeding \$250

