

County of Napa

Auditor-Controller

Internal Audit Report

Quarterly Monitoring
Napa-Vallejo Waste Management Authority

For the Quarter Ended September 30, 2021

Report Date: November 17, 2021



A Tradition of Stewardship
A Commitment to Service

Tracy A. Schulze, CPA
Auditor-Controller

Table of Contents

	<u>Page</u>
Executive Summary	1
Background and Authority.....	2
Objective and Scope.....	2
Procedures.....	3
Conclusion	3
Exhibit A – Cash (Shortage) / Overage Summary	4
Exhibit B – Accounts Receivable Aging Report and Collection Measures	5

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Tracy A. Schulze
Auditor-Controller

November 17, 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 September 30, 2021.

We conducted our review in conformance with the *International Standards for the Professional Practice of 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 September 30, 2021. In addition, Treasurer-Tax Collector's collection measures appears reasonable. During this quarter, we noted a net cash shortage of \$906.25 from cash/check and credit card transactions.

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 "T. Schulze".

Tracy A. Schulze, CPA
Auditor-Controller

Quarterly Monitoring
Napa-Vallejo Waste Management Authority
For the Quarter Ended September 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 2021-2022.

Objective and Scope

The primary objectives of this engagement were to:

- Determine if internal controls over fees, collections, manual (hand tags) tickets, void and replacement tickets were adequately designed and implemented
- Report Treasurer-Tax Collector's collection measures 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 included a review of the Authority's and Northern's records for the quarter ended September 30, 2021.

Quarterly Monitoring
Napa-Vallejo Waste Management Authority
For the Quarter Ended September 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 Detail Receivables Report generated from Tyler Munis
- 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 Tyler Munis Reports
- Reported Treasurer-Tax Collector's collection measures 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 September 30, 2021. In addition, Treasurer-Tax Collector's collection efforts appears reasonable. During this quarter, we noted a net cash shortage of \$906.25 from cash/check and credit card transactions.

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

Exhibit A – Cash (Shortage) / Overage Summary

<u>Description</u>	<u>For Quarter Ended September 30, 2021</u>	<u>Year-to-Date</u>
Authority's General Ledger		
Cash	\$ 698,806.24	\$ 698,806.24
VISA/MC	1,282,654.54	1,282,654.54
Bank Adjustments	(1,244.31)	(1,244.31)
Reverse Prior Quarter - DIT	(1,106.68)	(1,106.68)
Total	\$ 1,979,109.79	\$ 1,979,109.79
Northern's Records		
Cash/Check per Northern's Cash Report	\$ 697,702.94	\$ 697,702.94
VISA/MC per Northern's Cash Report	1,282,313.10	1,282,313.10
Total	\$ 1,980,016.04	\$ 1,980,016.04
Cash Overage / (Shortage)	\$ (906.25)	\$ (906.25)
Percent Collected	99.95%	99.95%

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

Exhibit B – Accounts Receivable Aging Report and Collection Measures

Account Name	Account Number	Total	Collection Measures ¹
Account 501 - General A/R			
Vallejo Garbage	50763	676.20	Account was double billed and billing adjustments were sent to Treasurer/Central Collections
California Custom Remodeling	52445	309.90	California Custom Remodeling was released off of hold on 10/13
Total Accounts Receivable²		<u><u>\$ 986.10</u></u>	

¹ Collection measures provided by Central Collections on October 31, 2021.

² Total Accounts Receivable Over 90 Days Aging for accounts with Balances exceeding \$250