

Napa County

Auditor-Controller

Internal Audit Report

Napa-Vallejo Waste Management Authority  
Quarterly Monitoring  
Internal Controls Review

For the Quarter Ended September 30, 2024

Report Date: October 25, 2024



A Tradition of Stewardship  
A Commitment to Service

Tracy A. Schulze, CPA  
Auditor-Controller

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### Engagement Team

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A Tradition of Stewardship  
A Commitment to Service

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**Tracy A. Schulze**  
Auditor-Controller

October 25, 2024

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, 2024.

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

Based on this review, internal controls over revenue and accounts receivable appears to be adequately designed and implemented as of September 30, 2024. We noted a net cash shortage of \$720. (Exhibit A) The Treasurer Tax-Collector Central Collections aging report for customer accounts with a balance greater than \$250 for 90 days or longer totaled \$39,988. (Exhibit B)

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 that reads "Tracy A. Schulze".

Tracy A. Schulze, CPA  
Auditor-Controller

**Napa-Vallejo Waste Management Authority**  
**Quarterly Monitoring**  
**For the Quarter September 30, 2024**

**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 19<sup>th</sup>, 2010.

The Authority is composed of County of Napa and the Cities of Napa, American Canyon, and Vallejo. The Authority 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 2024-25.

**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 overage / (shortage) 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, 2024.

**Napa-Vallejo Waste Management Authority**  
**Quarterly Monitoring**  
**For the Quarter Ended September 30, 2024**

**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 overage / (shortage) from cash/checks, and credit card 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, 2024. Treasurer-Tax Collector's Accounts Receivables exceeding 90 days with balances of \$250 or more is currently at \$39,988. The Treasurer-Tax Collector will request that NVWMA write off Trash Logic LLC for \$1,781 as uncollectable. Reconciliation of all cash and credit card transactions between Northern's cash reports and Treasury's journal entries resulted in a net cash shortage of \$720 for the quarter. This included \$2,005 in bank adjustments for customer disputes and refunds.

**Napa-Vallejo Waste Management Authority**  
**Quarterly Monitoring**  
**For the Quarter Ended September 30, 2024**

**Exhibit A – Cash Overage / (Shortage) Summary**

| <u>Description</u>                    | <u>For Quarter Ended<br/>September 30, 2024</u> | <u>Year-to-Date</u> |
|---------------------------------------|---|---------------------|
| <b>Authority's General Ledger</b>     |   |                     |
| Cash                                  | \$ 515,274                                      | \$ 515,274          |
| VISA/MC                               | 2,116,486                                       | \$ 2,116,486        |
| Bank/TTC Adjustments                  | (2,005)   | \$ (2,005)          |
| <b>Total</b>                          | <b>\$ 2,629,755</b>                             | <b>\$ 2,629,755</b> |
| <b>Northern's Records</b>             |   |                     |
| Cash/Check per Northern's Cash Report | \$ 520,677                                      | \$ 520,677          |
| VISA/MC per Northern's Cash Report    | 2,109,798                                       | \$ 2,109,798        |
| <b>Total</b>                          | <b>\$ 2,630,475</b>                             | <b>\$ 2,630,475</b> |
| <b>Cash Overage / (Shortage)</b>      | <b>\$ (720)</b>                                 | <b>\$ (720)</b>     |

**Napa-Vallejo Waste Management Authority**  
**Quarterly Monitoring**  
**For the Quarter Ended September 30, 2024**

**Exhibit B – Treasurer-Tax Collector’s Accounts Receivable Aging Report and Collection Measures**  
**for Receivables over 90 days with account balances exceeding \$250**

| <u>Account Name</u>                     | <u>Customer ID</u> | <u>Total Due</u>           | <u>Collection Measures</u>   |
|---|--------------------|----------------------------|--|
| A C Enterprises                         | 62002              | 400.56                     | Statements Mailed. Contacted by Phone.<br>Last Collection Prior to 7/2023 Billing. |
| Del Bondio Trucking Inc                 | 56395              | 2,733.70                   | Mail Returned. Phone Disconnected. Last<br>Collection Prior to 4/2024 Billing.     |
| Napa County Recycle & Waste<br>Services | 54051              | 370.26                     | Unpaid Portion of Billing Adj in 12/2023. No<br>Other Outstanding Invoices.        |
| Trash Logic LLC                         | 63663              | 1,781.34                   | Pending BOD Approval for Write-off.*<br>Last Collection Prior to 6/2022 Billing.   |
| Z L Construction                        | 63537              | 34,701.99                  | Northern Negotiating Payment Plan<br>Last Collection prior to 6/2024 Billing.      |
| <b>Total Accounts Receivable</b>        |                    | <u><u>\$ 39,987.85</u></u> |  |

**Note:** Collection measures and outstanding balances provided by Treasurer-Tax Collector, Central Collections as of 10/28/2024.

\* Treasurer-Tax Collector to submit written request to the Board for approval to write-off as uncollectable.