

Napa County

Auditor-Controller

Internal Audit Report

Napa-Vallejo Waste Management Authority
Quarterly Monitoring
Internal Controls Review

For the Quarter Ended March 31, 2025

Report Date: April 16, 2025



A Tradition of Stewardship
A Commitment to Service

Tracy A. Schulze, CPA
Auditor-Controller

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Engagement Team

Christine Hernandez - Manager, Internal Audit & Grant Compliance

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Tracy A. Schulze
Auditor-Controller

April 16, 2025

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 March 31, 2025.

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 March 31, 2025. We noted a net cash overage of \$43. (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 \$4,703. (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, Management at Northern Recycling Operations and Waste Services LLC (Northern), a California Limited Liability Company, 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, reading "Christine Hernandez".

Christine Hernandez, CPA
Manager, Internal Audit & Grant Compliance

Napa-Vallejo Waste Management Authority
Quarterly Monitoring
For the Quarter March 31, 2025

Background and Authority

The agreement between the Authority, a joint powers agency organized under the laws of the State of California pursuant to Government Code Section 6500 et seq., and Northern was entered into and executed as of March 1, 2007, and subsequently amended on March 19, 2010.

The Authority is composed of the 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 March 31, 2025.

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Procedures

To achieve our objectives, our procedures included, but were 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 March 31, 2025. Treasurer-Tax Collector's Accounts Receivables exceeding 90 days with balances of \$250 or more is currently at \$4,703. Reconciliation of all cash and credit card transactions between Northern's cash reports and Treasury's journal entries resulted in a net cash overage of \$43 for the quarter. This included (\$2,944) in bank adjustments.

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Exhibit A – Cash Overage / (Shortage) Summary

Description	For Quarter Ended March 31, 2025	For Quarter Ended December 31, 2024	For Quarter Ended September 30, 2024	Year-to-Date
Authority's General Ledger				
Cash	\$ 460,988	\$ 432,676	\$ 515,274	\$ 947,950
VISA/MC	1,905,370	1,805,621	2,116,486	\$ 3,922,107
Bank/TTC Adjustments	(2,944)	(2,269)	(2,005)	\$ (4,274)
Total	\$ 2,363,414	\$ 2,236,028	\$ 2,629,755	\$ 4,865,783
Northern's Records				
Cash/Check per Northern's Cash Report	448,847	433,423	\$ 520,677	\$ 954,100
VISA/MC per Northern's Cash Report	1,914,524	1,802,618	2,109,798	\$ 3,912,416
Total	\$ 2,363,371	\$ 2,236,041	\$ 2,630,475	\$ 4,866,516
Net Cash Overage / (Shortage)	\$ 43	\$ (13)	\$ (720)	\$ (690)

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

Account Name	Customer ID	Total	Collection Measures
Trash Logic LLC	63663	1,919.01	Collections has exhausted all efforts and will seek a write-off from the Board in June 2025.
ZL Construction	63537	2,783.88	Customer has been making weekly payments of \$2,000 and is current with the established pay plan.
90 Days Aging Receivables w/Balance Due > \$250		<u><u>\$ 4,702.89</u></u>	

Note: Collection measures provided by Treasurer-Tax Collector, Central Collections. (as of 4/10/2025)