

Napa County

Auditor-Controller

Internal Audit Report

Napa-Vallejo Waste Management Authority
Quarterly Monitoring
Internal Controls Review

For the Quarter Ended December 31, 2022

Report Date: May 10, 2023



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

May 10, 2023

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 December 31, 2022.

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 December 31, 2022. In addition, Treasurer-Tax Collector's collection measures and efforts appears reasonable. During this quarter, however, we did note a net cash overage of \$551 from cash/check and credit card transactions that were mainly due to customer disputes and refunds. So far, for fiscal year 2022-23, there is a cumulative cash shortage of \$1,485.

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,


Tracy A. Schulze, CPA
Auditor-Controller

Napa-Vallejo Waste Management Authority

Quarterly Monitoring

For the Quarter Ended December 31, 2022

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 2022-23.

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 December 31, 2022.

Napa-Vallejo Waste Management Authority
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For the Quarter Ended December 31, 2022

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 December 31, 2022. In addition, Treasurer-Tax Collector's collection measures and efforts appears reasonable. During this quarter, however, we did note a net cash overage of \$551 from cash/check and credit card transactions that were mainly due to customer disputes and refunds. So far, for fiscal year 2022-23, there is a cumulative cash shortage of \$1,485.

Napa-Vallejo Waste Management Authority
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Exhibit A – Cash (Shortage) / Overage Summary

Description	For Quarter Ended September 30, 2022	For Quarter Ended December 31, 2022	Year-to-Date
Authority's General Ledger			
Cash	\$ 754,150	\$ 546,743	\$ 1,300,893
VISA/MC	1,430,516	1,222,852.5	2,653,369
Bank Adjustments	(2,633)	(339.3)	(2,973)
Total	\$ 2,182,033	\$ 1,769,256	\$ 3,951,289
Northern's Records			
Cash/Check per Northern's Cash Report	\$ 753,683	547,317	\$ 1,301,000
VISA/MC per Northern's Cash Report	1,430,385	1,221,388	2,651,773
Total	\$ 2,184,068	\$ 1,768,706	\$ 3,952,774
Cash Overage / (Shortage)	\$ (2,036)	\$ 551	\$ (1,485)
Percent Collected	99.91%	100.03%	99.96%

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Exhibit B – Accounts Receivable Aging Report and Collection Measures

<u>Account Name</u>	<u>Customer ID</u>	<u>Total</u>	<u>Collection Measures¹</u>
Account 501 - General A/R			
CSA Roofing, Heating	52856	\$ 7,794.95	Continuing collection process to get them paid in full or back on monthly payments.
Napa County Recycle & Waste	54051	413.03	Paid in full as of 1/27/23.
On-Site Commercial Services	1281	41.19	Continuing collection process.
Service Master Cleaning	63249	822.00	Continuing collection process.
Trash Logic LLC	63663	1,303.00	Continuing collection process.
Total Accounts Receivable²		<u><u>\$ 10,374.17</u></u>	

¹ Collection measures provided by Central Collections on 4/12/23

² Total accounts receivable over 90 days for customer accounts with balances exceeding \$250 as of 12/31/22