

MIAMI BEACH

BUDGET AND PERFORMANCE IMPROVEMENT
Internal Audit Division

INTERNAL AUDIT REPORT

To: Jimmy L. Morales, City Manager
VIA: Cintya Ramos, Budget and Performance Improvement Director
FROM: James J. Sutter, Internal Auditor

DATE: February 9, 2017
AUDIT: J & O Garcia Enterprises Corp. (J & O Garcia)
PERIOD: November 2015 to December 2016

This report is the result of a scheduled audit of the Roll-Off Fee Returns for J & O Garcia Enterprises.

INTRODUCTION

A Roll-off is defined as a container with a minimum capacity of ten cubic yards designed to be transported by a motorized vehicle. They are typically used for the purpose of removing construction debris, which include rock, metal and other materials used in connection with a construction project or for the removal of large quantities of trash and bulky waste.

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Approximately twenty two companies currently possess business tax receipt demonstrating that they operate Roll-offs within the City's boundaries. They are required to abide by the terms outlined in the City Code. This includes the remittance of franchise fees calculated by using the applicable percentage of Miami Beach gross receipts. Reports are to be submitted to the City's Finance Department by the end of the subsequent month.

J & O Garcia has been operating in the City of Miami Beach since October 2015. Their line of business is the rental of Roll-offs. This audit was schedule as a result of our division's monitoring of monthly franchise fees filings according to Sec. 90-278. Historically the lack of non-filing of franchise returns has led to the discovery of not reporting revenues to the City. Therefore, we scheduled our audit to confirm whether this account is in compliance. A review of the company's invoices showed that franchise fees were charged and collected throughout the audit period. J & O Garcia's records showed that franchise fees were remitted timely to the City of Miami Beach.

The following gross receipts were reported and fees paid during the audit period:

	2015 Oct.-Dec.	2016 Jan.- Dec.	TOTAL
Audited Receipts	\$500.00	\$3,879.00	\$4,379.00
Roll-Off Fees Due (18%)	\$90.00	\$698.22	\$788.22

OVERALL OPINION

J & O Garcia has complied with the provisions of the City Code's during the audit period. We reviewed the company's records and they did not have much business with the City of Miami Beach during the entire audit period. However, the company has a small amount of gross receipts and we verified the accuracy of the amount. As a result, gross receipts were reported and franchise fees were paid to the City. The following items were noted during our audit:

- Verified gross receipts were properly reported by J & O Garcia; therefore no additional fees are owed.
- J & O Garcia has submitted the certificate of liability insurance.

PURPOSE

The purpose of this audit is to determine whether all Roll-off waste contractor billings were correct, and whether all City revenues were correctly calculated, received timely and accurately recorded by the City, and the contractor was in compliance with designated sections of the City Code and related Ordinances.

SCOPE

1. Review waste contractor's books and records to confirm that their billings were correct; their gross receipts were correctly calculated and support the monthly franchise fee submitted to the City.
2. Confirm that the private waste contractor timely sent the City the required reports in adherence with the terms listed in the City Code.
3. Confirm that the private waste contractor is timely sending the required Monthly Report of Gross Receipts along with their remittance to the City.
4. Confirm that the private waste contractor timely obtained their required annual business tax receipt.
5. Confirm that the private waste contractor timely submitted their annual Certified Public Accountant (CPA) Statements of Gross Receipts to the City (If applicable).
6. Confirm that the private waste contractor has obtained the required insurance in adherence with Section 90-196 of the City Code.
7. Confirm that all monthly Roll-off Fee Returns were timely and correctly recorded in the City's Financial System.

Internal Audit Report
J & O Garcia, Enterprises Corp.
February 9, 2017

EXIT CONFERENCE

Audit findings were discussed on 02/07/2017 and the auditee concurred with the audit report.

JJS: CD

Audit performed by Carmin Dufour

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cc: Eric Carpenter, Director of Public Works
Alberto Zamora, Sanitation Director
John Woodruff, Chief Financial Officer
Julio Garcia Milan (Owner of J & O Garcia Enterprises Corp.)