

MIAMIBEACH

BUDGET AND PERFORMANCE IMPROVEMENT
Internal Audit Division

INTERNAL AUDIT REPORT

TO: Jimmy L. Morales, City Manager
VIA: John Woodruff, Budget and Performance Improvement Director
FROM: James J. Sutter, Internal Auditor

DATE: September 30, 2015
AUDIT: Junk-Be-Gone Corp.
PERIOD: November 2013 to July 2015

This report is the result of a scheduled audit of the Roll-off Fee Returns for 1-866-Junk-Be-Gone Corp. (Junk-Be-Gone).

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.

Approximately thirty 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.

Junk-Be-Gone majority line of business is the removal of bulky trash from roof tops, attics, garages, basements, backyards, offices, warehouses, storefronts, parking lots, houses, condos, apartments, construction sites, trailer and storerooms. These services are provided through the usage of two men and a truck. In addition, Junk-Be-Gone provides roll-off waste services for larger construction debris.

BACKGROUND

- Internal Audit conducted an audit of Junk-Be-Gone for period of January 2005 to September 2007. Junk-Be-Gone failed to report \$45,682.05 in gross receipts. As a result, they paid roll-off franchise fees of \$8,849.12 (including interest & late filing charges) to the City.
- Internal Audit performed a second audit dated October 2007 to January 2011. A review of the company's invoices showed that Gross receipts in the amount of \$91,353.31 were not reported resulting in the owing of \$19,515.64 in delinquent roll-off franchise fees. As a result, Junk-Be-Gone paid the total amount of \$19,515.64 due to the City.
- Henceforward, Internal audit executed a third audit from February 2011 to October 2013. Junk-Be-Gone failed to report gross receipts in the amount of \$35,785.10 to the City. They paid the City the total amount of \$7,639.94 (including interest & late filing charges) which included the last installment payment of \$1,000.00 on 09/23/2015.

OVERALL OPINION

A review of the company's invoices showed that franchise fees were charged and collected throughout the audit period. Junk-Be-Gone records showed that franchise fees were remitted timely to the City of Miami Beach. In addition, we reviewed and noted no discrepancies with confirmations with Junk-Be-Gone customers who paid for roll-off services within the City. Therefore, no further franchise fees are owed. The following gross receipts were reported and fees paid during the audit period:

	2013 Nov-Dec.	2014 Jan-Dec.	2015 Jan-Jul.	TOTAL
Audited Receipts	\$378.50	\$16,527.01	\$11,745.78	\$28,651.29
Roll-off fees Paid	\$68.13	\$2,974.86	\$2,114.24	\$5,157.23

Junk-Be-Gone has generally complied with the City Codes as it relates to reporting requirements for Roll-off contractors. However, Junk-Be-Gone has not filed list of accounts upon renewal. A listing of accounts was provided during the audit.

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 Return were timely and correctly recorded in the City's Financial System.

FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSE

1. Finding – *Required Reporting*

Junk-Be-Gone did not submit the following documents in accordance with the listed City Code sections during the audit period:

Section 90-278 (3) states” *The licensed Roll-off waste contractor shall provide the city manager and the sanitation director with a current list of the names and addresses of each account, upon initial application and upon application for renewal of its business license, the frequency of service, the permit number and capacity of each Roll-off container or construction dumpster as per account and the address serviced by each Roll-off container or construction dumpster.*” Junk-Be-Gone has not provided the City Manager and the Sanitation Director with a current list of names and addresses of each account, upon the initial application and upon application for renewal of its business license, the frequency of service, the permit number and capacity of each roll-off container. However, a listing of customer names was provided during the audit.

Recommendation(s)

Junk-Be-Gone must comply with the designated sections of the City Codes and submit timely lists of accounts.

EXIT CONFERENCE

Junk-Be-Gone must continue to remit the monthly reports with supporting revenues earned on a monthly basis. If Junk-Be-Gone fails to pay the City of Miami Beach the franchise fees collected from service addresses within the City, it may result in the termination of their Business Tax Receipt. Audit findings were emailed on September 29, 2015 to Junk-Be- Gone. We confirmed their agreement to our finding.

JJS: CD

Audit performed by Carmin Dufour

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cc: Eric Carpenter, Director of Public Works
Alberto Zamora, Sanitation Director
Jorge L. Bustamante, Junk-Be-Gone Corp. (Owner)