

MIAMI BEACH

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 25, 2014
AUDIT: S&S National Waste, Inc.
PERIOD: March 2011 to February 2014

This report is the result of a regular scheduled audit of the Roll-Off Fee Returns for S&S National Waste, Inc. (S&S).

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.

BACKGROUND

Previously, Internal Audit conducted an audit of S&S for the period of January 2001 to September 2004. Our audit report dated March 14, 2005 produced an audit assessment attributed to the under reporting of gross receipts relating to grappling services. This matter has been referred to the City Attorney's Office and is still pending.

Internal Audit conducted a subsequent audit dated October 2008 whereby S&S has been reporting all grappling services with roll-off services. However, the company under reported fees associated with fuel surcharges from November 2004 to May 2005 and delivery charges for the entire audit period. While the audit assessment amounted to \$3,284.73, the company has made better efforts to stay compliant with the ordinance. The audit assessment has been paid.

Internal Audit performed another audit of S&S for the period of March 2008 to February 2011. Their records showed that franchise fees were remitted timely to the City of Miami Beach. There was no audit assessment.

OVERALL OPINION

A review of the company's invoices showed that franchise fees were charged and collected throughout the audit period. The following table summarizes the audited gross receipts from roll-off services:

	2011 Mar-Dec.	2012 Jan-Dec.	2013 Jan-Dec.	2014 Jan-Feb.	TOTAL
Audited Receipts	\$113,492.33	\$192,163.09	\$210,962.60	\$27,865.10	\$544,483.12
Roll-Off Fees Due (18%)	\$20,428.62	\$34,589.36	\$37,973.27	\$5,015.72	\$98,006.97

S&S has generally complied with the provisions of the City Code's during the audit period. However, there is a finding relating to not reporting current list of accounts and providing annual statement of gross receipts certified by an independent certified public accountant.

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 RESPONSES

Finding – Required Reporting

S&S did not submit the following documents in accordance with the listed City Code sections during the audit period:

- a. 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.”* S&S 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 or construction dumpster. However, a list of accounts was provided during the audit.
- b. Section 90 - 278 (4) states *“The licensee shall on or before 30 days following the close of its fiscal year deliver to the Finance Director and the City Manager a statement of its annual gross receipts generated from accounts within the city certified by an independent certified public accountant reflecting gross receipts within the city for the preceding fiscal year”*. S&S did not provide a statement of its annual gross receipts generated from accounts within the city certified by an independent public accountant reflecting gross receipts within the city for the preceding fiscal year. Effective October 1, 2008 the ordinance requires that contractors having an annual gross receipts reported to the City over \$200,000 shall, on or before 60 days following the close of their fiscal year, deliver to the Finance Department a statement of annual gross receipts generated from accounts within the city certified by an independent certified public accountant reflecting gross receipts within the City for the preceding fiscal year. For the calendar year 2012 & 2013, S&S exceeded the threshold amount for requiring certified statements of gross receipt.

Recommendation (s)

S&S must comply with the designated sections of the City Codes by submitting reports to the City Manager and Sanitation Director listing of accounts and certified annual statements of gross receipts for the year exceeding the reported threshold.

EXIT CONFERENCE

Audit findings were e-mailed on 07/30/2014 to Janna Wheeler, S&S National Waste, Inc. We confirmed her agreement to our findings on September 22, 2014.

JJS: CD

Audit performed by Carmin Dufour

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cc: Eric Carpenter, Director of Public Works
Alberto Zamora, Sanitation Director
Patricia Walker, Chief Financial Officer
Janna Wheeler, CEO for S&S