MIAMIBEACH

INTERNAL AUDIT REPORT

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov
Office of Internal Audit
Tel: 305-673-7020

TO: Jimmy L. Morales, City Manager
FROM: Mark D. Coolidge, Interim Internal Auditor MDC

DATE: January 17, 2018
AUDIT: World Waste Recycling, Inc. Roll-off Fee Revenues Audit
PERIOD: August 2015 to September 2017

This report is the result of a scheduled audit of the roll-off fees charged, collected and remitted by World Waste Recycling, Inc. In addition, the auditee's compliance with selected provisions in the City Code concerning obtaining annual business tax receipts, filing required reports, etc. was also reviewed.

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 twenty-two companies currently possess business tax receipts authorizing them to operate roll-offs within the City's boundaries. They are required to abide by the terms outlined in the City Code which among other things includes the remittance of roll-off fees calculated by multiplying the applicable percentage (18%) of Miami Beach gross receipts. In addition, Monthly Reports of Gross Receipts are to be submitted to the City's Finance Department by the end of the subsequent month. For example, October 2017's report was due by 11/30/17; November 2017's report was due by 12/31/17 and so on.

One of these authorized roll-off companies is World Waste Recycling, Inc.'s (World Waste). Their main office is located at 4701 NW 35th Avenue in Miami, Florida. Although they offer a variety of services for businesses and residents plus a comprehensive recycling program, their primary source of revenues is the rental of roll-offs. The following table shows the amount of gross receipts reported and the corresponding roll-off fees paid to the City during the twenty-six month audit period:

	2015 Aug-Dec.	2016 Jan-Dec.	2017 Jan-Sept.	TOTAL
Gross Receipts Reported	$2,945.00	$103,525.72	$134,002.49	$240,473.21
Roll-Off Fees Paid (18%)	$530.10	$18,634.64	$24,120.46	$43,285.20

PREVIOUS AUDIT RESULTS

The Office of Internal Audit previously conducted an audit of World Waste Recycling, Inc. for the period of October 2014 to July 2015 which did not result in an assessment as it was verified that tested roll-off

fees were properly charged and collected. In addition, it was confirmed that these roll-off fees were remitted timely to the City of Miami Beach.

OVERALL OPINION

A review of World Waste Recycling, Inc.'s (World Waste) invoices verified that gross receipts and roll-off fees were properly charged and collected during the current audit period. Furthermore, these monies along with the Monthly Reports of Gross Receipts were remitted timely to the City's Finance Department. Despite these positives, testing identified the following areas that are in need of improvement:

- World Waste did not timely obtain their business tax receipts for the 2016/17 fiscal year.
- World Waste did not fully comply with City Code Section 90-278 (3)'s reporting requirements.

PURPOSE

The purpose of this audit is to determine whether tested roll-off waste contractor billings and reporting roll-off fees were accurate; whether tested remittances were correctly calculated, timely received and properly recorded by the City; and whether the contractor was in compliance with selected City Code sections' requirements.

SCOPE

1. Review the tested roll-off company's provided books and records to confirm that their billings were correct; their gross receipts were correctly calculated and support the monthly fees submitted to the City.
2. Confirm that the tested roll-off company is timely submitting the required Monthly Reports of Gross Receipts along with their corresponding full remittances to the City.
3. Confirm that the tested roll-off company timely obtained their required annual business tax receipts during the audit period.
4. Confirm that the tested roll-off company has complied with City Code Section 90-278's reporting requirements.
5. Confirm that the tested roll-off company has obtained the required insurance in adherence with City Code Section 90-196.
6. Confirm that all monthly roll-off fee returns were accurately recorded in the City's Financial System during the audit period.

FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

1. Finding – *World Waste Recycling, Inc.'s 2016/17 Fiscal Year Business Tax Receipt was not Obtained Prior to the Commencement of this Audit*
City Code Section 90-276 states" Except as provided elsewhere in this article, no person shall engage in the business of removing or disposing of construction and demolition debris or large quantities of trash from any premises within the city limits without first securing a license for such activities from the City Manager by paying the license fee as set forth in chapter 18 of this code. It was subsequently determined that World Waste Recycling, Inc. (World Waste) did not renew their business tax receipt for the 2016/17 fiscal year prior to the commencement of this audit. Upon notification, they subsequently corrected this deficiency and are now current.

   Recommendation(s):
   Going forward, World Waste should renew their business tax receipts timely or be subject to Code Compliance violations and to the penalty provisions listed in the City Code.

2. Finding – *World Waste Recycling, Inc. Did Not Fully Comply with City Code Section 90-278 (3)'s Reporting Requirements*
City Code Section 90-278 (3) states" *The licensed contractor shall provide the City Manager 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 dumpster as per account and the address serviced by each Roll-off container or dumpster.* Although World Waste provided a listing of customer names during the audit period, they did not provide the City Manager with the required 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 dumpster as per account and the address serviced by each roll-off container or dumpster.

   Recommendation(s):
   Going forward, World Waste should fully comply with City Code Section 90-278 (3) by timely submitting the required reports containing all the necessary information to the City Manager.

EXIT CONFERENCE

This audit report was e-mailed to World Waste Recycling, Inc.'s management whereby they agreed to the findings contained herein on January 8, 2018.

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Audit performed by Tax Auditor Carmin Dufour

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cc: Eric Carpenter, Assistant City Manager
Alberto Zamora, Sanitation Director
John Woodruff, Chief Financial Officer
Melissa Rodriguez, Director of World Waste Recycling, Inc.