



**Joseph M. Centorino**, Inspector General

TO: Honorable Mayor and Members of the City Commission  
FROM: Joseph Centorino, Inspector General

DATE: May 26, 2021  
PROJECT: Great Waste & Recycling LLC Roll-off Fee Revenues Audit  
OIG No. 21-22  
PERIOD: October 1, 2016 through December 31, 2020

This report is the result of an audit of the roll-off fees charged, collected, and remitted by Great Waste & Recycling LLC (Great Waste) from October 1, 2016 through December 31, 2020 and the City's processing of these payments. In addition, the Office of the Inspector General (OIG) Sanitation Tax Auditor determined the contractor's compliance with selected provisions in the City Code, including the obtaining of annual business tax receipts (BTRs), filing required reports, maintaining sufficient insurance coverage, as well as others.

## **INTRODUCTION**

A roll-off is defined as a container with a minimum capacity of ten (10) cubic yards, and that is designed to be transported by a motorized vehicle. They are used by contractors for the collection and disposal of construction and demolition debris and/or large quantities of trash and/or bulky waste, but not garbage or commercial refuse. Bulky waste represents large items of household refuse, such as appliances, furniture, accumulations from major tree cutbacks, large crates and like articles, while commercial refuse is all solid waste produced by commercial establishments.

The City's licensing and permitting software, EnerGov, listed ten roll-off contractors on March 15, 2021 with their 2020/21 fiscal year BTRs in "active" status and another three in "pending" status. "Pending" status means that the customer's BTR is not yet valid or active, and is missing needed documentation and/or payment in full to the City for the BTR. The number of roll-off contractors frequently changes, either upward as new contractors abide by the City's guidelines and obtain their BTRs, or downward as contractors merge or stop conducting business in Miami Beach and don't renew their BTRs.

Roll-off contractors operating in Miami Beach are required to follow the terms outlined in the City Code, which include the monthly remittance of roll-off fees equal to the City Commission approved rate (18% until September 2019 and 20% beginning October 1, 2019 and remaining unchanged through the end of the audit period) multiplied by the total gross receipts for each contractor's City operations. City Code Section 90-221 defines gross receipts as the entire amount of fees collected by the contractor (whether wholly or partially collected) for solid waste collection and disposal within the City, excluding any taxes, and gross receipts from servicing roll-off and portable containers.

City Code Section 90-278(4) requires that monthly reports, accompanied by payment of any owed fees, are to be submitted to the City's Finance Department by all authorized contractors at the end of the month after the month in which the gross receipts were generated. For example, the report for October 2020 would have been due by November 30, 2020. Any unpaid fees that are not timely received are subject to penalties of 10% per month up to a maximum of 50%, plus interest of 1% per month.

City Code Section 90-278(3) requires that each roll-off contractor provide the City Manager with a current list of the names and addresses of each account upon its initial application. Upon any application for renewal of its permit, each contractor must provide the frequency of service, the permit number and capacity of each roll-off container or dumpster for each account, and the address serviced by each roll-off container or dumpster. This list of accounts is typically furnished concurrently with the monthly report to the Finance Department, and is essential in verifying the accuracy of the roll-off contractor's filings during the audit process.

When the roll-off contractor has annual gross receipts reported to the City in excess of \$200,000.00, it must deliver to the Finance Department a statement of its annual gross receipts generated from accounts within the City for the preceding fiscal year, prepared by an independent Certified Public Accountant (C.P.A.). These statements of annual gross receipts are to be furnished to the City's Finance Department within 60 days following the close of the roll-off contractor's fiscal year pursuant to City Code Section 90-278(4). Great Waste did not exceed this annual threshold during the audit period, and therefore did not have to submit this statement.

Lastly, City Code Section 90-191 details the required insurance coverage that must always be maintained to ensure that Miami Beach citizens have safe, efficient, sanitary, and qualified licensed contractors.

## **OVERALL OPINION**

Great Waste fully cooperated and provided all the requested documentation needed to adequately perform this audit. Although significant deficiencies were subsequently noted, the contractor's management promptly initiated the required corrective action, and remitted all monies owed in full, submitted all missing documentation, and obtained its annual BTRs. The following deficiencies were found in the audit:

1. Great Waste operated as a franchise waste contractor within the City without having obtained its annual business tax receipts required under City Code Section 90-192(a) for the 2016/17, 2017/18, 2018/19, 2019/20 and 2020/21 fiscal years. Furthermore, the contractor did not report its monthly gross receipts associated with its contact to service Miami-Dade County Public Schools within the City, and failed to remit the owed franchise fees for those services totaling \$60,845.03 (including penalties and interest). Once notified, the contractor promptly remitted the \$11,282.00 due and received the five applicable franchise waste contractor BTRs, as well as paid in full the \$60,845.03 owed.
2. Gross roll-off receipts totaling \$158,190.88 were not reported to the City, which resulted in unpaid fees to the City in the amount of \$46,391.49 (including penalties and interest). Upon receipt of City Bill #30249, the contractor promptly remitted a payment on March 9, 2021, of \$45,776.91, and the remaining \$614.58 balance on April 14, 2021.

3. Unreported gross receipts related to Great Waste's roll-off agreement with the Miami-Dade County School Board resulted in \$6,681.07 (including penalties and interest) being due. Upon receipt of City Bill #30249, the contractor promptly remitted full payment of fees owed to the City on March 9, 2021.
4. Four Miami Beach transactions were mistakenly classified as having occurred in neighboring cities, resulting in a total of \$169.25 in fees (including penalties and interest) being due. Upon receipt of City Bill #30249, the contractor promptly remitted full payment of the sum on March 9, 2021.
5. Great Waste did not timely submit its list of accounts as required under City Code Section 90-278(3); however, a listing of customer names was provided upon request that was reconciled with positive confirmation letters returned from customers.

## **PURPOSE**

The purpose of this audit was to determine whether tested roll-off contractor filings were complete and accurate; whether corresponding remittances were correctly calculated using the City Commission approved roll-off permit fee rate; whether these filings and monies were timely received and accurately recorded by the City; and whether the contractor was compliant with other designated City Code sections.

## **SCOPE**

1. Confirm that the roll-off contractor maintained sufficient records to verify that its tested permit fee billings were correct; and that its corresponding Miami Beach gross receipts were correctly computed based on the monthly fees submitted to the City.
2. Confirm that the roll-off contractor timely submitted its tested monthly reports of gross receipts and remitted full payment of fees owed to the City.
3. Confirm that the roll-off contractor timely obtained its required annual BTRs during the audit period.
4. Confirm that the roll-off contractor complied with reporting requirements under City Code Section 90-278 during the audit period.
5. Confirm that the roll-off contractor maintained the required insurance under City Code Section 90-196 during the audit period.
6. Confirm that tested monthly roll-off fee payments remitted were accurately recorded in the City's Financial System.

## FINDINGS AND RESULTS

1. ***Finding – Great Waste Operated In Miami Beach As A Franchise Waste Contractor Without Obtaining Five Fiscal Years Required Business Tax Receipts (\$11,282.00) And Failed To Report Gross Receipts Of \$60,845.03 (Including Penalties And Interest) Due To The City***

During review of Great Waste's revenue accounts as reported on its general ledger, OIG's Sanitation Tax Auditor found an account entitled "schoolboard revenue." When questioned, the contractor provided a Microsoft Excel spreadsheet, which contained an estimate of its solid waste gross receipts related to three Miami Beach schools: Miami Beach Senior High School, Miami Beach Adult and Community Education Center, and Nautilus Middle School.

The auditor subsequently searched the Miami-Dade County School Board website, in an effort to verify the accuracy of the contractor's provided spreadsheet, whereby contract ITB-16-021-AC for solid waste collection services was located, which included the following seven Miami Beach schools: Miami Beach Senior High School (7201), Miami Beach Nautilus Middle School (6541), Miami Beach South Pointe Elementary School (5091), Miami Beach Fienberg/Fisher K-8, North Beach Elementary School (3741), Biscayne Beach Elementary School (0321) and Miami Beach Adult & Community Educational Center. This three-year contract was set to expire on December 13, 2019, but has been extended for two additional one-year periods through December 13, 2021.

Miami Beach City Code Section 90-192(a) states, *"No person shall engage in the business of disposal and/or collection of any kind of solid waste, or recyclable material within the city without first having been approved by the City Manager, and having secured a current business tax receipt for such activity. The business tax receipt will be issued once an applicant has met all requirements, as set forth in this division and in chapter 18, and has paid the applicable business tax receipt fee."* Furthermore, Section 90-192(l) continues *"Any contractor doing business, as specified in subsection (b) of this section, within the city limits, without first obtaining the required business tax receipt, will be subject to enforcement procedures and penalties, as set forth in section 102-356 et seq. Failure to comply with the regulations set forth in this chapter or in chapter 18 may result in the suspension or revocation of the business tax receipt pursuant to chapter 18 and, if a franchise waste contractor, of suspension or revocation of the franchise."*

OIG's review of the EnerGov system found that Great Waste did not apply for or obtain its franchise waste contractor's BTRs for the 2016/17, 2017/18, 2018/19, 2019/20 or 2020/21 fiscal years related to contract ITB-16-021-AC. After conferring with the City Attorney's Office, the Inspector General sent letters dated January 7, 2021 to the Miami-Dade County Public Schools and Great Waste informing them of the unlicensed waste services being performed and allowing until March 1, 2021 for Great Waste to comply with City requirements to avoid any interruption of solid waste services at the seven Miami Beach schools.

Once notified, Great Waste management promptly filed the required documentation and remitted the corresponding \$2,924.00 fee to the City to obtain its 2020/21 fiscal year franchise waste contractor BTR. Furthermore, the Finance Department's Customer

Service Division invoiced Great Waste an additional \$8,358.00 for the remaining 2016/17, 2017/18, 2018/19, and 2019/20 fiscal years BTRs on April 12, 2021.

Great Waste also began filing its required monthly franchise returns with the City's Finance Department starting with January 2021. To calculate the amounts due dating back to the January 2017 commencement of its school contract ITB-16-021-AC, the OIG Sanitation Tax Auditor requested supporting financial records from Great Waste. The invoices provided included several Miami Beach schools, and were helpful as they included the monthly number of pick-ups, the number of yards per school, the public school calendar and the price per yard, all of which helped determine the monthly gross receipts figure and the corresponding franchise fees due to the City. The auditor also requested confirmation of gross receipts from the Miami-Dade Public Schools, which was provided. All this information was compiled and used to compute the figures due for the stated periods below.

<i>Period</i>	<i>Unreported Revenues</i>	<i>Total Franchise Fee %age *</i>	<i>Franchise Fees Due</i>	<i>Penalties **</i>	<i>Interest **</i>	<i>Total Amount Due</i>
<i>Jan. 2017 – Dec. 2017</i>	\$44,148.96	21.5%	\$9,492.04	\$4,746.04	\$3,292.37	<b>\$17,530.45</b>
<i>Jan. 2018 – Dec. 2018</i>	\$47,334.98	21.5%	\$10,177.02	\$5,088.53	\$2,298.15	<b>\$17,563.70</b>
<i>Jan. 2019 – Sept. 2019</i>	\$35,046.10	21.5%	\$7,534.90	\$3,767.48	\$909.56	<b>\$12,211.94</b>
<i>Oct. 2019 – Dec. 2019</i>	\$11,656.85	23.5%	\$2,525.44	\$1,262.73	\$127.33	<b>\$3,915.50</b>
<i>Jan. 2020 to Dec. 2020</i>	\$36,365.59	23.5%	\$8,545.91	\$1,020.71	\$56.82	<b>\$9,623.44</b>
<b>Totals</b>	<b>\$173,642.19</b>		<b>\$38,275.31</b>	<b>\$15,885.49</b>	<b>\$6,684.23</b>	<b>\$60,845.03</b>

\* The City Commission approved total franchise fee percentage was 21.5% until September 30, 2019 (18% franchise fee + 2% public right-of-way fee + 1.50% sustainable initiative fee) before being increased to 23.5% effective October 1, 2019 for the remainder of the audit period (20% franchise fee + 2% public right-of-way fee + 1.50% sustainable initiative fee).

\*\* Penalties and interest were waived and not charged for late payments received during the period of March 1, 2020 through November 30, 2020 in adherence with City Resolutions No. 2020-31237 and 2020-31390.

These unreported franchise waste gross receipts were discussed with Great Waste management, which agreed with OIG's calculations. Upon being notified, the Finance Department created City Bill #29782 for \$60,845.03 on February 12, 2021.

Result(s):

City Bill #29782 was promptly paid in full by the contractor on February 12, 2021. In addition, Great Waste also timely remitted the \$11,282.00 (\$2,924.00 + \$8,358.00) in fees due and was issued the BTRs for the five applicable fiscal years on April 14, 2021.

Auditee Responses:

*Great Waste's Response:* The contractor agreed with the report's contents and opted not to provide any written responses to the findings according to the April 26, 2021 email received by the OIG.

*Sanitation Division's Response:* The Sanitation Division of Public Works will request the roll-off contractor to provide a copy of their local Business Tax Receipt (BTR) at the outset of the contract before beginning operations. Thereafter, we will verify with the assistance of the Finance Department's Customer Service Center that the BTR is updated timely as part of the annual renewal process.

*Finance Department's Response:* Each roll-off contractor self-reports their gross receipts to the City. Each month, the Finance revenue team is responsible for verifying that the tax amount paid is accurate based on the applicable percentage on the filing submitted by the roll-off contractor. The completeness of the self-reported amounts by the contractor is verified through the audit process since a financial audit is the only way to ensure that the contractor is submitting accurate monthly filings.

**2. Finding – \$158,190.88 In Unreported Roll-Off Gross Receipts Were Identified Resulting In \$46,391.49 Being Due To The City**

City Code Section 90-221 defines gross receipts as "the entire amount of the fees collected by the contractor (whether wholly or partially collected) for solid waste collection and disposal within the city and including, without limitation, but excluding any taxes, and gross receipts from servicing roll-off and portable containers." The OIG Sanitation Tax Auditor reviewed all furnished documentation in support of the monthly roll-off gross receipts reported to the City during the October 1, 2016 through December 31, 2020 audit period. In doing so, it was determined that all tested months contained varying amounts of unreported gross receipts related primarily to grapple service, fuel fee, trip fee, yard delivery, yard roll-off, yard exchange, relocated and mixed solid waste. The following table shows the summarized calculations by period in which it was determined that Great Waste owed the City a total of \$46,391.49 (including penalties and interest).

<i>Period</i>	<i>Unreported Gross Receipts</i>	<i>Roll-Off Fee Rate</i>	<i>Roll-Off Fees Due</i>	<i>Penalties *</i>	<i>Interest *</i>	<i>Total Amount Due</i>
<i>Oct. 2016 – Dec. 2016</i>	\$11,284.81	18%	\$2,031.38	\$1,015.92	\$810.99	<b>\$3,858.29</b>
<i>Jan. 2017 – Dec. 2017</i>	\$35,965.54	18%	\$6,474.18	\$3,237.97	\$2,119.87	<b>\$11,832.02</b>
<i>Jan. 2018 – Dec. 2018</i>	\$47,754.07	18%	\$8,595.77	\$4,298.75	\$1,833.16	<b>\$14,727.68</b>
<i>Jan. 2019 – Sept. 2019</i>	\$23,152.73	18%	\$4,167.50	\$2,084.17	\$490.94	<b>\$6,742.87</b>
<i>Oct. 2019 – Dec. 2019</i>	\$10,541.18	20%	\$2,108.58	\$887.45	\$89.03	<b>\$3,084.80</b>
<i>Jan. 2020 – Dec. 2020</i>	\$29,492.55	20%	\$5,898.56	\$226.73	\$20.54	<b>\$6,145.83</b>
<b>Totals</b>	<b>\$158,190.88</b>		<b>\$29,275.97</b>	<b>\$11,750.99</b>	<b>\$5,364.53</b>	<b>\$46,391.49</b>

\* Penalties and interest were waived and not charged for late payments received during the period of March 1, 2020 through November 30, 2020 in compliance with Resolutions No. 2020-31237 and 2020-31390.

These unreported gross receipts were discussed with Great Waste management, which agreed with OIG's calculations. Upon being notified, the Finance Department included the \$45,776.91 due in City Bill #30249 created on March 9, 2021.

Result(s):

The contractor promptly remitted a payment of \$45,776.91 on March 9, 2021, and the remaining \$614.58 balance was paid in full on April 13, 2021.

Auditee Responses:

*Great Waste's Response:* The contractor agreed with the report's contents and opted not to provide any written responses to the findings according to the April 26, 2021 email received by the OIG.

*Finance Department's Response:* Each roll-off contractor self-reports their gross receipts to the City. Each month, the Finance revenue team is responsible for verifying that the tax amount paid is accurate based on the applicable percentage on the filing submitted by the roll-off contractor. The completeness of the self-reported amounts by the contractor is verified through the audit process since a financial audit is the only way to ensure that the contractor is submitting accurate monthly filings.

3. **Finding – Unreported Gross Receipts Related To Great Waste's Roll-Off Agreement With The Miami-Dade County School Board Resulted In \$6,681.07 Due To The City**  
Review of supporting documentation provided by Great Waste identified various transactions with the Miami-Dade County Public School Board. More information was requested concerning these transactions to determine whether the transactions pertained to Miami Beach public schools, but no additional records were received. Consequently, the auditor searched the Miami-Dade County School Board website and found contract ITB-16-022-AC for roll-off waste container collection services. Confirmation of gross receipts was subsequently requested from the Miami-Dade Public Schools, whereby the following additional unreported gross receipts were identified.

<i>Period</i>	<i>Unreported Gross Receipts</i>	<i>Roll-off Fee Rate</i>	<i>Roll-off Fees Due</i>	<i>Penalties*</i>	<i>Interest*</i>	<i>Total Amount Due</i>
<i>Jan. 2017 – Dec. 2017</i>	\$6,576.00	18%	\$1,003.16	\$501.60	\$332.28	<b>\$1,837.04</b>
<i>Jan. 2018 – Dec. 2018</i>	\$7,398.00	18%	\$1,128.55	\$564.30	\$247.02	<b>\$1,939.87</b>
<i>Jan. 2019 – Dec. 2019</i>	\$5,206.00	18%	\$794.18	\$397.10	\$90.70	<b>\$1,281.98</b>
<i>Oct. 2019 – Dec. 2019</i>	\$1,370.00	20%	\$228.34	\$114.19	\$14.15	<b>\$356.68</b>
<i>Jan. 2020 – Dec. 2020</i>	\$6,850.00	20%	\$1,141.71	\$114.19	\$9.60	<b>\$1,265.50</b>
<b>Totals</b>	<b>\$27,400.00</b>		<b>\$4,295.94</b>	<b>\$1,691.38</b>	<b>\$693.75</b>	<b>\$6,681.07</b>

\* Penalties and interest were waived and not charged for late payments received during the period of March 1, 2020 through November 30, 2020 in adherence with Resolutions No. 2020-31237 and 2020-31390.

These unreported roll-off gross receipts were discussed with Great Waste management, which agreed with OIG's calculations. Upon being notified, the Finance Department included the \$6,681.07 in City Bill #30249 created on March 9, 2021.

Result(s):

City Bill #30249 was promptly paid in full by the roll-off contractor on March 9, 2021.

Auditee Responses:

*Great Waste's Response:* The contractor agreed with the report's contents and opted not to provide any written responses to the findings according to the April 26, 2021 email received by the OIG.

*Finance Department's Response:* Each roll-off contractor self-reports their gross receipts to the City. Each month, the Finance revenue team is responsible for verifying that the tax amount paid is accurate based on the applicable percentage on the filing submitted by the roll-off contractor. The completeness of the self-reported amounts by the contractor is verified through the audit process since a financial audit is the only way to ensure that the contractor is submitting accurate monthly filings.

**4. Finding – Misclassified Miami Beach Roll-Off Transactions Resulted In \$169.25 Due To The City**

Review of supporting documentation provided by Great Waste determined that four Miami Beach roll-off service transactions occurred during November 2016 and August 2018 which totaled \$508.48, but were inadvertently misclassified as being in neighboring municipalities. This oversight was discussed with Great Waste management, which agreed with OIG's calculations. Upon being notified, the Finance Department included \$169.25 (\$91.53 roll-off fees + \$45.77 penalties + \$31.95 interest) in City Bill #30249 created on March 9, 2021.

Result(s):

City Bill #30249 was promptly paid in full by the roll-off contractor on March 9, 2021.

Auditee Responses:

*Great Waste's Response:* The contractor agreed with the report's contents and opted not to provide any written responses to the findings according to the April 26, 2021 email received by the OIG.

*Finance Department's Response:* Each roll-off contractor self-reports their gross receipts to the City. Each month, the Finance revenue team is responsible for verifying that the tax amount paid is accurate based on the applicable percentage on the filing submitted by the roll-off contractor. The completeness of the self-reported amounts by the contractor is verified through the audit process since a financial audit is the only way to ensure that the contractor is submitting accurate monthly filings.

**5. Finding – City Code Section 90-278(3) Required Lists Of Accounts Were Not Submitted**

City Code Section 90-278(3) states "Each contractor shall provide the city manager with a current list of the names and addresses of each account, upon initial application, and upon any application for renewal, of its permit, the frequency of service, and 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. No property owner may share an account with another property owner." Testing determined that Great Waste did not provide the City Manager with the annual lists of accounts during the audit period; however, they were provided upon request to the OIG Sanitation Tax Auditor. These listings are essential in

verifying the accuracy of the roll-off contractor's filings during the audit process as its customer data is subsequently reconciled with the supporting documentation provided.

Furthermore, the lists of accounts were used to prepare and mail positive confirmation letters to Miami Beach roll-off customers. Positive confirmation letters are sent to customers by the OIG requesting confirmation of the accuracy or supply information. OIG's corresponding reconciliation of all completed and returned confirmation letters with the lists of accounts did not identify any material differences.

Recommendation(s):

Great Waste should comply with the requirements of City Code Section 90-278(3) by timely submitting its lists of accounts to the City Manager. If not received timely, the City should promptly contact the contractor regarding its omission.

Auditee Responses:

*Great Waste's Response:* The contractor agreed with the report's contents and opted not to provide any written responses to the findings according to the April 26, 2021 email received by the OIG.

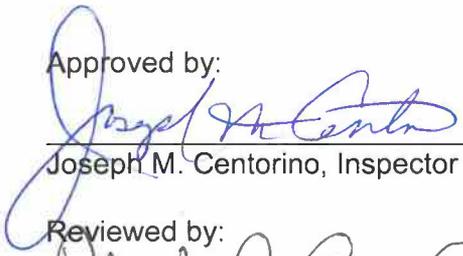
*Sanitation Division's Response:* The Sanitation Division of Public Works will request the roll-off contractor to provide a current list of the names and addresses of each account at the outset of the contract before beginning operations. Thereafter, we will request and verify updated account information on an annual basis.

## SUMMARY

On February 4, 2021, OIG's Sanitation Tax Auditor notified Carlo Piccinonna, Managing Member of Great Waste & Recycling LLC, of the identified unreported franchise fees transactions and Great Waste promptly sent a \$60,845.03 check to the City. Next, Mr. Piccinonna was told of OIG's preliminary unreported roll-off findings on February 11, 2021 and Great Waste immediately sent a \$52,627.23 check while the audit working papers and case file were being finalized. Both payments, totaling \$113,472.26 (\$60,845.03 + \$52,627.23), were applied against the known deficiencies.

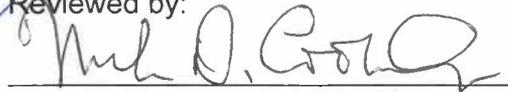
The audit was subsequently finalized, and all audit findings were e-mailed to Mr. Piccinonna, who agreed with them. When the computations were finalized, it was determined that the actual amount due was \$114,086.84, which was \$614.58 more than initially computed. In addition to the \$2,924.00 fee previously paid to obtain its 2020/21 fiscal year franchise waste contractor business tax receipt during this audit, the OIG and Finance Departments calculated that another \$8,358.00 was due for its 2016/17, 2017/18, 2018/19, and 2019/20 BTRs. Once notified of the additional amounts due, Great Waste timely sent payment in full to the City on April 13, 2021 and there are no remaining audit-related unpaid balances.

Approved by:

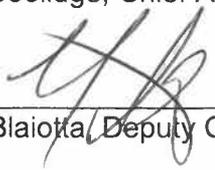
  
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Joseph M. Centorino, Inspector General

05/26/2021  
Date

Reviewed by:

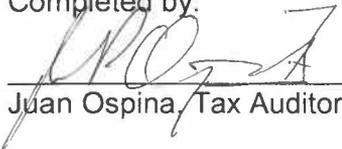
  
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Mark D. Coolidge, Chief Auditor

05-26-2021  
Date

  
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Norman Blaiotta, Deputy Chief Auditor

5/26/2021  
Date

Completed by:

  
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Juan Ospina, Tax Auditor

05/27/2021  
Date

- cc: Alina T. Hudak, City Manager
- Eric Carpenter, Assistant City Manager
- Bradford Kaine, Sanitation Division Director
- John Woodruff, Chief Financial Officer
- Carlo Piccinonna, Managing Member, Great Waste & Recycling LLC
- Alberto M. Carvalho, Superintendent, Miami-Dade County Public Schools