



Joseph M. Centorino, Inspector General

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

DATE: June 7, 2021
AUDIT: Bicon Inc. d/b/a S&S National Waste Roll-off Fee Revenues Audit
OIG No. 21-25
PERIOD: January 1, 2017 through December 31, 2019

This report is the result of an audit performed of the roll-off fees charged, collected and remitted by Bicon Inc. d/b/a S&S National Waste (S&S National Waste) from January 1, 2017 through December 31, 2019 and the City's processing of these payments. In addition, the Office of the Inspector General (OIG) Sanitation Tax Auditor examined the contractor's compliance with selected provisions of the City Code, including the obtaining of annual business tax receipts (BTRs), filing required reports, and maintaining sufficient insurance coverage.

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. These containers 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 system, EnerGov, listed twelve (12) roll-off contractors on March 31, 2021 with their 2020/21 fiscal year BTRs in "active" status and another three (3) roll-off companies in "pending" status. "Pending" status means that the BTR is not yet valid or active, and is missing needed documentation and/or payment in full. The number of roll-off contractors frequently changes, either upward as new contractors obtain their BTRs in compliance with City requirements, or downward as contractors merge or stop conducting business in Miami Beach and, consequently do not 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% from the beginning of the audit period, January 1, 2017, through September 30, 2019 before it was increased to 20% on October 1, 2019 for the remainder of the audit period through December 31, 2019) 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 and any associated roll-off fees owed for February 2021 would have been due by March 31, 2021. 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 a roll-off contractor has annual gross receipts reported to the City over \$200,000.00, such as S&S National Waste during the audit period, it shall deliver to the City's Finance Department a statement of 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 within 60 days following the close of the roll-off contractor's fiscal year pursuant to City Code Section 90-278(4).

Lastly, City Code Section 90-196 details the required insurance coverage that must be maintained to assure that Miami Beach citizens have safe, efficient, sanitary and qualified licensed contractors.

OVERALL OPINION

S&S National Waste cooperated and provided the requested documentation needed to adequately perform this audit. Subsequent testing determined that the roll-off contractor typically charged and collected the appropriate amount of franchise fees throughout the audit period, and timely filed its monthly returns with the City's Finance Department. Despite these positive attributes, the following deficiencies were noted during the audit:

1. A \$3,447.95 assessment levied from a prior roll-off audit for the period of March 1, 2014 through December 31, 2016 remained unpaid as of the start of this audit. The Finance Department mistakenly sent the City Bill to the incorrect mailing address, so it was most likely not received by the contractor. Upon notification, payment in full was timely remitted to the City on March 3, 2021.
2. S&S National Waste operated as a roll-off contractor within the City without having obtained its required annual BTRs for the 2015/16, 2016/17, 2017/18, 2018/19, and 2019/20 fiscal years. Despite these lapses, the contractor was improperly allowed to renew its 2020/21 fiscal year BTR contrary to the terms listed in City Code Section 90-278(7).
3. The City's enterprise resource planning system, Munis, does not currently include the federal tax identification number (FEIN) in the contractor accounts. Therefore, outstanding balances on customer number accounts can be difficult to determine, especially when

there are name changes for the legal entity, or if a new corporation is created by the same owners (using a fictitious name) to continue performing the same business with a changed FEIN.

4. Gross receipts totaling \$3,987.58 were not reported to the City during the audit period by the roll-off contractor resulting in unpaid fees due of \$1,335.18 including penalties and interest.
5. The roll-off contractor delinquently reported 56 transactions in August 2018, which had actually occurred during April 2018, May 2018 and June 2018, in violation of City Code Section 90-225, resulting in \$795.81 in penalties and interest being due to the City.
6. S&S National Waste did not timely submit its list of accounts as required under City Code Section 90-278(3); however, it was provided upon request and was accurately reconciled with the positive confirmation letters returned by Miami Beach customers.
7. The City has not received S&S National Waste's 2019 annual statement of gross receipts prepared by a C.P.A. as required by City Code Section 90-278(4).

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 listed in City Code Section 90-278 during the audit period.
5. Confirm that the roll-off contractor maintained the required insurance coverage pursuant to 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/RECOMMENDATIONS

1. **Finding – *The Prior \$3,447.95 Audit Assessment Pertaining To March 1, 2014 Through December 31, 2016 Remained Unpaid As The City Bill Prepared By The Finance Department Was Sent To An Incorrect Mailing Address***

The Office of Internal Audit, which was subsumed into the Office of the Inspector General on November 1, 2019, conducted a prior audit of S&S National Waste for the period of March 1, 2014 through December 31, 2016. The resulting June 19, 2017 audit report concluded that the roll-off contractor owed the City \$3,447.95 in roll-off fees (including interest charges), which was agreed to by the contractor.

The OIG Sanitation Tax Auditor for this audit determined that this prior audit assessment remained unpaid. S&S National Waste was notified by email on February 25, 2021 of this outstanding balance, and responded that it was unaware of any monies due. Further research determined that the Finance Department had mistakenly mailed the City Bill to S&S Waste RO at 8233 Gator Lane, Ste #2, West Palm Beach, FL, 33411-3789, rather than to the correct address of 1060 Skees Road, West Palm Beach, FL 33411. It was agreed that the contractor most likely did not receive the City Bill, so the original audit assessment was not updated for additional interest charges. Upon receipt of the City Bill, S&S National Waste timely mailed check number 65414 on March 3, 2021 for \$3,447.95 to resolve this matter.

Recommendations:

No further action required.

Finance Department's Response:

The Finance Department was not provided with and remained unaware of a new address at the time of mailing the City Bill. Once we were made aware, this item was corrected.

2. **Finding – *The Contractor Was Issued Its 2020/21 Fiscal Year BTR Despite Not Renewing the Previous Five Fiscal Years BTRs And Not Remitting The \$3,447.95 Prior Audit Assessment Levied In June 2017***

City Code Section 102-356 defines business tax as the fees charged for which the City grants the privilege of engaging in or managing any business, profession, or occupation within the City's jurisdiction. Furthermore, Section 102-360 states, "Each business tax receipt shall be valid for one year. Tax receipts shall be issued beginning October 1 of each year and shall expire on September 30 of the following year" and Section 102-370 explains, "(a) The City shall endeavor to notify all business tax receipt holders that their business tax receipts are due for renewal. However, if the taxee does not receive a renewal notification, the taxee is responsible to renew the business tax prior to October 1 to avoid delinquent charges." City Code Section 90-278(7) states, "In order to effectively provide for the collection of the permit fee by the contractor to the City, any person seeking to renew his/her annual business tax receipt pursuant to the provisions of chapter 102, article V, in addition to the requirements contained therein, shall provide to the finance director evidence of payment of all outstanding permit fees, fines and other charges as a condition to reissuance or renewal of the business license."

Review of the State of Florida Division of Corporations managed sunbiz.org website found that S&S National Waste Inc. is inactive as the last event states “admin dissolution for annual report” on September 15, 2006; then, Bicon, Inc. filed its fictitious name “S&S National Waste” on January 29, 2010, which will expire on December 31, 2025. No other entity changes had been filed with sunbiz.org since 2010.

As summarized in Table 1 below, the EnerGov system showed that S&S National Waste obtained its 2020/21 fiscal year BTR on March 16, 2021 upon submittal of its insurance policy information, which was after the designated October 1st due date pursuant to City Code Section 102-360. The Finance Department’s Licensing Section was unaware that the roll-off contractor had not previously obtained its annual BTRs for the 2015/16, 2016/17, 2017/18, 2018/19 and 2019/20 fiscal years, and that it had not paid the \$3,447.95 audit assessment addressed in finding #1. Furthermore, the contractor had continued to perform monthly roll-off services in Miami Beach and remit monthly roll-off fees that were processed by the Finance Department during this period.

S&S National Waste had a different license/BTR number for the 2015/16 and 2016/17 fiscal years, and it did not remit the \$663.00 fee associated with the 2016/17 fiscal year. It was also noted that it was not billed for its annual BTRs during the 2017/18 (\$696.00) and 2018/19 (\$731.00) fiscal years, despite continuing to file its monthly roll-off fee reports with the Finance Department under the same assigned customer number, 9712. A new license/BTR number was assigned in the 2019/20 fiscal year; but it was not issued despite being paid, because the contractor did not satisfy all the other required licensing requirements. The Finance Department Customer Service Manager calculated that the current unpaid balance related to the 2016/17, 2017/18 and 2018/19 fiscal years is \$2,090.00 (\$663.00 + \$696.00 + \$731.00 respectively).

Table 1

<i>Fiscal Year</i>	License/BTR #	License/BTR Status	License/BTR Fee Status	# of Code Violations Issued
2015/16	RL-94198011	Not Issued	Paid	0
2016/17	RL-94198011	Not Issued	Unpaid	0
2017/18		Not Billed		0
2018/19		Not Billed		0
2019/20	BTR007939-10-2019	Not Issued	Paid	0
2020/21	BTR007939-10-2019	Active	Paid	0

Each license/BTR number should be assigned to one contractor. Each contractor should have a single license/BTR number. Bicon, Inc. had two different BTR numbers RL-94198011 and BTR007939-10-2019. The Finance Department Revenue Manager’s April 15, 2021 email stated, “*Bicon should operate with a valid BTR, but if they are operating without a valid BTR, the fees owed to the City should continue to be invoiced and promptly paid.*”

Although S&S National Waste did not have active BTRs for the 2015/16 through 2019/20 fiscal years, it continued to be issued roll-off permits by the Sanitation Division (see Table 2 below).

Table 2

Fiscal Year	# of Roll-Off Permits Issued
2015/16	5
2016/17	6
2017/18	7
2018/19	15
2019/20	13

Finally, the contractor did not receive any citations from the Code Compliance Department for operating within the City without active BTRs for any of these five fiscal years, as required by City Code Section 102-377: *“(a) Any person who shall carry on or conduct any business for which a tax receipt is required by this article without first obtaining such tax receipt shall be issued a violation for the offense which shall have a civil fine of \$1,000.00. The enhanced enforcement for this violation shall be pursuant to subsection 102-377(d) herein. (d) In addition to the above, a continued violation of subsection 102-377(a) for a period of 30 days or more without first obtaining a tax receipt, shall be punished by imprisonment not to exceed 60 days or by imposition of a fine not to exceed \$500.00 or both.”*

Recommendations:

S&S National Waste should immediately satisfy the licensing requirements and obtain its BTRs for fiscal years 2015/16, 2016/17, 2017/18, 2018/19 and 2019/20 from the Finance Department Licensing Section. The contractor’s receipt of its 2020/21 fiscal year BTR was improper, as it owed the City monies in violation of City Code Section 90-278(7).

Going forward, designated Finance Department personnel should confirm that each roll-off contractor filing gross receipts returns has an active BTR. It is recommended that Licensing Section personnel also research each company’s information (including fictitious names) in sunbiz.org as part of the BTR issuance and renewal process.

In addition, the Sanitation Division should only issue roll-off permits when the contractor has an active BTR. Finally, as the enforcement agency for the City’s Finance Department’s Licensing Section, the Code Compliance Department should be promptly notified when roll-off contractors have not timely obtained their annual BTRs, and the provisions of City Code Section 102-377 should be enforced.

Finance Department’s Response:

S&S Waste (RL-94198011) did not remit their BTR fees for FY 2017, therefore their BTR was not renewed for the following year FY 2018. The BTR was not renewed per prior City Manager Morales’s administrative directive of not renewing any BTR that was in arrears over one year. Any business not renewing their BTR in a one-year period is required to re-apply for their BTR.

Ostensibly, the corporate entity applied under a different name for their BTR in 2020. In this case, it was not discovered by the City staff member processing the new BTR application, that Bicon Inc. (BTR007939-10-2019) and S&S Waste (RL-94198011) are the same corporate entity with a name change. Going forward, when processing applications for new BTRs, the Finance Department will query and search the EnerGov database by corporate name and FEIN to ensure a new BTR is not created unnecessarily.

As of May 4, 2021, Bicon Inc has remitted their Local Business Taxes for FY 2018, 2019, 2020 and 2021. The fees associated with their FY 2017 BTR are still owed. These fees have been invoiced and collections attempts have been made.

The Code Compliance Department together with the Information Technology Department, previously developed a report in the EnerGov Licensing Module called "Code BTR Report." This report is a powerful tool, listing all businesses by their category type, along with their current BTR status. The report lists real-time information on BTRs. The report was created by the Code Compliance Department to target non-compliant businesses.

3. **Finding – *The City's Munis System Does Not Include Listing of the Contractor's Federal Employer Identification Number Which May Lead To Uncollected Liabilities***

The Munis system, as confirmed by the Finance Department's Revenue Manager, showed that S&S National Waste has had four different customer numbers since its inception. Finance Department personnel assign a unique customer number to identify a customer (roll-off contractor) as each customer should have one unique customer number.

However, the Finance Department may create more than one customer number when there are different associated revenue accounts. For example, a customer may require a permit as well as utilize off-duty police services. These two services are recorded to different revenue accounts and should, therefore, have two distinct customer numbers to facilitate the different accounting requirements.

The Finance Department Revenue Manager, in an April 15, 2021 email, concluded the following concerning S&S National Waste's four assigned customer numbers:

- Customer number 9712 contains an immaterial \$.57 balance, and has been used historically {since June 24, 2016} to record the contractor's roll-off permit fee payments.
- Customer number 20136 contained an outstanding \$350.00 invoice issued in 2013 for sanitation violations. Due to the address and customer contact identified on this customer number, the Finance Department does not think it is the same customer that pays roll-off fees. In addition, the contractor's sunbiz.org account history doesn't identify the address on this customer number. Due to the age of this balance, it is included in the doubtful account allowance and is unlikely to be paid.
- Customer number 14832 contained a \$0.00 balance, was created in error and inactivated.
- Customer number 9035 captured penalty invoices from 2005 through 2007 recorded because of a contested audit assessment that was not resolved. Due to the age of the balance, it is included in the doubtful account allowance and is unlikely to be paid.

The OIG is concerned that where new customer numbers are created unnecessarily and the underlying entity has not changed, prior outstanding balances may go uncollected. The current City Bill processes do not establish a relationship with the customer number and the customer's BTR. In addition, outstanding balances related to each customer number can be difficult to determine, especially when there are name changes on the legal entity, or a new corporation is created by the same owners (using a fictitious name) to continue performing the same business with a changed FEIN.

A FEIN is a nine-digit unique number assigned by the Internal Revenue Service to businesses operating in the United States. A business should only have one FEIN which can be used when filing tax returns as well as for banking and legal matters.

The sunbiz.org website stated that Bicon, Inc. with FEIN 65-0038896 was created on January 26, 1988. Then, Bicon, Inc. filed a fictitious name d/b/a S&S National Waste on January 29, 2010, which will expire on December 31, 2025. Also, there was a legal entity, S&S National Waste, Inc. with FEIN 20-0135813 created on August 6, 2003 and inactivated on September 15, 2006. Therefore, Bicon, Inc. began using d/b/a S&S National Waste on January 2010. Consequently, confusion exists concerning which outstanding balances are related to which entity. In response, the Revenue Manager stated that the Finance Department does not maintain FEIN with contractors' master data in the billing module of the Munis system, therefore she could not unequivocally confirm that the FEIN is appropriately identified with S&S National Waste.

Recommendations:

It is recommended that the Finance Department maintain a customer's FEIN with its master data in the Munis system's billing module. Complete contractor information (including FEINs) should facilitate research into the contractor's accounts and balances. Furthermore, the EnerGov and Munis systems should be linked, or reconciled monthly, to help avoid future unpaid liabilities to the City.

The Munis system should only have one customer number per legal entity to avoid confusion that may cause a misallocation of resources and/or undetermined balances. In case the contractor may need different revenue accounts, then system permitting, sub-accounts should be created from the master contractor account so the different revenue accounts may be consolidated under the same and unique customer number.

Finance Department's Response:

The Munis system has the option to add a FEIN to customer accounts. FEIN will be added to all existing Waste Haulers by June 30, 2021. Finance and other billing departments will be instructed to use this field when creating new customers. At this time, the field is not searchable, does not create a work stoppage if a FEIN is not entered and has no linkage between the EnerGov and Munis Systems. Putting all of the latter into place will have to be a collaborative project between Finance, IT and Tyler Technologies. At this time, we have not determined if any of this is feasible in the system. Finance currently has a project in the I.T. Project Management pipeline to automate monthly filings from waste haulers. The project was initiated on 10/18/2019 and the team will add including a FEIN in the automated filing.

We agree that multiple accounts were created over the years for various known and unknown reasons. Finance and Sanitation staff (the primary billers for waste hauler transactions) will strive to maintain only one account per vendor/customer by utilizing FEIN and other identifying information.

If two accounts exist for the same customer, one for regular billing and one for off-duty, it is not because of different revenue accounts, but rather so that payment made for off-duty services can be applied to the off-duty bill. By default, Eden applied payment to the oldest bill on an account and most of the time, off-duty is the most recent bill. As such, the act

of creating a separate account for off-duty services was added to the process in Eden and has carried over to Munis. Billing on customer accounts are based on charge codes and charge codes can have up to 5 different revenue accounts.

4. Finding – Unreported Roll-off Permit Fees Totaling \$1,262.18 (Including Penalties and Interest) Are 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 contractor furnished documentation in support of the monthly roll-off gross receipts reported to the City during the January 1, 2017 through December 31, 2019 audit period. Subsequent testing identified unreported gross receipts totaling \$3,987.58, which was comprised of eight transactions (\$3,257.58) where roll-off permit fees were collected but not remitted to the City, plus seven additional transactions (\$730.00) in which roll-off permit fees were due to the City, but were not collected or remitted by the contractor. Table 3 below shows that a total of \$1,262.18 is due to the City (including penalties and interest) from the 15 unreported transactions related primarily to grapple service, transport fee and yard increments.

Table 3

<i>Invoice Number</i>	<i>Date</i>	<i>Amount</i>	<i>Roll-off Fees *</i>	<i>Penalties</i>	<i>Interest</i>	<i>Total Due</i>
<i>A. Roll-off fees were collected but not remitted to the City</i>						
485940	01/31/17	\$437.40	\$78.73	\$39.37	\$29.92	\$148.02
485940	01/31/17	\$145.80	\$26.24	\$13.12	\$9.97	\$49.33
485940	01/31/17	\$899.00	\$161.82	\$80.91	\$61.49	\$304.22
485954	01/31/17	\$463.38	\$83.41	\$41.71	\$31.70	\$156.82
485954	01/31/17	\$154.50	\$27.81	\$13.91	\$10.57	\$52.29
485962	01/31/17	\$505.50	\$90.99	\$45.50	\$34.58	\$171.07
486067	01/31/17	\$315.00	\$56.70	\$28.35	\$21.55	\$106.60
486080	01/31/17	\$337.00	\$60.66	\$26.68	\$23.05	\$110.39
Subtotal		\$3,257.58	\$586.36	\$289.55	\$222.83	\$1,098.74
<i>B. Roll-off fees due to the City but they were not collected or remitted</i>						
582443	07/17/18	\$150.00	\$27.00	\$2.70	\$5.40	\$35.10
582443	07/17/18	\$30.00	\$5.40	\$.54	\$1.08	\$7.02
669217	07/26/19	\$150.00	\$27.00	\$2.70	\$2.16	\$31.86
680605	08/31/19	\$50.00	\$9.00	\$.90	\$.63	\$10.53
680844	08/31/19	\$50.00	\$9.00	\$.90	\$.63	\$10.53
689548	10/10/19	\$150.00	\$30.00	\$3.00	\$1.50	\$34.50
701958	12/02/19	\$150.00	\$30.00	\$3.00	\$.90	\$33.90
Subtotal		\$730.00	\$137.40	\$13.74	\$12.30	\$163.44
Total		\$3,987.58	\$723.76	\$303.29	\$235.13	\$1,262.18

* City Commission approved roll-off permit fees were equal to 18% from the beginning of the audit period, January 1, 2017, through September 2019 and 20% from October 1, 2019 through the end of the audit period, December 31, 2019.

Recommendations:

The Finance Department should create a City Bill invoicing S&S National Waste \$1,262.18 for unreported roll-off fees, including penalties and interest, related to the 15 identified transactions. Once received, the roll-off contractor should timely remit full payment to avoid additional disciplinary actions pursuant to the City Code.

Finance Department's Response:

The Finance Department's Revenue Division created invoice # 31431 on 5/21/2021 in the amount of \$1,262.18.

5. Finding – April 2018, May 2018 And June 2018 Gross Receipts Were Delinquently Reported In August 2018 Resulting In \$795.81 In Penalties And Interest Being Due To The City

City Code Section 90-278(4) requires the monthly submittal of reports, accompanied by payment of any owed roll-off permit fees, to the City's Finance Department by the end of the month after the month in which the gross receipts were generated. For example, the report and payment for February 2021 was due by March 31, 2021, and so on.

In addition, City Code Section 90-225 penalizes original delinquency as follows: *“Any franchise waste contractor who fails to remit any franchise fee imposed by this division within the time required shall pay a penalty of ten percent of the amount of the delinquent fee in addition to the amount of the delinquent fee” and continued delinquency as “Any franchise waste contractor who fails to remit the franchise fee on or before the 30th day following the date on which the fee first became delinquent shall pay a second delinquency penalty of ten percent of the amount of the delinquent fee, in addition to the amount of the fee, and the ten-percent penalty imposed pursuant to subsection (1). An additional penalty of ten percent of the amount of the delinquent fee shall be paid for each additional 30-day period, or part thereof, during which the franchise fee is delinquent, provided that the total penalty imposed by subsection (1) and this subsection (2) shall not exceed 50 percent of the amount of the franchise fee. This penalty shall be in addition to the franchise fee and interest imposed by this division.”*

The OIG Sanitation Tax Auditor determined that S&S National Waste did not timely report gross receipts totaling \$23,271.28 related to 56 transactions occurring in April 2018 (7 transactions), May 2018 (30 transactions) and June 2018 (19 transactions). The contractor delinquently included these transactions and remitted \$4,188.83 (\$23,271.28 x 18%) in roll-off permit fees to the City in August 2018's return, which was well after the City Code Section 90-278(4)'s designated due dates. As a result of these 56 delinquent transactions, it was calculated that an additional \$795.81 (\$723.42 penalties + \$72.39 interest) is due to the City.

Recommendations:

The City's Finance Department should invoice S&S National Waste \$795.81 in penalties and interest due to the delinquent reporting. Once received, the roll-off contractor should timely remit full payment to avoid additional disciplinary actions pursuant to the City Code.

Finance Department's Response:

The Finance Department's Revenue Division created invoice # 31432 on 5/21/2021 in the amount of \$795.81.

6. **Finding – Lists of Accounts Were Not Submitted With The Contractor’s Monthly Reports And Roll-off Fee Payments**

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.” It was determined that S&S National Waste did not provide the City Manager with the required 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 provided lists of accounts were used to prepare and mail positive confirmation letters to known S&S National Waste customers, requesting a listing of all their Miami Beach roll-off transactions with the contractor during the specified period. OIG’s corresponding reconciliation of all completed and returned confirmation letters with the furnished list of accounts did not reveal any material differences.

Recommendations:

S&S National Waste should comply with the requirements of City Code Section 90-278(3) by timely submitting its future lists of accounts to the City Manager. If not received timely, the Finance Department should promptly notify the contractor of its omission.

Finance Department’s Response: The Finance Department’s Revenue Division will verify that there is a list of accounts submitted with each monthly report and roll-off fee payment.

7. **Finding – The Required 2019 Annual Statement Of Gross Receipts Was Not Submitted Pursuant To City Code Section 90-278(4)**

City Code Section 90-278(4) states “...Contractors having annual gross receipts reported to the city over \$200,000.00 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.”

S&S National Waste exceeded the designated \$200,000.00 threshold for the 2017, 2018 and 2019 calendar years, but the required statements were not submitted to the City. At the OIG Sanitation Tax Auditor’s request, the contractor provided its 2017 and 2018 annual statements of gross receipts as certified by MeGoey, Sharfi & Co. CPAs, Inc. These certified figures were compared to S&S National Waste’s reported gross receipts and no material differences were noted. However, the 2019 statement of annual gross receipts still had not been submitted, despite several requests by the OIG, prior to the issuance of this final audit report.

Recommendations:

S&S National Waste should immediately submit its 2019 certified annual statement of gross receipts. In addition, the contractor should timely submit its future certified annual statements of gross receipts, when it exceeds the designated \$200,000.00 threshold in compliance with City Code Section 90-278(4). To promote future compliance, the Sanitation Division should consider requesting the City Commission to revise the City

Code to establish financial penalties for contractors that do not timely submit their statement of annual gross receipts.

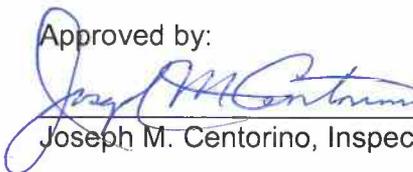
Finance Department Response:

The Finance Department's Accounting and Reporting Division will set up a process for receiving certified annual statements of gross receipts and reach out to each waste hauler to provide such for the fiscal year ending 12-31-2020.

EXIT CONFERENCE

This audit report was e-mailed to all audited parties who agreed with the contents herein. Any received comments and/or management responses were included in this final audit report.

Approved by:



Joseph M. Centorino, Inspector General

06/07/2021
Date

Reviewed by:



Mark D. Coolidge, Chief Auditor

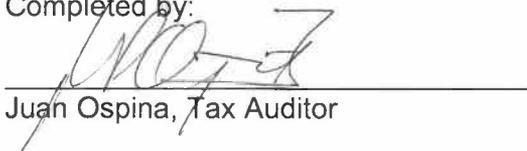
06/07/2021
Date



Norman Blaiotta, Deputy Chief Auditor

6/7/2021
Date

Completed by:



Juan Ospina, Tax Auditor

06/07/2021
Date

cc: Alina T. Hudak, City Manager
Eric Carpenter, Assistant City Manager
Bradford Kaine, Sanitation Division Director
John Woodruff, Chief Financial Officer
Hernan D. Cardeno, Esq., Code Compliance Department Director
Caroline Khalil, Chief Financial Officer, Bicon, Inc. d/b/a S&S National Waste

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