




MIAMIBEACH

BUDGET AND PERFORMANCE IMPROVEMENT
Internal Audit Division

INTERNAL AUDIT REPORT

To: Kathie G. Brooks, Interim City Manager
From: James J. Sutter, Internal Auditor 
Date: September 26, 2012
Audit: A.F. Recycling & Waste, Inc. (A.F. Recycling)
Period: October 2007 to July 2012

This report is the result of a scheduled audit of the Roll-Off Fee Returns for A.F. Recycling. (A.F. Recycling)

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. Effective October 2008 the Roll-off franchise fee was increased from 16% to 18%.

BACKGROUND

Previously, Internal Audit conducted an audit of A.F. Recycling for period of July 2006 to September 2007. A.F. Recycling properly reported gross receipts resulting in no assessment.

OVERALL OPINION

Out of 58 months audited gross receipts, A.F. Recycling incurred gross receipts in 9 months totaling to \$109,674.02 within the City of Miami Beach and paid \$18,846.43 franchise fees to the City. For the remaining 49 months, gross receipts in the amount of \$26,662.58 were billed to several companies for services rendered in the City of Miami Beach from A.F. Recycling. Unfortunately, the companies failed to remit payments to A.F. Recycling. Therefore, A.F. Recycling was not required to submit franchise fees for these uncollected accounts. At present, A.F. Recycling has several lawsuits against these companies for failure to provide payments. Hence, we obtained the legal documents for record keeping and to follow-up as to when payments are made from these companies. Once payments are remunerated for the gross receipts owed from these companies, A.F. Recycling should submit payments to the City of Miami Beach for franchise fees due.

The following table summarizes audited gross receipts reported and fees paid during the audit period:

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	Oct.-Dec. 2007	Jan-Dec. 2008	Jan-Dec. 2009	Jan-Dec. 2010	Jan-Dec. 2011	Jan-Jul. 2012	TOTAL
Audited / Reported Gross Receipts	\$107,420.87	\$4,864.38	\$800.00	\$2,452.76	\$1,100.00	\$0.00	\$116,638.01
Roll-off fees paid	\$17,187.34	\$875.59	\$144.00	\$441.50	\$198.00	\$0.00	\$18,846.43

A.F. Recycling complied with the City's ordinances and properly reported all collected revenues to the City, therefore no franchise fees are due.

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

EXIT CONFERENCE

Audit report was e-mailed on September 25, 2012 to A.F. Recycling and they concurred to the report.

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JS:CD

Audit performed by Carmin Dufour

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cc: Fred Beckmann, Public Works Director
Alberto Zamora, Sanitation Director
Patricia Walker, Chief Financial Officer
Beny Krasner, A.F. Recycling & Waste, Inc. (President)