



MIAMIBEACH

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: February 26, 2015
AUDIT: Great Waste & Recycling Service, LLC.
PERIOD: March 2012 to December 2014

This report is the result of a scheduled audit of the Roll-Off Fee Returns for Great Waste & Recycling, LLC. (Great Waste)

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.

Great Waste has been operating in the City of Miami Beach since June 2010. Their line of business is the rental of Roll-offs for waste haulers.

BACKGROUND

Internal Audit performed an audit of Great Waste for the period of October 2010 to February 2012. Our audit dated May 14, 2012 produced an audit assessment of \$659.59 which was paid by Great Waste. This was attributed to Great Waste not reporting roll-off revenues to the City.

OVERALL OPINION

Great Waste did not comply with certain reporting provision sections in the City Code during the audit period. The following items were noted during our audit:

- Gross receipts in the amount of \$324,790.10 were not reported for the entire audit period. Therefore, Great Waste owes the City \$67,346.66 in franchise fees. (including interest and late filing charges)
- Great Waste has not filed list of accounts, however a listing of customer names was provided during the audit.

- Great Waste has submitted the certificate of liability insurance.

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.

FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSE

1. Finding – Unreported Gross Receipts
City Code Section 90 - 221 defines gross receipts as "*the entire amount of the fees collected by the licensee, exclusive of taxes as provided by law, whether wholly or partially collected, within the city, for solid waste removal and disposal*". Therefore, all monies collected by the roll-off waste contractor from Miami Beach service addresses, including fuel /environmental surcharge, overload, delivery, dry run, tire surcharge, disposal, and live load wait time, should be included in reported gross receipts. For the entire 34 months audited period, Great Waste collected revenues and franchise fees for services rendered within the City of Miami Beach and failed to file Roll-off Fee Returns. For the same period, Great Waste did not report to the City of Miami Beach \$324,790.10 in gross receipts resulting in franchise fees due for the amount of \$58,462.22. The following table summarizes audited gross receipts and the amount due from Great Waste for our audit period:

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	2012 Mar-Dec.	2013 Jan-Dec.	2014 (Jan.-Dec.)	TOTAL
Audited Gross	\$63,397.94	\$115,387.16	\$146,005.00	\$324,790.10
Less Report Gross	0.00	0.00	0.00	0.00
Unreported Revenues	(63,397.94)	(115,387.16)	(146,005.00)	(324,790.10)
Roll-off fees due	11,411.63	20,769.69	26,280.90	58,462.22
Interest	2,593.40	3,214.30	1,376.74	7,184.44
Late fees	500.00	600.00	\$600.00	1,700.00
Total Due	\$14,505.03	\$24,583.99	\$28,257.64	\$67,346.66

2. Finding – Required Reporting

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

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. Great Waste has not provided the City Manager 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 dumpster as per account and the address serviced by each Roll-off container or dumpster. However, a listing of customer names was provided during the audit.

Recommendation (s)

Great Waste must remit the amount of \$67,346.66 for franchise fees relating to the unreported gross receipts. Going forward, monthly reports with supporting revenues earned should be filed on a monthly basis. If Great Waste continues not to pay the City of Miami Beach the franchise fees collected from service addresses within the City, it may result in the termination of their Business Tax Receipt. In addition, Great Waste must comply with the designated sections of the City Codes by submitting listing of accounts to the City Manager and the Sanitation Director.

EXIT CONFERENCE

Audit findings were e-mailed on February 24, 2015 to Mr. Carlo Piccinonna (Owner of Great Waste). We communicated with Mr. Piccinonna on February 24, 2015 and he acknowledged that Great Waste will pay the City. We informed Mr. Piccinonna that Finance will issue an invoice for payment upon receipt of this report.

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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
Carlo Piccinonna, Great Waste & Recycling Service, LLC. (Owner)