



MIAMI BEACH

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: September 26, 2013
AUDIT: J&M Scaffolds of Florida, Inc.
PERIOD: April 2010 to July 2013

This report is the result of a scheduled audit of the Roll-Off Fee Returns for J&M Scaffolds of Florida, Inc. (J&M)

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.

J&M has been in business since 1965. Their majority line of business is the rental of scaffolds and other construction equipment. In addition, J&M provides roll-off waste service as a supplemental line of business.

BACKGROUND

Previously, Internal Audit conducted an audit of J&M for period of October 2006 to March 2010. Our audit assessment report dated July 30, 2010 produced an audit assessment of \$772.69 which was subsequently paid by J&M.

OVERALL OPINION

J&M has not complied with certain provisions of the City Code's during the audit. The following items were noted during audit:

- Gross receipts in the amount of \$2,298.53 relating to fuel surcharges were not reported. Therefore, J&M owes the City \$454.43 in franchise fees.
- J&M has not filed an annual list of accounts, however a listing was provided during the audit.

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 RESPONSES

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 dumpster , dump fees, load of trees, over load, rubbish removal and fuel surcharges should be included in reported gross receipts.

Out of \$52,107.43 audited gross receipts, J&M paid the City of Miami Beach \$8,965.60 in franchise fees for \$49,808.90 in reported gross receipts. J&M collected an additional amount of \$2,298.53 in gross receipt for fuel surcharges and did not report these gross receipts for the services performed within the city limits in compliance with the City Code.

The following table summarizes the amount due from J&M for our audit period:

	2010 Apr-Dec.	2011 Jan-Dec.	2012 Jan-Dec.	2013 Jan-Jul.	TOTAL
Audited Gross Receipts	\$14,018.37	\$9,422.68	\$15,989.48	\$12,676.90	\$52,107.43
Less Report Gross Receipt	13,805.00	9,123.75	15,130.00	11,750.15	49,808.90
Unreported Revenues	(213.37)	(298.93)	(859.48)	(926.75)	(2,298.53)
Roll-off fees due	38.41	53.81	154.71	166.82	413.75
Interest	9.74	11.72	17.09	2.14	40.69
Total Due	\$48.15	\$65.53	\$171.80	\$168.96	\$454.44

Recommendation(s)

J&M must remit the amount of \$454.44. All subsequent roll-off fees returns should be filed in a timely manner and remit any franchise tax due.

2. Finding – Required Reporting

J&M 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 Roll-off waste contractor shall provide the city manager and the sanitation director 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 construction dumpster as per account and the address serviced by each Roll-off container or construction dumpster.*” J&M has not provided the city manager and the sanitation director 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. However, a listing of customer names was provided during the audit.

Recommendation (s)

Going forward, J&M must comply with the designated sections of the City Codes by submitting reports to the City Manager and Sanitation Director listing of accounts on an annual basis.

EXIT CONFERENCE

Audit findings were e-mailed on September 23, 2013 to J&M Scaffolds. We confirmed their agreement to our findings on September 25, 2013.

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
 Vivian Antelo, (Comptroller for J&M)