



# 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, 2014  
AUDIT: Lopefra Corp.  
PERIOD: October 2010 to December 2013

This report is the result of a scheduled audit of the Roll-Off Fee Returns for Lopefra, Corp. (Lopefra)

### 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.

Lopefra's majority line of business is equipment rental, dump trucks, fill materials, and mason sand. In addition, Lopefra provides roll-off waste services.

A review of the company's invoices showed that franchise fees were charged and collected throughout the audit period. Lopefra's records showed that franchise fees were remitted timely to the City of Miami Beach. In addition, we reviewed and noted no discrepancies with confirmations with Lopefra customers who paid for roll-off services within the City. The following gross receipts were reported and fees paid during the audit period.

	2010 Oct-Dec.	2011 Jan-Dec.	2012 Jan-Dec.	2013 Jan-Dec.	TOTAL
Audited Gross Receipts	\$36,805.00	\$186,581.57	\$213,324.74	\$257,562.02	\$694,273.33
Total Due Roll-off Fees (Paid)	\$6,624.90	\$33,584.68	\$38,398.45	\$46,361.16	\$124,969.19

### BACKGROUND

Previously, on December 22, 2010 an audit was performed at Lopefra's establishment. Gross receipts in the amount of \$8,400.00 were not reported resulting in the owing of \$1,709.94 in roll-off franchise fees and interest to the City. Lopefra paid the total amount of the assessment.

## **OVERALL OPINION**

Lopefra has generally complied with the provisions of the City Code's during the audit period. The following items were noted during our audit:

- Verified gross receipts were properly reported by Lopefra; therefore no additional fees are owed.
- Lopefra has submitted the certificate of liability insurance.
- Lopefra has not filed list of accounts, however a listing of customer names was provided during the audit.
- Lopefra has not filed the required CPA annual statement of gross receipts for 2012 & 2013.

## **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

### Finding – Required Reporting

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

- a. 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.*” Lopefra 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.
- b. Section 90 - 278 (4) states “*The licensee shall on or before 30 days following the close of its fiscal year deliver to the finance director and the city manager a statement of its 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*”. Lopefra did not provide a statement of its annual gross receipts generated from accounts within the city certified by an independent public accountant during the audit period.

Effective October 1, 2008 the ordinance requires that contractors having an 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. For the calendar year 2012 & 2013, Lopefra exceeded the threshold amount for requiring certified statements of gross receipt. However, for calendar year 2011, revenues fell below the reporting threshold; therefore no certified annual statement is needed for 2011.

### Recommendation (s)

Lopefra must comply with the designated sections of the City Codes by submitting reports to the City Manager and Sanitation Director listing of accounts and certified annual statements of gross receipts for the year exceeding the reported threshold.

## EXIT CONFERENCE

Audit findings were e-mailed on February 14, 2014 to Lopefra. We confirmed their agreement to our findings on February 26, 2014.

Internal Audit Report  
Lopefra Corp.  
February 26, 2014

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  
Rosemary L. Hartigan, Lopefra Corp. (In-House Counsel)