



# MIAMIBEACH

BUDGET AND PERFORMANCE IMPROVEMENT  
Internal Audit Division

## INTERNAL AUDIT REPORT

To: Jorge M. Gonzalez, City Manager  
VIA: Kathie Brooks, Budget and Performance Improvement Director  
From: James J. Sutter, Internal Auditor

Date: March 3, 2009  
Audit: Reliable Waste Services, Inc.  
Period: October 2005 to November 2008

This report is the result of a scheduled audit of the Roll-Off Fee Returns for Reliable Waste Services, Inc. (Reliable 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 to operate roll-offs within the City's boundaries. In return, they are required to abide by the terms outlined in the City Code. This includes the remittance of franchise fees equaling 16% of Miami Beach gross receipts to the City's Finance Department by the end of the subsequent month, filing various reports, maintaining sufficient insurance, etc.

Reliable Waste has been operating in the City of Miami Beach since June 2003. Their line of business is the rental of roll off containers.

### Background

Previously, Internal Audit conducted an audit of Reliable Waste for period of June 2003 to September 2005. Our audit report dated August 14, 2005 produced an audit assessment of \$7,737.45. This assessment was attributed to under reporting of roll-off revenues. On January 13, 2006 Reliable paid the total amount of the audit assessment.

A review of the company's invoices showed that franchise fees were charged and collected throughout the audit period. Reliable Waste's records showed that franchise fees were remitted timely to the City of Miami Beach. The following gross receipts from roll-off services were reported and franchise fees paid during the audit period:

	Oct-Dec. 2005	Jan-Dec. 2006	Jan-Dec. 2007	Jan-Nov. 2008	TOTAL
Audited / Reported Gross Receipts	\$3,452.07	\$54,720.60	\$83,490.05	\$63,006.25	\$204,668.97
Roll-off Fees (Paid)	\$552.33	\$8,755.30	\$13,358.41	\$10,081.00	\$32,747.04

## OVERALL OPINION

Reliable Waste reported all revenues earned in the City, however they did not fully comply with certain other 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 Reliable Waste; therefore no additional fees are owed.
- Reliable Waste has not filed list of accounts upon renewal and the required CPA annual statement of gross receipts. A listing of accounts was provided during the audit.
- Reliable 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.

## FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

1. Finding – Required Reporting  
Reliable Waste 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.”* Reliable Waste did not provide 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 or construction dumpster. However, a listing of customer names was provided during 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”.* Reliable Waste did not provide a statement of its annual gross receipts generated from accounts within the city certified by an independent public accountant reflecting gross receipts within the city for the preceding fiscal year.

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- c. City Code Section 90 -196 lists the insurance coverage that must be maintained by Roll-off waste contractors. Reliable provided proof of the required insurance during the audit.

Recommendation (s)

Effective October 1, 2008 the ordinance requires that contractors having annual gross receipts reported to the City over \$200,000 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. Reliable Waste must comply with the designated sections of the City Codes by submitting a list of accounts annually and submit certified statement of gross receipts providing their annual returns exceed the required amount.

**EXIT CONFERENCE**

Audit findings were e-mailed on February 24, 2009 to Norys Altuve, Reliable Waste Services, Inc. (Owner) We confirmed his agreement to our findings on February 26, 2009.

JJS: CD

Audit performed by Carmin Dufour

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cc: Robert Middaugh, Acting Public Works Director  
Alberto Zamora, Sanitation Director  
Patricia Walker, Chief Financial Officer  
Norys Altuve, Reliable Waste Services, Inc. (Owner)