



MIAMIBEACH

BUDGET AND PERFORMANCE IMPROVEMENT
Internal Audit Division

INTERNAL AUDIT REPORT

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

Date: September 30, 2011
Audit: S & S National Waste, Inc.
Period: March 2008 to February 2011

This report is the result of a scheduled audit of the Roll-Off Fee Returns for S&S National Waste, Inc. (S&S).

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 S&S for period of January 2001 to September 2004. Our audit report dated March 14, 2005 produced an audit assessment attributed to the under reporting of gross receipts. At present, the City Attorney's Office and S&S lawyers have been communicating regarding this audit. Therefore, this matter is still pending.

Internal Audit conducted its previous audit dated October 2008. S&S has been reporting all grappling services with roll-off services. However, the company under reported fees associated with fuel surcharges from November 2004 to May 2005 and delivery charges for the entire audit period. While the audit assessment amounted to \$3,284.73, the company has made better efforts to stay compliant with the ordinance. The audit assessment has been paid.

OVERALL OPINION

A review of the company's invoices showed that franchise fees were charged and collected throughout the audit period. The following table summarizes the audited gross receipts from roll-off services:

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	2008 Mar-Dec.	2009 Jan-Dec.	2010 Jan-Dec.	2011 Jan-Feb.	TOTAL
Audited Receipts	\$1,195,637.11	\$435,671.62	\$154,771.47	\$28,572.15	\$1,814,652.35
Roll-Off Fees Due (18%)	\$193,902.36	\$78,420.89	\$27,858.85	\$5,142.98	\$305,325.08

Footnote: As of October 2008 as required pursuant to section 90-278 of the City Code, the franchise fee paid to the city by its franchise roll-offs contractors was raised from 16% of the franchisee's total monthly gross receipts to 18% of said gross receipts.

S&S has generally complied with the provisions of the City Code's during the audit period. However, there is one item relating to reporting as detailed below.

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

S&S 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.”* S&S 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 or construction dumpster. However, a list of accounts 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”.* S&S 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. Effective October 1, 2008 the ordinance requires that contractors having an 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. For the

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calendar year 2009, S&S exceeded the threshold amount for requiring certified statements of gross receipt. However, S&S has provided CPA statements during the audit.

Recommendation (s)

S&S 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 09/08/2011 S&S. We confirmed their agreement to our findings on 09/29/2011.

JJS: CD

Audit performed by Carmin Dufour

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cc: Duncan Ballantyne, Assistant City Manager
Fred Beckmann, Public Works Director
Alberto Zamora, Sanitation Director
Patricia Walker, Chief Financial Officer
Janna Wheeler, Comptroller for S&S