
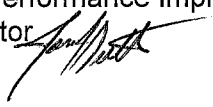


MIAMI BEACH

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: June 4, 2015
AUDIT: Waste Plus Inc.
PERIOD: February 2014 to May 2015

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

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 twenty one 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.

Waste Plus has been operating in the City of Miami Beach since February 2014. Their line of business is the rental of Roll-offs containers.

OVERALL OPINION

Waste Plus 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 \$9,950.00 were not reported for the entire audit period. Therefore, Waste Plus owes the City \$2,275.10 in franchise fees. (including interest and late filing charges)
- Waste Plus has not filed list of accounts, however a listing of customer names 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 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 16 months audited period, Waste Plus collected revenues and franchise fees for services rendered within the City of Miami Beach and failed to report Roll-off returns. For the same period, Waste Plus did not report to the City of Miami Beach \$9,950.00 in gross receipts resulting in franchise fees due for the amount of \$1,791.00.

The following table summarizes audited gross receipts and the amount due from Waste Plus for our audit period:

	2014 Mar-Dec.	2015 Jan-May	TOTAL
Audited Gross Receipts	\$5,950.00	\$4,000.00	\$9,950.00
Less Report Gross Receipt	0.00	0.00	0.00
Unreported Revenues	(5,950.00)	(4,000.00)	(9,950.00)
Roll-off fees due	1,071.00	720.00	*1,791.00
Interest	78.40	5.70	84.10
Late fees	300.00	100.00	400.00
Total Due	\$1,449.40	\$825.70	\$2,275.10

*Waste Plus paid \$1,791.00 for Roll-off fees due during the audit.

2. Finding – Required Reporting

Waste Plus 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.* Waste Plus 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)

Waste Plus remitted the amount of \$1,791.00 for franchise fees during the audit. However, the interest and late fee in the amount of \$484.10 must be paid. Going forward, monthly reports with supporting revenues earned should be filed on a monthly basis. In addition, Waste Plus 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 June 2, 2015 to Mr. Beny Krasner (Waste Plus). We communicated with Mr. B. Krasner on June 2, 2015 and he acknowledged that Waste Plus will pay the City the interest and late fees.

Internal Audit Report
Waste Plus Inc.
June 4, 2015

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
Beny Krasner, Waste Plus Inc. (Owner)