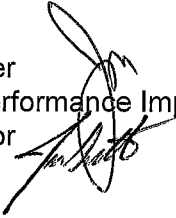
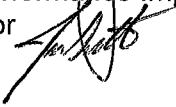



# MIAMI BEACH

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: December 31, 2014  
AUDIT: Waste Pro, Inc.  
PERIOD: October 2011 to October 2014

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

### 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.

Waste Pro has been operating in the City of Miami Beach since June 2010. Their line of business is the rental of Roll-offs.

### BACKGROUND

Previously, Internal Audit performed an audit of Waste Pro for the period of June 2010 to September 2011. Their records showed that franchise fees were remitted timely to the City of Miami Beach. There was no audit assessment.

A review of the company's invoices showed that franchise fees were charged and collected throughout the current audit period. Waste Pro's records showed that franchise fees were remitted timely to the City of Miami Beach. The following gross receipts were reported and fees paid during the audit period.

	2011 Oct-Dec.	2012 Jan-Dec.	2013 Jan-Dec.	2014 Jan-Dec.	TOTAL
Audited Gross Receipts	2,589.91	\$30,048.29	\$43,048.64	\$25,425.77	\$101,112.61
Total Due Roll-off Fees (Paid)	\$466.18	\$5,408.70	\$7,748.76	\$4,576.64	\$18,200.28

## **OVERALL OPINION**

Waste Pro 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 for Roll-offs were properly reported by Waste Pro; therefore no additional fees are owed.
- Waste Pro collected waste materials for Miami Dade County and they overpaid the City of Miami Beach \$3,494.62 in franchise fees for \$19,414.60 in gross receipts.
- Waste Pro has submitted the certificate of liability insurance.
- Waste Pro 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 RESPONSES

1. Finding – Overpaid amount of 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. Waste Pro collected waste materials for Miami Dade County Parks Department at the location of Ocean Dr. and 10 St. They collected franchise fees on the invoices and remitted the fees incorrectly to the City. This resulted in overpaying the City of Miami Beach \$3,494.62 in franchise fees for \$19,414.60 in gross receipts.
2. Finding – Required Reporting  
Waste Pro 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."*  
Waste Pro 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, Waste Pro needs to enhance their method of distribution of payments in order to prevent overpayment. Please note, if Miami Dade County requests the reimbursement of franchise fees and present proper documentation to the City's Finance Department; the City will evaluate the reimbursement to Miami Dade County. In addition, Waste Pro 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 discussed with Esther Arana (Manager for Waste Pro) on 12/31/2014. Waste Pro concurs with the audit findings.

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  
Esther Arana, Office Manager for Waste Pro