



# MIAMI BEACH

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: March 30, 2009  
Audit: World Waste Services, Inc.  
Period: October 2005 to January 2009

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

World Waste has been operating in the City of Miami Beach since 2002. They offer a range of waste removal services from commercial solid waste to construction and the rental of roll-off containers.

### Background

Previously, Internal Audit conducted an audit of World Waste for the period of January 2002 to September 2005. Our audit report dated August 14, 2006 produced an audit assessment of \$5,424.56 which was paid on July 31, 2006 during the audit. This assessment was attributed to under reporting of roll-off revenues.

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

	Oct.-Dec 2005	Jan-Dec 2006	Jan-Dec 2007	Jan-Dec 2008	Jan 2009	TOTAL
Audited / Reported Gross Receipts	\$64,304.29	\$541,016.66	\$835,389.39	\$405,265.99	\$23,642.69	\$1,869,619.02
Roll-off Fees (Paid)	\$10,288.69	\$86,562.67	\$133,662.30	\$65,918.50	\$4,255.68	\$300,687.84

## OVERALL OPINION

All returns filed by World Waste were supported by actual revenues earned within the City. Our review did not disclose any additional franchise fees due. In addition World Waste has filed the required CPA annual statement of gross receipts and submitted the certificate of liability insurance. World Waste has not fully complied with the following provisions of the City Code's:

- Franchise fees were not paid in a timely manner. World Waste filed roll-off fee returns late for the entire audit period. Late fees billed by the City during the audit period were subsequently paid by World Waste.
- World Waste has not filed a 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.

## FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

1. Finding –Late returns

Roll-off fee returns were not filed in a timely manner. Section 90 - 278 (4) states "*The licensee shall deliver to the finance director and the city manager a true and correct monthly report of gross receipts generated during the previous month from accounts within the city on or before the last day of each month. This detailed monthly report shall include the customers' names, service addresses, account numbers, and the actual amount collected from each customer. As of October 2005 to January 2009 World Waste has filed roll-off fee returns late for the entire audit period (40 months). In addition, World Waste has an average of 104 days late per month in filing roll-off fee returns. Late fees and interest were charged by the City for each late return. World Waste paid all invoices submitted by the City.*

Recommendation(s)

World Waste must comply with the designated section 90-278 (4) by reporting in a timely manner gross receipt generated during the previous month from accounts within the City on or before the last day of each month.

2. Finding – Required Reporting

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.*"

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World 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.

World Waste provided 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 according to Section 90-278 (4). City Code Section 90- 196 lists the insurance coverage that must be maintained by Roll-off waste contractors. World Waste provided proof of the required insurance during the audit.

Recommendation (s)

World Waste must comply with the designated sections of the City Codes by submitting reports to the City Manager and Sanitation Director.

**EXIT CONFERENCE**

On 03/30/09, we had a meeting with Martha Saroza, President of World Waste to discuss the audit findings. Mrs. Saroza concurred with the audit findings.

JJS: CD

Audit performed by Carmin Dufour

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cc: Robert Middaugh Jr., Acting Public Works Director  
Alberto Zamora, Sanitation Director  
Patricia Walker, Chief Financial Officer  
Martha Saroza, World Waste Services, Inc. (President)