MIAMIBEACH

INTERNAL AUDIT REPORT

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Office of Internal Audit
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TO: Jimmy L. Morales, City Manager
VIA: Mark D. Coolidge, Interim Internal Auditor MDC
FROM: Carmin Dufour, Tax Auditor

DATE: July 23, 2018
AUDIT: Waste Plus Inc. Roll-off Fee Revenues Audit
PERIOD: June 2015 to March 2018

This report is the result of a scheduled audit of the roll-off fees charged, collected and remitted by Waste Plus Inc. (Waste Plus). In addition, the auditee's compliance with selected provisions in the City Code concerning obtaining annual business tax receipts, filing required reports, etc. were also reviewed.

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.

Although it is a dynamic number, twenty-two companies currently possess business tax receipts authorizing them to operate roll-offs within the City's boundaries. They are required to abide by the terms outlined in the City Code which among other terms includes the remittance of 18% roll-off fees of the contractor's total applicable Miami Beach gross receipts with any fees deemed not paid subject to penalties of 10% per month up to a maximum of 50% plus interest of 1% per month. The term gross receipts mean the entire amount of the fees collected by the contractor (whether wholly or partially collected) for solid waste collection and disposal within the City and including, without limitation, but excluding any taxes, and gross receipts from servicing roll-off and portable containers.

Monthly reports are to be submitted to the City's Finance Department by the end of the subsequent month of the gross receipts generated during the previous month within the City. For example, October 2017's report was due by November 30, 2017; November 2017's report was due by December 31, 2017 and so on. In addition, the contractor is to deliver to the City's Finance Department a statement of annual gross receipts generated from accounts within the City for the preceding fiscal year, certified by an independent certified public accountant.

One of these authorized roll-off companies is Waste Plus Inc. which has been operating in the City of Miami Beach since February 2014.

BACKGROUND

Previously, the Office of Internal Audit conducted an audit of Waste Plus Inc. for period of February 2014 to May 2015. Our audit report dated June 4, 2015 resulted in an audit assessment of $2,275.10 due to unreported gross receipts. The amount of $1,791.00 for roll-off fees due was paid; however, the $484.10 in interest and late fees has not been paid to date.

OVERALL OPINION

Historically the lack of non-filing of franchise returns has led to the discovery of not reporting revenues to the City. Therefore, we scheduled our audit to confirm whether this account is compliant. A review of the company's provided invoices plus received customer confirmation letters showed that franchise fees were properly charged, collected and remitted during the thirty-four (34) month audit period. The following table summarizes the audited gross receipts received from Miami Beach roll-off transactions during the stated periods:

	2015 Jun-Dec.	2016 Jan-Dec.	2017 Jan-Dec.	2018 Jan-Mar.	TOTAL
Audited Receipts	$4,850.00	$18,400.00	$4,728.50	$0.00	$27,978.50
Roll-Off Fees Due (18%)	$873.00	$3,312.00	$851.13	$0.00	$5,036.13

Waste Plus Inc. has generally complied with the provisions of the City Code's during the audit period. However, Waste Plus has not filed list of accounts upon renewal in accordance with City Code Section 90-278 (3).

PURPOSE

The purpose of this audit is to determine whether tested roll-off contractor billings and filings were correct; whether tested remittances were correctly calculated, received timely and accurately recorded by the City, and whether the contractor was in compliance with designated sections of the City Code and related Ordinances.

SCOPE

1. Confirm that Waste Plus Inc. (Waste Plus) maintained sufficient books and records to verify that their billings were correct; their gross receipts were correctly calculated and support the monthly fees submitted to the City.

2. Confirm that Waste Plus is timely submitting the Monthly Reports of Gross Receipts along with their corresponding full remittances to the City.

3. Confirm that the roll-off contractor timely obtained their required annual business tax receipts during the audit period.

4. Confirm that Waste Plus has complied with City Code Section 90-278's reporting requirements during the audit period.

5. Confirm that the roll-off contractor has obtained the required insurance in adherence with City Code Section 90-196 during the audit period.

6. Confirm that tested monthly roll-off fee returns were accurately recorded in the City's Financial System.

FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

1. Finding – *Required Reporting*
   Waste Plus Inc. (Waste Plus) 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."* Waste Plus 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.

   Recommendation (s)
   Going forward, Waste Plus must comply with the designated sections of the City Codes by submitting reports to the City Manager and Sanitation Director listing of accounts on an annual basis.

EXIT CONFERENCE

This audit report was e-mailed to Waste Plus Inc.'s management whereby they agreed to the findings contained herein.

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cc: Eric Carpenter, Assistant City Manager
Roy Coley, Public Works Department Director
Alberto Zamora, Sanitation Department Director
John Woodruff, Chief Financial Officer
Benny Krasner, Waste Plus Inc. (Owner)