MIAMIBEACH

INTERNAL AUDIT REPORT

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov
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: September 30, 2018
AUDIT: Acme Processor, Inc.
PERIOD: September 2015 to August 2018

This report is the result of a scheduled audit of Acme Processor, Inc., which recycles used cooking oils collected from restaurants, to determine their compliance with selected provisions in the City Code concerning obtaining annual business tax receipts, filing required reports, etc.

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.

In addition, Article IV Subdivision III of Section 90 states that recycling waste contractors such as Acme Processors, Inc. must similarly obtain annual business tax receipts, file monthly reports of the volume of recyclable materials collected by it from each account in the City, etc. Acme Processor, Inc. has been operating since July 1973. Their primary offices are located at 9950 NW 116th Way in Medley, FL.

OVERALL OPINION

Testing confirmed that Acme Processor, Inc. did not need to remit any roll-off fees to the City as they only collected and recycled used cooking oils from local restaurants during the thirty-six (36) month audit period. Although it was subsequently determined that they had obtained their annual business tax receipts and maintained the required certificate of liability insurance, it was found that they did not file the required monthly reports detailing the volume of recyclable materials collected from each account in the City per City Code Section 90-223.

PURPOSE

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

SCOPE

1. Confirm that Acme Processor, Inc. 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 Acme Processor, Inc. is timely submitting the Monthly Reports of Gross Receipts along with their corresponding full remittances to the City.

3. Confirm that Acme Processor, Inc. timely obtained their required annual business tax receipts during the audit period.

4. Confirm that Acme Processor, Inc. has complied with City Code Section 90-278's reporting requirements during the audit period.

5. Confirm that Acme Processor, Inc. 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 RESPONSE

1. Finding – *Monthly Returns Detailing the Volume of Recyclable Materials Collected from each Account in the City were Not Submitted to the Sanitation Department during the Audit Period*
City Code Section 90-223 states *".....Each franchise waste contractor shall deliver to the finance department, on or before the last day of each month, a true and correct monthly report of gross receipts generated during the previous month from accounts within the City. This monthly report shall include the customer names, service addressed, account numbers, and*

the actual amount of solid waste and of any recyclable materials collected from each customer." Testing confirmed that Acme Processor, Inc. did not submit any of these required monthly reports concerning their recyclable customers and activities in the City during the audit period.

Recommendation
Going forward, Acme Processor, Inc. should timely remit each month's required report indicating the volume of recyclable materials picked up from each of their Miami Beach customers.

EXIT CONFERENCE

This audit report was e-mailed to Acme Processor, 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
Ronda McPherson, Interim Sanitation Department Director
John Woodruff, Chief Financial Officer
Mayra Franco, Acme Processor, Inc.