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: April 8, 2019
AUDIT: Eastern Waste System, Inc. Roll-off Fee Revenues Audit
PERIOD: August 2016 to February 2019

This report is the result of a regularly scheduled audit of the roll-off fees charged, collected and remitted by Eastern Waste System Inc. (Eastern Waste). In addition, the auditee's compliance with selected provisions in the City Code concerning obtaining their 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 Eastern Waste which has been operating in the City of Miami Beach since September 2003. The following table summarizes the audited gross receipts received from their Miami Beach roll-off transactions and the corresponding amount of fees paid during the stated audit period:

	2016 Aug-Dec.	2017 Jan-Dec.	2018 Jan-Dec.	2019 Jan-Feb.	TOTAL
Audited Receipts	$213,757.91	$511,701.61	$1,084,820.77	$298,312.70	$2,108,592.99
Roll-Off Fees Due (18%)	$38,476.42	$92,106.29	$195,267.74	$53,696.29	$379,546.74

BACKGROUND

Previously, the Office of Internal Audit conducted an audit of Eastern Waste System Inc. for the period of August 2013 to July 2016. Our audit report dated September 6, 2016 found that that tested roll-off fees were properly reported and no additional fees were owed.

OVERALL OPINION

Testing confirmed that Eastern Waste System Inc. (Eastern Waste) has generally complied with the provisions of the City Code's during the audit period which includes charging, collecting and remitting the proper amount of roll-off fees during the audit period. However, the following item was noted during our audit that is in need of corrective action:

- Eastern Waste did not timely submit their list of accounts; however, a listing of customer names was provided during the audit.

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 compliant with designated sections of the City Code and related Ordinances.

SCOPE

1. Confirm that Eastern Waste System Inc. (Eastern Waste) 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 Eastern Waste 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 Eastern Waste 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*
Eastern Waste System Inc. (Eastern Waste) did not submit the following document(s) in accordance with the listed City Code section(s) 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."* Eastern Waste did 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. Upon request by Internal Audit, this list of accounts was provided whereby the information obtained was used to mail confirmation letters to help verify the amount of reported gross receipts. The corresponding analysis did not find any material differences for any completed and returned confirmation letters.

Recommendation (s)
Eastern Waste should comply with the designated sections of the City Codes by submitting their listing of accounts timely to the City Manager and Sanitation Director.

EXIT CONFERENCE

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

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cc: Eric Carpenter, Assistant City Manager
Darrell Caldwell, Sanitation Department Director
John Woodruff, Chief Financial Officer
Cary Salero, Eastern Waste System Inc. (Controller)