MIAMIBEACH

INTERNAL AUDIT REPORT

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov
Office of Internal Audit
Tel: 305-673-7020

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

DATE: July 11, 2019
AUDIT: Load It Away, LLC Roll-off Fee Revenues Audit
PERIOD: June 1, 2017 to June 30, 2019

This report is the result of a scheduled audit of the roll-off fees charged, collected and remitted by Load It Away, LLC. 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 (10) 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, fifteen 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 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 can be defined as the entire amount of 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 2018's report was due by November 30, 2018; November 2018's report was due by December 31, 2018 and so on. In addition, the roll-off 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 Load It Away, LLC which has been operating in the City of Miami Beach since June 2013. 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 twenty-five month audit period:

	2017 June-December	2018 January-December	2019 January-June	TOTAL
Audited Receipts	$102,213.36	$41,331.55	$28,368.00	$171,912.91
Roll-Off Fees Due (18%)	$18,398.40	$7,439.68	$5,106.24	$30,944.32

BACKGROUND

Previously, the Office of Internal Audit conducted an audit of Load It Away, LLC for the period of April 1, 2014 to May 31, 2017. Our audit report dated August 23, 2017 found that gross receipts in the amount of $70,706.19 were not reported which resulted in the contractor subsequently remitting $17,399.21 in roll-off fees (including penalties and interest) to the City.

OVERALL OPINION

Testing confirmed that Load It Away, LLC has complied with the tested provisions of the City Code during the audit period which includes charging, collecting and remitting of roll-off fees during the audit period. Despite these positive results, the following shortcoming was noted during testing that is need of corrective action:

- Load It Away, LLC did not timely submit their list of accounts in accordance with City Code Section 90-278(3); however, this document 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 Load It Away, LLC maintained sufficient books and records to verify that their billings were correct; their gross receipts were correctly calculated and supported the monthly fees submitted to the City.
2. Confirm that the roll-off contractor 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 the roll-off contractor 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 – *Load It Away, LLC did Not Timely Provide their Required List of Accounts in Adherence with City Code Section 90-278(3)*
City Code 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."* Testing found that Load It Away, LLC did not provide the City Manager and/or 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 the Office of Internal Audit, this list of accounts was promptly 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)
   Load It Away, LLC should comply with City Code Section 90-278 (3)'s terms by submitting their lists of accounts timely to the City Manager and the Sanitation Director.

EXIT CONFERENCE

This audit report was e-mailed to Load It Away, LLC's management whereby they agreed to the contents herein.

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cc: Eric Carpenter, Assistant City Manager
Darrell Caldwell, Sanitation Department Director
John Woodruff, Chief Financial Officer
Alessi Gaetano Jr., Controller, Load It Away, LLC