



Joseph M. Centorino, Inspector General

TO: Honorable Mayor and Members of the City Commission
FROM: Joseph Centorino, Inspector General

DATE: May 2, 2023
AUDIT: Medley Metal Recycling, LLC Audit
OIG No. 22-14
PERIOD: January 1, 2018 through August 31, 2021

This report stems from an audit of the Miami Beach transactions performed by Medley Metal Recycling, LLC during the January 1, 2018, through August 31, 2021, audit period. Although substantiated recyclable transactions are exempt from roll-off permit fees, the contractor is required to maintain and provide the City, upon request, with sufficient documentation to verify all claimed exemptions. The City Attorney's Office has advised that the underlying transactions are subject to the roll-off provisions pursuant to Chapter 90 of the City Code.

The City of Miami Beach Office of the Inspector General (OIG) Sanitation Tax Auditor examined the contractor's compliance with selected provisions in the City Code and Florida Statutes, including the contractor's obtaining annual business tax receipts (BTRs), acquiring permits, filing reports, and maintaining sufficient insurance coverage. The performance of City staff responsible for monitoring Medley Metal Recycling, LLC and processing any received payments was also reviewed.

INTRODUCTION

City Code Section 90-2 defines recyclable materials as "those materials capable of being recycled and which would otherwise be processed or disposed of as solid waste. Any recyclable material mixed with solid waste shall be considered to be solid waste." Solid waste includes bulky waste, commercial refuse, garden trash, tree and shrubbery, garbage, refuse, rubbish, special handling trash, trash, hazardous waste, biohazardous waste, industrial waste, residential refuse, white goods, or other discarded material, including solid, liquid, semisolid, or contained gaseous material, resulting from domestic, industrial, commercial, mining, or agricultural operations.

City Code Section 90-107 provides that the collection and disposal of recyclable materials shall be exempt from the requirements of Chapter 90, which include the charging of roll-off permit fees to its customers.

City Code Section 90-192 provides as follows:

- (a) *No person shall engage in the business of disposal and/or collection of any kind of solid waste, or recyclable material within the City without first having been approved by the city*

manager, and having secured a current business tax receipt for such activity. The business tax receipt will be issued once an applicant has met all requirements, as set forth in this division and chapter 18, and has paid the applicable business tax receipt fee.

- (b) *Business tax receipts for private waste contractors shall be classified as follows:*
- (1) *Franchise waste contractors;*
 - (2) *Rolloff and grapple service contractors;*
 - (3) *Recycling contractors;*
 - (4) *Hazardous waste contractors; and*
 - (5) *Biohazardous waste contractors.*

Roll-off contractors operating in Miami Beach are required to follow the terms outlined in the City Code, which include the monthly remittance of permit fees equal to the City Commission approved rate multiplied by its total gross receipts. City Code Section 90-221 defines gross receipts as the entire amount of fees collected by the contractor (whether wholly or partially collected) for solid waste collection and disposal within the City, excluding any taxes, and gross receipts from servicing roll-off and portable containers.

City Code Section 90-193 states, "The city manager shall require, and will issue, a permit for each garbage facility, recycling, hazardous and biohazardous waste, rolloff and portable container, for all solid waste accounts in the city serviced by a private waste contractor." These permits were issued by the City Sanitation Division during the audit period after verifying compliance with all requirements.

City Code Section 90-196 details the required insurance coverage to be maintained by each private waste contractor throughout the entire effective period and/or term of its BTR and/or franchise agreement, whichever is longer. Operation of activities by the contractor without the required insurance shall be grounds for revocation or suspension of the contractor's BTR and/or franchise agreement.

City Code Section 90-278 requires that monthly reports, accompanied by payment of any owed fees, are to be submitted to the City's Finance Department by all authorized contractors at the end of the month after the month in which the gross receipts were generated. For example, the monthly report and any associated roll-off fees owed for January 2023 are due by February 28, 2023. Any unpaid fees that are not timely received are subject to penalties of 10% per month up to a maximum of 50%, plus interest at the highest rate permitted by law on the amount of the fee, exclusive of penalties, from the date on which the permit fee first became delinquent until paid.

City Code Section 90-308 states, "Each recycling contractor shall deliver monthly to the city manager or his authorized designee, an accurate report regarding the nature and disposition and volume of recyclable materials collected by it from each account in the city. Upon request by the city manager or his authorized designee, each contractor shall also furnish the city with verifiable information regarding the method and place of final disposal or distribution of said materials."

OVERALL OPINION

According to the website <https://www.buzzfile.com/business/Medley-Metal-Recycling,-LLC-305-805-0033>, Medley Metal Recycling, LLC is located at 9651 NW 89th Avenue in Medley, FL. The company was established in 2010 and has been operating for approximately 13 years.

The following deficiencies, separated by the deficient party(ies), were identified during the audit process:

A. Findings pertaining solely to Medley Metal Recycling, LLC

1. Miami Beach transactions claimed as exempt, but not substantiated by the contractor, were assessed roll-off permit fees totaling \$1,308.50 (including penalties and interest). In addition, \$3,529.88 in associated audit costs is due pursuant to City Code Section 90-278(6).
2. Medley Metal Recycling, LLC did not timely obtain its fiscal year BTRs related to roll-offs during the audit period pursuant to City Code Section 90-192.
3. Medley Metal Recycling, LLC records provided to the OIG indicate the usage of roll-off containers at 13 Miami Beach locations during the audit period without obtaining the required permits, contrary to City Code Sections 90-193 and 90-276. No Notices of Violations (NOVs) were issued to the contractor for these unpermitted jobs.

B. Findings pertaining solely to the City

4. Medley Metal Recycling, LLC was assigned three different contact numbers in the City's EnerGov system, thereby complicating the search process to determine whether any outstanding balances exist.

C. Findings pertaining to both Medley Metal Recycling, LLC, and the City

5. Medley Metal Recycling, LLC did not remit any required monthly recycling reports during the audit period to the Sanitation Division pursuant to City Code Section 90-308 and the Code Compliance Department was not notified to issue any corresponding NOVs pursuant to City Code Section 90-346(c).

In addition, the OIG Sanitation Tax Auditor identified a deficiency occurring after January 1, 2022, which is four months after the August 31, 2021, audit period concluded. It is presented as finding #6 starting on page 11 of this audit report, and the OIG has recommended that the City Finance Department examine this issue and promptly take corrective action. It is important to note that this identified deficiency applies to all contractors with valid BTRs after the adoption of City Resolution No. 2021-4456, effective December 18, 2021.

PURPOSE

The purpose of this audit was to determine whether tested contractor filings were complete and accurate based on the furnished documentation; whether corresponding remittances due were correctly calculated using the City Commission approved roll-off permit fee rate; whether filings and monies due were timely received and correctly recorded by the City; and whether the contractor was compliant with other designated City Code sections.

SCOPE

1. Determine whether the contractor maintained and provided sufficient records to verify the completeness and accuracy of its Miami Beach transactions; and whether its corresponding Miami Beach gross receipts were accurately computed.
2. Determine whether the contractor timely submitted the tested monthly reports of gross receipts and remitted full payment of any fees due to the City. If not, determine whether

- the appropriate penalty and interest charges were levied pursuant to City Code Section 90-278(6)(a-d).
3. Determine whether the contractor timely obtained its required annual BTRs during the audit period pursuant to City Code Section 90-192.
 4. Determine whether the contractor complied with reporting requirements listed in City Code Sections 90-278 and 90-308.
 5. Determine whether the contractor maintained the required insurance coverage pursuant to City Code Section 90-196.

FINDINGS AND RESULTS/RECOMMENDATIONS

The findings below are separated by those pertaining solely to the contractor, those pertaining solely to the City, and any pertaining to both the contractor and the City. Finding #6 occurred outside the audit period, but it was included in this report to notify the Finance Department to take prompt corrective action, when necessary, in relation to all roll-off contractors operating in Miami Beach after December 2021.

Findings Pertaining Solely to Medley Metal Recycling, LLC

1. ***Miami Beach Transactions Claimed As Exempt But Not Substantiated By The Contractor Were Assessed Roll-Off Permit Fees Totaling \$1,308.50 (Including Penalties and Interest) And \$3,529.88 In Audit Costs.***

City Code Section 90-2 defines recyclable materials as "those materials capable of being recycled and which would otherwise be processed or disposed of as solid waste. Any recyclable material mixed with solid waste shall be considered to be solid waste." Solid waste includes "bulky waste, commercial refuse, garden trash, tree and shrubbery, garbage, refuse, rubbish, special handling trash, trash, hazardous waste, biohazardous waste, industrial waste, residential refuse, white goods, or other discarded material, including solid, liquid, semisolid, or contained gaseous material, resulting from domestic, industrial, commercial, mining, or agricultural operations."

Florida Statute 403.707 states, "Permits. (1) A solid waste management facility may not be operated, maintained, constructed, expanded, modified, or closed without an appropriate and currently valid permit issued by the department..." and Florida Administrative Code 62-701.710 states, "Waste Processing Facilities. (b) No person shall construct or operate a waste processing facility without a permit issued by the Department." Furthermore, City Code Section 90-2 states, "Recycling contractor means a private contractor licensed by the city and state who collects recyclable materials and transports same to a state-or county-licensed recycling facility for processing."

The Office of the City Attorney has opined that the burden of proof is on the contractor to prove to the City that only recyclable materials were collected from Miami Beach customers and delivered for disposal to a recycling facility with a permit issued by the State of Florida Department of Environmental Protection. Dump tickets are an essential record to verify that only recyclable materials were delivered to an approved disposal site.

No such records were initially provided by the contractor despite multiple requests from the OIG Sanitation Tax Auditor. The contractor then sent a March 21, 2022 email to the OIG Sanitation Tax Auditor indicating that no documentation was available to support its assertion that only recyclable goods were collected and disposed of.

Therefore, the claimed exemptions were disallowed due to the lack of substantiation and the OIG Sanitation Tax Auditor assessed roll-off permit fees on all identified Miami Beach transactions in its initial August 8, 2022, draft audit report disbursed to all affected parties. As the allotted 30-business day rebuttal period granted to all affected parties, pursuant to Section 2-256(h) of the City Code, was expiring, the contractor provided 129 dumpster tickets related to 162 of the 202 claimed exempt Miami Beach recycling transactions occurring during the audit period. The OIG Sanitation Tax Auditor verified these 162 transactions were exempt and each was removed from the initial assessment.

After no additional records were provided to the OIG Sanitation Tax Auditor despite several more requests, a second draft report was issued and disbursed to all affected parties. In response, the contractor provided evidence for an additional 29 transactions, which was examined and verified by the OIG Sanitation Tax Auditor, and the assessment was revised accordingly.

Despite more requests from the OIG Sanitation Tax Auditor, the contractor did not provide evidence related to the remaining 11 unsubstantiated Miami Beach transactions (202 – 162 – 29 = 11). In lieu of receiving this evidence, these transactions were treated as if each involved the removal and disposal of solid waste through the usage of a roll-off container pursuant to City Code Section 90-2 and the City Attorney’s legal opinion. As a result, \$1,308.50 in roll-off permit fees is due to the City (including penalties and interest), as shown by period in the table below.

<i>Period</i>	<i>Unreported Gross Receipts</i>	<i>Roll-Off Fee Rate *</i>	<i>Roll-Off Fees Due</i>	<i>Penalties **</i>	<i>Interest **</i>	<i>Total Amount Due</i>
<i>Jan. 2018 – Dec. 2018</i>	\$1,603.50	18%	\$288.63	\$144.32	\$142.58	\$575.53
<i>Jan. 2019 – Oct. 5, 2019</i>	\$0.00	18%	\$0.00	\$0.00	\$0.00	\$0.00
<i>Oct. 6, 2019 – Dec. 2019</i>	\$0.00	20%	\$0.00	\$0.00	\$0.00	\$0.00
<i>Jan. 2020 – Dec. 2020</i>	\$2,572.40	20%	\$514.48	\$32.50	\$9.84	\$556.82
<i>Jan. 2021 – Aug. 2021</i>	\$550.00	20%	\$110.00	\$55.00	\$11.15	\$176.15
<i>Totals</i>	\$4,725.90		\$913.11	\$231.82	\$163.57	\$1,308.50

* City Commission approved roll-off permit fees equaled 18% from the beginning of the audit period, January 1, 2018, through October 5, 2019, and 20% from October 6, 2019, through the end of the audit period, August 31, 2021.

** Penalties and interest were waived and not charged for late payments received during the period of March 1, 2020, through November 30, 2020, pursuant to City Resolution Nos. 2020-31237 and 2020-31390.

In addition, City Code Section 90-278(6) states as follows: *If the contractor fails to timely pay the full permit fee as set forth in subsections (1) and (2) of this section, the contractor shall pay any and all of the city's expenses for collection of such fees, including, but not limited to, court costs, audit costs and reasonable attorney fees.* As a result, it was calculated that the City is due \$3,529.88 in audit costs, related to the completion of this audit by the OIG Sanitation Tax Auditor.

Results/Recommendations:

The contractor should maintain sufficient documentation, to be furnished upon request to the City, related to all Miami Beach transactions. If not, all corresponding transactions will

be assumed to involve the removal of solid waste and the applicable City Code requirements will be enforced.

The City Finance Department should invoice Medley Metal Recycling, LLC \$1,308.50 for unreported and unpaid roll-off permit fees due during the audit period, including penalties and interest, related to the 11 unsubstantiated Miami Beach transactions. The City Finance Department should also invoice the contractor \$3,529.88 in audit costs pursuant to City Code Section 90-278(6). Once these invoices are received totaling \$4,838.38 (\$1,308.50 + \$3,529.88 = \$4,838.38), the roll-off contractor should timely remit full payment to avoid additional penalties under the City Code.

Finance Department Response:

The Finance Department billed and adjusted (invoice# 40417) Medley Metal Recycling, LLC as follows:

Roll-off Fees Due	\$ 913.11
Penalties	\$ 231.82
Interest	\$ 163.57
Audit Costs	<u>\$3,529.88</u>
Total	\$4,838.38

2. *Medley Metal Recycling, LLC Did Not Timely Obtain Its Fiscal Year BTRs Related To Roll-Offs During The Audit Period.*

City Code Section 102-356 defines business tax as the fees charged for and the method by which the City grants the privilege of engaging in or managing any business, profession, or occupation within the City's jurisdiction. Furthermore, Section 102-360 states, "Each business tax receipt shall be valid for one year. Tax receipts shall be issued beginning October 1 of each year and shall expire on September 30 of the following year," and Section 102-370 states, "(a) The City shall endeavor to notify all business tax receipt holders that their business tax receipts are due for renewal. However, if the taxee does not receive a renewal notification, the taxee is responsible to renew the business tax prior to October 1 to avoid delinquent charges."

In addition, Section 90-192 states, "(a) No person shall engage in the business of disposal and/or collection of any kind of solid waste, or recyclable material within the city without first having been approved by the city manager, and having secured a current business tax receipt for such activity." Section 90-278(7) states, "In order to effectively provide for the collection of the permit fee by the contractor to the city, any person seeking to renew his/her annual business tax receipt pursuant to the provisions of chapter 102, article V, in addition to the requirements contained therein, shall provide to the finance director evidence of payment of all outstanding permit fees, fines and other charges as a condition to reissuance or renewal of the business license." Section 102-377(a) states, "Any person who shall carry on or conduct any business for which a tax receipt is required by this article without first obtaining such tax receipt shall be issued a violation for the offense which shall have a civil fine of \$1,000.00. The enhanced enforcement for this violation shall be pursuant to subsection 102-377(d) herein....(d) In addition to the above, a continued violation of subsection 102-377(a) for a period of 30 days or more without first obtaining a tax receipt, shall be punished by imprisonment not to exceed 60 days or by imposition of a fine not to exceed \$500.00 or both."

During an unannounced July 15, 2021, field review, the OIG Sanitation Tax Auditor

observed a Medley Metal Recycling, LLC roll-off container at 1425 Lenox Avenue in Miami Beach (see the picture below). An examination of the EnerGov system, the City licensing and permitting system, determined that the contractor had not obtained the required permit from the Sanitation Division.



The Code Compliance Department was promptly notified to issue any warranted NOVs. The assigned Code Compliance Enforcement Officer subsequently issued NOV Case Number SV2021-15019, which was paid in full on August 23, 2021, by the contractor.

An examination of the EnerGov system by the OIG Sanitation Tax Auditor determined that Medley Metal Recycling, LLC had obtained annual BTRs related to recycling, but not roll-offs, for each fiscal year included in the January 1, 2018, through August 31, 2021, audit period.

The OIG Sanitation Tax Auditor received a June 6, 2022, email from the City Attorney's Office confirming that contractors need to obtain annual BTRs to perform roll-off services in Miami Beach. Consequently, Medley Metal Recycling, LLC needed to obtain related BTRs for all the fiscal years comprising the audit period, but none were present in the EnerGov system.

The City Attorney's Office had previously opined in a separate May 25, 2022 email to the OIG, that if a roll-off contractor performed roll-off services without a BTR in a specific fiscal year, a related NOV could be issued retroactively by the Code Compliance Department.

Results/Recommendations:

The Code Compliance Department should issue NOVs to Medley Metal Recycling, LLC for performing roll-off services in Miami Beach without a valid BTR. The contractor should perform a self-assessment to determine whether it needs to similarly obtain related BTRs from the City Finance Department for the 2021/22 and 2022/23 fiscal years to avoid receiving future NOVs from the Code Compliance Department.

The Finance Department Licensing Section should invoice the contractor for the annual roll-off related BTRs not timely obtained during the audit period. Once received, Medley Metal Recycling, LLC should promptly comply within the designated time frame, or it may be subject to additional penalties specified in the City Code.

The contractor should also file any corresponding Roll-Off Permit Fee returns with the City Finance Department and remit the associated monies due for any months after August 31, 2021, the last month of the audit period.

Finance Department Response:

The Finance Department has billed the contractor for the annual BTRs not obtained: 2017/18, 2018/19, 2019/20, and 2020/21 fiscal years.

3. ***Medley Metal Recycling, LLC Records Provided To The OIG Indicate The Usage of Roll-Off Containers At 13 Miami Beach Locations During The Audit Period Without Obtaining The Required Permits Contrary To City Code With No Notices Of Violation Being Issued.***

City Code Section 90-193 states, "The city manager shall require, and will issue, a permit for each garbage facility, recycling, hazardous and biohazardous waste, rolloff and portable container, for all solid waste accounts in the city serviced by a private waste contractor. The permit for solid waste collection and disposal shall be issued by the city manager after the contractor has complied with all requirements for obtaining a business tax receipt; any and all other requirements prescribed by this chapter; and has been cleared by the city's finance department. Rolloffs, portable containers and containers for recycling or hazardous and biohazardous wastes shall be included, except that all recycling containers situated in a single location on a property shall require only one permit."

Permits are issued to contractors by the Sanitation Division upon satisfying all the designated requirements. If contractors perform recycling and/or roll-off services without timely obtaining the required permits, then each address is subject to the issuance of a NOV by the Code Compliance Department.

City Code Section 90-276 states, "Except as provided elsewhere in this chapter, no person shall engage in the business of removing or disposing of construction and demolition debris or large quantities of trash from any premises within the city limits without first securing a permit for such activities from the city by paying the business tax receipt amount as set forth in chapter 18, and without showing proof of insurance, as required in section 90-191 et seq." City Code Section 90-277 states, "No rolloff container, dumpster or portable container shall be placed or located within the city without a permit from the city. Failure to obtain a permit will result in a penalty of \$100.00 per location."

Upon examining the documentation furnished by Medley Metal Recycling, LLC, the OIG Sanitation Tax Auditor concluded that the contractor did not obtain the required permits

from the Sanitation Division for work performed using roll-off containers at the following 13 Miami Beach addresses:

- | | |
|-----------------------------|---------------------------------|
| 1) 100 Ocean Drive | 8) 4510 Post Avenue |
| 2) 1201 Pennsylvania Avenue | 9) 5446 N Bay Road |
| 3) 1425 Lenox Avenue | 10) 6100 Pine Tree Drive |
| 4) 2530 Pine Tree Drive | 11) 7711 Collins Avenue |
| 5) 42 Collins Avenue | 12) 780 73 rd Street |
| 6) 4301 N. Adams Avenue | 13) 90 Alton Road |
| 7) 4400 Pine Tree Drive | |

The City Attorney's Office confirmed during phone conversations and emails with the OIG that related NOV's could be issued retroactively by the Code Compliance Department to the contractor.

Results/Recommendations:

The Code Compliance Department should issue 13 NOV's for \$100.00 each to Medley Metal Recycling, LLC for unpermitted work using roll-off containers at the listed addresses. Once received, the contractor should promptly remit the corresponding monies due to avoid possible additional penalties. In addition, Medley Metal Recycling, LLC should comply with the City Code and timely obtain required permits for future Miami Beach addresses serviced or be subject to receiving additional NOV's from the Code Compliance Department.

Update: Code Compliance Department issued 13 NOV's to Medley Metal Recycling, LLC and all the 13 NOV's were paid by the contractor.

Findings Pertaining Solely to the City

4. *Multiple Contact Numbers Were Issued To Medley Metal Recycling, LLC In The City's EnerGov System.*

The Tyler Technologies Inc. EnerGov system Citizen Self Service (CSS) portal is the web-based interface that customers use to engage with related City needs. Customers, such as Medley Metal Recycling, LLC, create password-protected contact numbers through the CSS portal containing all its relevant information.

Individuals and businesses with email accounts can, and often do, create numerous contact numbers, as there are insufficient internal controls to limit the number of contact numbers in the EnerGov system. Although there may be other reasons why multiple contact numbers were issued to the same individual or corporation, any obsolete or outdated numbers are not inactivated. Some examples are as follows: several individuals interacting separately with the City but working at the same property address; failure of a customer to remember a selected password; and a customer acquiring a new email account. Regardless of the reason, the number of contact numbers has grown substantially over time, significantly complicating the search process and the determination of outstanding balances.

When more than one contact number is created in the EnerGov system, it can create confusion as roll-off permits, Code Compliance violations, outstanding balances, etc., may be entered under any of the issued contact numbers. Consequently, the reviewer must be

aware of all contact numbers and examine them in totality to accurately represent the individual or company's status.

The OIG Sanitation Tax Auditor's review of the EnerGov system determined that Medley Metal Recycling, LLC was issued three contact numbers during the period of February 10, 2017, through July 15, 2021. The table below shows no recycling or roll-off permits were issued to any of these three contact numbers.

Contact Numbers	# Permits Issued
ID-000023964	0
ID-000108539	0
ID-000108541	0
Total	0

Results/Recommendation(s):

Only one active contact number related to recycling and/or roll-off services is recommended to be assigned to each address to facilitate effective and accurate searches. It is also recommended that the City's Information Technology Department begin a database debug by deleting these multiple contact numbers and transferring any corresponding transactions to a contact number under the control of the property or business owner. The OIG understands that this is a time-consuming and labor-intensive task but believes that this issue should be addressed. Lastly, Code Compliance Department information related to violations should include a contact number linked to the company's BTR and any pertinent permits.

Findings Pertaining to Both Medley Metal Recycling, LLC and the City

5. *Medley Metal Recycling, LLC Did Not Remit Any Required Monthly Recycling Reports During The Audit Period To The Sanitation Division Pursuant To City Code Section 90-308 And The Code Compliance Department Was Not Notified To Issue Any Corresponding Notices Of Violation.*

City Code Section 90-308 states, "Each recycling contractor shall deliver monthly to the city manager or his authorized designee, an accurate report regarding the nature and disposition and volume of recyclable materials collected by it from each account in the city. Upon request by the city manager or his authorized designee, each contractor shall also furnish the city with verifiable information regarding the method and place of final disposal or distribution of said materials." City Code Section 90-346 states, "(c) The penalty for all other violations of this article shall be \$250.00 for each violation."

Medley Metal Recycling, LLC performed and billed 186 verified recycling transactions in the City during 39 months of the 44-month audit period, but the contractor did not submit any corresponding monthly recycling reports to the Sanitation Department pursuant to City Code Section 90-308.

Results/Recommendation(s):

The Code Compliance Department should retroactively issue 39 NOVs to Medley Metal Recycling, LLC in the amount of \$250.00 each. As a result, the City is due \$9,750.00 (39 months x \$250.00 per month) from the contractor pursuant to City Code. The contractor should also remit all required recycling reports due for any months after August 31, 2021, the end of the audit period.

Update: Code Compliance Department issued 39 NOVs to Medley Metal Recycling, LLC for not submitting the monthly recycling reports to the Sanitation Department.

Finding - Outside The Audit Period

6. *Medley Metal Recycling, LLC Did Not Timely Remit Its Monthly Roll-Off Permit Fees, And The Finance Department Did Not Charge The Contractor \$750.00 Due In Late Filing Fees Pursuant To City Resolution No. 2021-4456, Effective December 18, 2021.*

City Ordinance No. 2021-4456, effective December 18, 2021, amended City Code Section 90-278(4) to state, "Each contractor shall deliver to the city's finance department 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, regardless of whether any work was performed within the city during that period. This monthly report shall include the customer names, service addresses, account numbers, and the actual amount collected from each customer. Payments of any fees required in this section shall be made monthly to the finance department, on or before the last day of each month, for gross receipts of the previous month. Contractors having annual gross receipts reported to the city over \$200,000.00 shall, on or before 60 days following the close of their fiscal year, deliver to the finance department a statement of annual gross receipts (generated from accounts within the city) certified by an independent certified public accountant, reflecting gross receipts within the city for the preceding fiscal year. Failure to timely submit the monthly report on or before the last day of each month will result in a penalty as set forth in Appendix A." Appendix A sets the penalty at \$50 per month for each month that the return is delinquent.

As a result, the OIG Sanitation Tax Auditor calculated that the City is due \$750.00 in late charges from the contractor as shown in the following table as of July 2022.

Month/Year	Late Filing Fees Due *
Jan. 2022	\$250.00
Feb. 2022	\$200.00
Mar. 2022	\$150.00
Apr. 2022	\$100.00
May 2022	\$50.00
Total	\$750.00

* The late filing fees due in the above table were calculated as of July 2022.

Results/Recommendation(s):

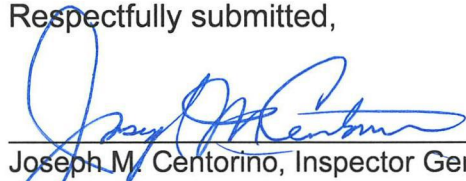
The City's Finance Department should create an invoice for \$750.00, charging Medley Metal Recycling, LLC late filing fees pursuant to City Resolution No. 2021-4456. The contractor should timely file and remit its future roll-off permit fee payments to the City to avoid having late filing fees and/or late charges levied. If not, the contractor should be invoiced accordingly by the Finance Department pursuant to City Code. It would be beneficial if the late filing fee and/or late charge calculations could be programmed into

the City's enterprise resource planning system, so that invoices could be automatically generated.

Finance Department Response:

The Finance – Revenue Division issued Invoice # 38321 totaling \$750.00 for late filing fees as the audit showed that the contractor did not file monthly reports due for the months of January 2022 – May 2022, and thus were not in compliance with City Resolution No. 2021-4456. Because of the limited number of transactions related to this type of activity, the pursuit of having late fees generated automatically in the Munis system would not be cost effective at this point.

Respectfully submitted,



Joseph M. Centorino, Inspector General

05/02/2023
Date



Mark Coolidge, Chief Auditor

05/02/2023
Date

cc: Alina T. Hudak, City Manager
Eric Carpenter, Deputy City Manager
Joe Gomez, Public Works Department Director
Jason Greene, Chief Financial Officer
Hernan D. Cardeno, Esq., Code Compliance Department Director
Frank Quintana, Chief Information Officer
Bradford Kaine, Sanitation Division Director
Jesse Schneider, Manager, Medley Metal Recycling, LLC

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