



Joseph M. Centorino, Inspector General

FINAL AUDIT REPORT

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

DATE: April 4, 2023
AUDIT: J & M Scaffolds of Florida, Inc. Roll-off Fee Revenues Audit
OIG No. 23-05
PERIOD: March 1, 2019 through May 31, 2022

This report stems from an audit performed of the roll-off permit fees charged, collected, and remitted by J & M Scaffolds of Florida, Inc. (J & M Scaffolds) during the March 1, 2019 through May 31, 2022, audit period. The City of Miami Beach Office of the Inspector General (OIG) Sanitation Tax Auditor examined the roll-off contractor's compliance with selected provisions in the City Code, including the contractor's obtaining annual business tax receipts (BTRs), filing required reports, and maintaining sufficient insurance coverage. The OIG also reviewed the performance of City staff responsible for monitoring J & M Scaffolds and processing all payments received from the contractor.

As J & M Scaffolds and AES Portable Sanitation, Inc. (AES Portable) had the same ownership on some overlapping Miami Beach roll-off work, audits of both companies were performed concurrently. Although the assessed amounts are relatively minor in comparison with other recent roll-off contractor audits, there is value in reading both audit reports simultaneously to gain insight into the difficult issues inherent in the City's monitoring of contractor reporting. These issues include difficulties in timely detecting noncompliant contractors through the City's established processes; the value of using the OIG's subpoena power to obtain the records needed to conduct audits of non-compliant contractors; the City's current overreliance on audits to determine contractor compliance; the frequency of unquestioned late or non-existent monthly filings; and the need for future process and City Code revisions.

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. Contractors use these containers to collect and dispose of construction and demolition debris and/or large quantities of trash and/or bulky waste, but not garbage or commercial refuse. Bulky waste represents large items of household refuse, such as appliances, furniture, accumulations from major tree cutbacks, large crates, and like articles, while commercial refuse consists of all solid waste produced by commercial establishments.

EnerGov, the City's licensing and permitting system, listed seventeen roll-off contractors on November 2, 2022 with their 2022/23 fiscal year BTRs in "active" status, two roll-off contractors in "temporary" status, and seven contractors in "pending" status. "Temporary" status means that the BTR will remain active if the contractor complies with agreed-upon terms. "Pending" status means that the BTR is not yet valid or active and missing needed documentation and/or payment.

The number of roll-off contractors frequently changes, mostly due to enforcement efforts leading to contractors' complying with City's guidelines and obtaining their BTRs, or as contractors merge or stop conducting business in Miami Beach and do not renew their BTRs.

Roll-off contractors operating in Miami Beach are required to follow the terms outlined in the City Code, which include the monthly remittance of roll-off permit fees equal to the City Commission approved rate (18% from the beginning of the audit period through October 5, 2019, and 20% for the remainder of the audit period) multiplied by the total gross receipts for each contractor's City operations. 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 90-278(3) requires that each roll-off contractor provide the City Manager with a current list of the names and addresses of each account upon its initial application. Upon any application for renewal of its permit, each contractor must provide the frequency of service, the permit number and capacity of each roll-off container or dumpster for each account, and the address serviced by each roll-off container or dumpster. This list of accounts is typically submitted concurrently with the monthly report to the Finance Department. It is an essential document to verify the accuracy of the roll-off contractor's filings during the audit process.

City Code Section 90-278(4) requires monthly reports, accompanied by payment of any owed fees, to be submitted to the City 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 permit fees owed for August 2022 are due by September 30, 2022. Any unpaid fees that are not timely received are subject to penalties of 10% per month up to a maximum of 50%, plus interest of 1% per month from the date the permit fee first became delinquent until paid.

When the roll-off contractor has annual gross receipts reported to the City of more than \$200,000.00, the contractor is required to deliver to the City Finance Department a statement of annual gross receipts generated from accounts within the City for the preceding fiscal year prepared by an independent Certified Public Accountant. These statements of annual gross receipts are to be furnished within sixty days following the close of the roll-off contractor's fiscal year pursuant to City Code Section 90-278(4). J & M Scaffolds did not exceed this annual threshold during the audit period, and, therefore, was not required to submit this statement.

Lastly, City Code Section 90-196 details the insurance coverage required to be maintained by qualified licensed roll-off contractors, and Section 90-193 addresses the need to obtain permits for all accounts serviced in the City.

NEED FOR ADDITIONAL RECORDS AND ISSUED SUBPOENAS

The OIG Sanitation Tax Auditor noted several roll-off containers placed by J & M Scaffolds and AES Portable servicing Miami Beach properties while conducting unannounced field observations during June 2022. A subsequent review of the State of Florida Division of Corporations website, dos.myflorida.com/sunbiz, found that AES Portable and J & M Scaffolds were owned by the same individual and contained different federal identification numbers. Although it was determined that J & M Scaffolds had obtained the required annual BTRs and it filed monthly roll-off permit fee returns with the City; AES Portable had not done so and was noncompliant.

Given this information, the OIG Sanitation Tax Auditor made multiple requests to the business owner over many months for the records needed to perform concurrent audits of both companies. These requests were either ignored or requested time extensions were granted by the OIG. The business owner asserted that AES Portable did not perform roll-off services in Miami Beach, as it only supplied portable toilets, while J & M Scaffolds performed all the related roll-off services.

The OIG issued and served two subpoenas to AES Portable and J & M Scaffold. Thereafter, the business owner began providing the requested records, but failed to provide all needed documentation. A meeting was then held with the OIG on June 13, 2022, in which the business owner finally provided the needed AES Portable invoices to confirm it was operating in Miami Beach during the audit period. In addition, the owner remitted a good faith payment of \$14,294.81 to the City for unreported roll-off permit fees due by AES Portable, as calculated solely by the contractor.

OVERALL OPINION

According to the scaffoldsofflora.com website, J & M Scaffolds is located at 11050 NW 36th Avenue in Miami, FL and has been serving the construction industry since 1965. Among its offered products and services is the rental of 10, 20, and 30-yard roll-off containers.

After multiple requests and receipt of two subpoenas issued by the OIG, J & M Scaffolds provided the documentation needed to adequately perform this audit. The following deficiencies, separated by the deficient party(ies), were identified during the audit process:

A. Findings pertaining solely to J & M Scaffolds

1. J & M Scaffolds did not report gross receipts totaling \$1,129.24 to the City during the audit period, which resulted in unpaid roll-off permit fees due of \$364.96 (including penalties and interest). In addition, the contractor owes the City \$1,687.89 in associated audit costs pursuant to City Code Section 90-278(6).
2. J & M Scaffolds records provided to the OIG indicate the performance of roll-off services at five Miami Beach locations during the audit period without its obtaining the required permits, contrary to the City Code, and with no Notices of Violations (NOVs) issued by the City.
3. J & M Scaffolds did not timely obtain its BTR for the 2018/19 fiscal year related to roll-offs, for which no NOV was issued by the City.

- B. Findings pertaining solely to the City
4. J & M Scaffolds was assigned sixteen different contact numbers in the City's EnerGov system, thereby complicating the search process to determine whether any outstanding balances existed.
- C. Findings pertaining to both J & M Scaffolds and the City
5. J & M Scaffolds did not timely remit its monthly roll-off permit fees, but the Finance Department did not charge the contractor \$245.86 due in penalties and interest during the audit period pursuant to City Code Section 90-278(6)(a-c).
 6. The roll-off contractor did not timely submit its lists of accounts to the City Manager pursuant to City Code Section 90-278(3), and no evidence was provided by City staff indicating that any were requested.

PURPOSE

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

SCOPE

1. Determine whether the roll-off contractor maintained sufficient records to verify whether its tested permit fee billings were correct, and whether its corresponding Miami Beach gross receipts were accurately computed based on the monthly fees submitted to the City.
2. Determine whether the roll-off contractor timely submitted its tested monthly reports of gross receipts and remitted full payment of fees due to the City. If not, determine whether the appropriate penalties and interest charges were assessed pursuant to City Code Section 90-278(6)(a-c).
3. Determine whether the roll-off contractor timely obtained its required annual BTRs during the audit period.
4. Determine whether the roll-off contractor complied with reporting requirements listed in City Code Section 90-278.
5. Determine whether the roll-off contractor maintained the required insurance coverage pursuant to City Code Section 90-196.
6. Determine whether tested monthly roll-off fee payments remitted were accurately recorded in the City's Financial System.

FINDINGS AND RESULTS/RECOMMENDATIONS

The findings below are separated by those pertaining solely to the roll-off contractor, those pertaining solely to the City, and those pertaining to both the roll-off contractor and the City.

Findings Pertaining Solely to J & M Scaffolds

1. ***Unreported Roll-off Permit Fees Totaling \$364.96 (Including Penalties and Interest) And \$1,687.89 In Audit Costs Are Due To The City.***

City Code Section 90-221 defines gross receipts as "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." City Code Section 90-278(4) states, "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. 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."

In addition, City Code Section 90-278(6)(a-c) states that late contractor remittances are subject to penalties of ten percent per month with a maximum of fifty percent and interest at the highest legal rate permitted by law (12% per annum was charged).

J & M Scaffolds filed the following 28 monthly Roll-Off Permit Fee Returns and remitted the associated payments to the City Finance Department during the March 1, 2019 through May 31, 2022 audit period:

Month/Year	Roll-Off Permit Fees Paid
March 2019	\$191.60
April 2019	260.92
May 2019	81.00
July 2019	81.00
August 2019	761.63
September 2019	81.00
October 2019	144.94
January 2020	155.66
March 2020	90.00
June 2020	90.00
May 2020	775.13
September 2020	265.03
October 2020	284.41
January 2021	180.00
February 2021	90.00
April 2021	90.00
May 2021	90.00
June 2021	241.87
August 2021	90.00
September 2021	180.00
October 2021	406.58
November 2021	956.56
December 2021	120.24
January 2022	420.07
February 2022	589.48
March 2022	382.38
April 2022	229.31
May 2022	5,350.74
Total	\$12,679.55

The City Code did not require contractors during most of the audit period to file monthly Roll-Off Permit Fee Returns when no monies were due to the City. Therefore, the Finance Department would not have been aware that monthly reports and/or monies may have been due for the months for which the contractor did not file (e.g., June 2019, November 2019, December 2019, February 2020, and others). City staff may have assumed that the contractor did not perform any related Miami Beach roll-off transactions during the

unreported months.

This shortcoming was resolved through the ratification of City Resolution No. 2021-4456, effective December 18, 2021, which requires, in accordance with a previous recommendation of the OIG, the submittal of monthly reports regardless of whether any work was performed during that period, and levies a \$50 late filing fee for each month that the return is delinquent, among other revisions.

The OIG Sanitation Tax Auditor examined all contractor provided documentation to determine the amount of monthly Miami Beach roll-off gross receipts occurring during the audit period. The audited monthly gross receipts were multiplied by the corresponding City Commission approved rate to calculate the roll-off permit fees due, which were then compared to the contractor's remitted roll-off permit fee payments. Identified differences were forwarded to the contractor, with any sufficiently explained differences removed from the corresponding assessment calculations.

In sum, there were three unreported taxable Miami Beach roll-off transactions resulting in \$364.96 in roll-off permit fees (including penalties and interest) due to the City, as shown by affected 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. 2019 – Sept. 2019</i>	\$553.32	18%	\$99.60	\$49.80	\$36.39	\$185.79
<i>Oct. 2019 – Dec. 2019</i>	\$10.00	20%	\$2.00	\$1.00	\$0.63	\$3.63
<i>Jan. 2022 – Dec. 2022</i>	\$565.92	20%	\$113.18	\$56.59	\$5.77	\$175.54
<i>Totals</i>	\$1,129.24		\$214.78	\$107.39	\$42.79	\$364.96

* City Commission approved roll-off permit fees equaled 18% from the beginning of the audit period, March 1, 2019, through October 5, 2019, and 20% from October 6, 2019 through the end of the audit period, May 31, 2022.

** 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.

Upon notification, the Finance Department issued invoice #39371 on October 5, 2022 billing the contractor for the \$364.96 identified deficiency.

Also, the OIG Sanitation Tax Auditor noted that J & M Scaffolds had the following three customer IDs in the Munis system database during the audit period: 12300, 12671 and 12018. The Munis system is the City enterprise resource planning system. Customer ID #12300 captured the \$1,000 annual roll-off permit fee payment remitted by the contractor for the 2021/22 fiscal year, customer ID #12671 captured all its monthly roll-off permit fee payments, and customer ID #12018 was used for an Eden system conversion database. The Eden system was the City enterprise resource planning system used prior to the Munis system.

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 \$1,687.89 in audit costs related to the completion of this audit by the OIG Sanitation Tax Auditor.

Results/Recommendations:

The City's Finance Department should invoice J & M Scaffolds \$1,687.89 in audit costs pursuant to City Code Section 90-278(6). The roll-off contractor should timely remit full payment of the \$364.96 in unreported roll-off permit fees billed through invoice #39371 and the \$1,687.89 charged in audit costs, to avoid additional disciplinary actions under the City Code. J & M Scaffolds should consistently and accurately file its future monthly roll-off fee returns to the City. Finally, it is recommended that contractors, such as J & M Scaffolds, have only one customer ID in the Munis system database to record all roll-off related transactions.

Finance Department Response:

The Finance Department has invoiced (# 41710, 02/09/23) J & M Scaffolds of Florida Inc for \$1,687.89 in audit fees. It should be noted that invoice # 39371 for \$364.96 as noted above was paid on October 21, 2022.

Finance researched the number of customer IDs this vendor has in the Munis system database and found three. Customer ID # 12018 has no activity in approximately 8 years and has been deactivated. Customer ID # 12300 has two transactions related to license fees from the Sanitation Department. This customer ID# is being retained (as well as customer # 12671 used for Roll-Off Fees) to ensure that revenues can be kept properly segregated. The current configuration of MUNIS allows for multiple IDs to facilitate the needs of the various departments. If one single ID is utilized the system would improperly apply cash payments based on the age of balances as opposed to purpose or function of the payment. As a result, each department creates a unique ID to track revenues and/or compliance requirements.

2. ***J & M Scaffolds Records Provided To The OIG Indicate The Performance Of Roll-Off Services At Five Miami Beach Locations During The Audit Period Without Obtaining The Required Permits , Contrary To City Code And With No Notices Of Violation 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; with 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.* Roll-off permits are issued to contractors by the Sanitation Division upon satisfying all the designated requirements. If contractors perform roll-off services without timely obtaining the required permit, then each address is subject to the issuance of a NOV by the Code Compliance Department.

Upon reviewing all the documentation provided by J & M Scaffolds, the OIG Sanitation Tax Auditor determined that the contractor performed roll-off services at the following five Miami Beach addresses without obtaining the required permits from the City Sanitation Division:

- 1) 1327 West Avenue
- 2) 2378 Prairie Avenue
- 3) 311 N. Coconut Lane

- 4) 4385 Collins Avenue
- 5) 4465 Adams Avenue

The prior violation for 44 Star Island Drive was found to be related to AES Portable Sanitation Inc. (related entity).

The City Attorney's Office has confirmed with the OIG in connection with a prior audit that NOVs can be issued retroactively to contractors.

Results/Recommendations:

The Code Compliance Department should issue five NOVs for \$100 each to J & M Scaffolds for unpermitted work at the listed addresses. Once received, the roll-off contractor should promptly remit the corresponding payments due to avoid possible additional penalties. J & M Scaffolds should comply with City Code and timely obtain the required roll-off permits for future Miami Beach addresses serviced or be subject to receiving NOVs from the Code Compliance Department.

Code Compliance Department Response:

Code Compliance Department issued all the violations.

3. *J & M Scaffolds Did Not Timely Obtain its 2018/19 Fiscal Year BTR Related to Roll-Offs, For Which It Was Not Issued A Notice Of Violation.*

City Code Section 102-356 defines business tax as the fees charged for 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, as Section 102-370 explains, "(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.* Lastly, Section 102-377 states: *(a) 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.*

Contractor furnished records confirm it provided roll-off services at Miami Beach addresses during the 2018/19, 2019/20, 2020/21, and 2021/2022 fiscal years. Pursuant to City Code Section 90-192, it was required to obtain annual BTRs from the Finance Department Licensing Section; however, the OIG Sanitation Tax Auditor's review of the EnerGov system determined the following during the audit period:

<u>Fiscal Year *</u>	<u>License/BTR #</u>	<u>Status</u>	<u>License/BTR Fee</u>
2018/19	RL-01000057	Not Issued	Paid
2019/20	RL-01000057	Issued	Paid
2020/21	RL-01000057	Issued	Paid
2021/22	RL-01000057	Issued	Paid

* The City's fiscal year starts annually each October 1st and ends September 30th; therefore, the 2018/19 fiscal year would represent October 1, 2018 through September 30, 2019.

J & M Scaffolds paid for its BTR for the 2018/19 fiscal year on September 10, 2018, but it was not issued by the Finance Department Licensing Section, due to unpaid balances on Munis system customer IDs #12671 and #12018. Therefore, the contractor operated on Miami Beach during the 2018/19 fiscal year without a valid BTR.

As the Code Compliance Department is primarily complaint driven and no evidence was found indicating that it was notified, no related NOV's were issued to the non-compliant contractor. The City Attorney's Office confirmed in a May 25, 2022 email to the OIG that if a roll-off contractor performed services without a BTR in a specific fiscal year, a NOV for operating in the City without a valid BTR can be issued retroactively by the Code Compliance Department.

Results/Recommendations:

The Code Compliance Department should issue the roll-off contractor a NOV for \$1,000 due to its failure to timely obtain its required BTR for the 2018/19 fiscal year. J & M Scaffolds should comply with the City Code and timely obtain its future BTRs or be subject to receiving NOV's from the Code Compliance Department.

Findings Pertaining Solely to the City

4. *Multiple Contact Numbers Were Issued To J & M Scaffolds In The City's EnerGov System.*

The Tyler Technologies EnerGov system Citizen Self Services (CSS) portal is the web-based interface that customers use to engage with related City needs. Customers, such as J & M Scaffolds, 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 many reasons why multiple contact numbers were issued to the same individual or corporation, any obsolete or outdated numbers are not inactivated. Examples include the following: 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.

The creation of more than one contact number in the EnerGov system may cause confusion as roll-off permits, Code Compliance violations, or outstanding balances 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 examination of the EnerGov system determined that J & M Scaffolds was issued 16 contact numbers as of October 13, 2022. The 12 roll-off permits issued to the contractor during the audit period, were disbursed among four issued contact numbers as shown in the table below. Although all 16 contact numbers should be linked to the contractor's annual BTR, it was determined that only 424060 and 424061 were linked.

Contact Numbers	# Roll-Off Permits
424060	5
424061	1
ID-000010923	5
ID-000063967	1
Total	12

Results/Recommendation(s):

Only one active contact number is recommended to be assigned to each address related to roll-offs 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 needs to be addressed. Finally, Code Compliance Department information related to violations should include a contact number linked to the customer's BTR and any pertinent permits.

Findings Pertaining to Both J & M Scaffolds and the City

- J & M Scaffolds Did Not Timely Remit Its Monthly Roll-Off Permit Fees, And The Finance Department Did Not Charge The Contractor \$245.86 During The Audit Period Due In Penalties And Interest Pursuant To City Code Section 90-278(6)(a-c).***

City Code Section 90-278(4) states: *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. 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.* In addition, the City Code Section 90-278(6)(a-c) summarized states that late contractor remittances are subject to penalties of ten percent per month up to a maximum of fifty percent and interest at the highest legal rate of interest permitted by law (12% per annum was charged),

exclusive of penalties, from the date which the permit fee first became delinquent until paid.

The Munis system reported that the roll-off contractor remitted twelve of the 28 roll-off permit fee payments (42.86%) to the City Finance Department during the audit period after the due dates specified in City Code Section 90-278(4). As shown in the following table, the late submitted roll-off permit fee payments ranged from a low of 2 days for May 2019 to a high of 31 days for May 2020.

Month/Year	Due Date	Date Paid	# of Days Late
March 2019	4/30/2019	05/10/2019	10
April 2019	5/31/2019	06/07/2019	7
May 2019	6/30/2019	07/02/2019	2
September 2019	10/31/2019	11/22/2019	22
October 2019	11/30/2019	12/06/2019	6
March 2020	4/30/2020	05/27/2020	27
May 2020	6/30/2020	07/31/2020	31
September 2020	10/31/2020	11/09/2020	9
October 2020	11/30/2020	12/05/2020	5
January 2021	02/28/2021	03/09/2021	9
February 2021	03/31/2021	04/06/2021	6
April 2021	05/31/2021	06/08/2021	8

Despite the tardiness of these payments, the City Finance Department did not charge the roll-off contractor any related interest and penalties during the audit period. As a result, the OIG Sanitation Tax Auditor calculated that the contractor owes a total of \$115.05 in penalties and interest, as shown below.

Month	Amount Paid	Penalties *	Interest *	Amount Due
March 2019	\$191.60	\$19.16	\$0.63	\$19.79
April 2019	\$260.92	\$26.09	\$0.60	\$26.69
May 2019	\$81.00	\$8.10	\$0.05	\$8.15
September 2019	\$81.00	\$8.10	\$0.59	\$8.69
October 2019	\$144.94	\$14.49	\$0.29	\$14.78
March 2020	\$90.00	Waived	Waived	Waived
May 2020	\$775.13	Waived	Waived	Waived
September 2020	\$265.03	Waived	Waived	Waived
October 2020	\$284.41	Waived	Waived	Waived
January 2021	\$180.00	\$18.00	\$0.53	\$18.53
February 2021	\$90.00	\$9.00	\$0.18	\$9.18
April 2021	\$90.00	\$9.00	\$0.24	\$9.24
Total	\$2,534.03	\$111.94	\$3.11	\$115.05

* 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.

Results/Recommendation(s):

The City Finance Department should create an invoice for \$115.05 charging J & M Scaffolds for penalties and interest associated with its 12 late payments remitted during the audit period. Meanwhile, the contractor should timely remit its future roll-off fee payments to the City to avoid having additional late charges levied. If not, the contractor should be invoiced accordingly by the Finance Department pursuant to City Code.

Finance Department Response:

The City Finance Department has invoiced (# 41710, 02/09/23) J & M Scaffolds for \$115.05 as follows:

Penalties –	\$ 111.94
Interest -	\$ 3.11
Total	\$115.05

Additionally, the City Finance Department has invoiced (# 41710, 02/09/23) J & M Scaffolds for \$1,400.00 for failing to file monthly statements with the City for the months of June 2022 – December 2022. No statement remittances for those periods have been received as of February 9, 2023.

6. *J & M Scaffolds Did Not Timely Submit Its Lists Of Accounts To The City Manager Pursuant To City Code Section 90-278(3), And No Evidence Was Provided From City Staff Indicating That Any Were Requested.*

City Code Section 90-278(3) states: *Each contractor shall provide the city manager with a current list of the names and addresses of each account, upon initial application, and upon any application for renewal, of its permit, the frequency of service, and the permit number and capacity of each roll-off container or dumpster as per account and the address serviced by each roll-off container or dumpster. No property owner may share an account with another property owner.*

J & M Scaffolds did not provide the City Manager with its lists of accounts during the audit period, nor was evidence provided indicating that any were requested by the City. Upon request, the roll-off contractor provided the lists of accounts to the OIG Sanitation Tax Auditor. These listings are essential in verifying the accuracy of the roll-off contractor's filings during the audit process, as its customer data is subsequently reconciled with the supporting documentation provided.

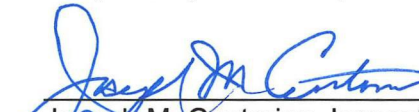
The list of accounts furnished was used to prepare and mail positive confirmation letters to identified J & M Scaffolds customers, requesting a listing of all Miami Beach roll-off transactions with the contractor during the specified period. The OIG Sanitation Tax Auditor's corresponding reconciliation of all returned confirmation letters with the furnished list of accounts did not reveal any material differences.

Results/Recommendation(s):

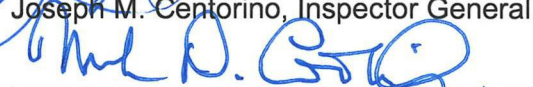
J & M Scaffolds should prospectively comply with City Code Section 90-278(3) and timely submit its lists of accounts to the City Manager. The OIG recommends that the City Code be revised to establish a due date for the submittal of these lists of accounts and to allow the charging of interest and/or penalties to non-compliant contractors.

All written responses received by the OIG from affected persons or entities related to the disbursed draft report have been included in this final report, in accordance with Section 2-256(h) of the City of Miami Beach Code.

Respectfully submitted,



Joseph M. Centorino, Inspector General



Mark D. Coolidge, Chief Auditor

04/04/2023
Date

04-04-2023
Date

- cc: Alina T. Hudak, City Manager
Eric Carpenter, Deputy City Manager
Joe Gomez, Public Works Department Director
Bradford Kaine, Sanitation Division Director
Jason Greene, Chief Financial Officer
Hernan D. Cardeno, Esq., Code Compliance Department Director
Frank Quintana, Chief Information Officer
Rene Guerra, President, J & M Scaffolds of Florida, Inc.

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