



Joseph M. Centorino, Inspector General

April 17, 2020

TO: Honorable Mayor and Members of the City Commission
FROM: Joseph Centorino, Inspector General
RE: World Waste Recycling, Inc. Roll-off Fee Revenues Audit
OIG No. 20-08

Executive Summary

Attached is the Office of the Inspector General's audit of the of the roll-off fees charged, collected and remitted by World Waste Recycling, Inc. In addition, their compliance with selected provisions in the City Code concerning their providing annual business tax receipts, filing required reports, etc. were also reviewed. This audit was originally completed by the former Office of Internal Audit on September 30, 2019 and sent to the City Administration for review but was apparently misplaced and not returned to the Audit office. Inasmuch as the Office of Internal Audit has now been subsumed within the Office of the Inspector General (OIG), the final updated report is being released as an OIG audit.

World Waste Recycling, Inc. complied with the tested provisions of the City Code during the audit period which includes the charging, collecting and remitting of roll-off fees during the October 1, 2017 through July 31, 2019 audit period. Despite these positive results, the following shortcomings were noted during testing that need corrective action:

1. World Waste Recycling, Inc. did not timely submit their list of accounts in adherence with City Code Section 90-278(3); however, a listing of customer names was provided during the audit.
2. World Waste Recycling, Inc. has not filed its 2018 and 2019 annual statements of gross receipts prepared by a Certified Public Accountant as required by City Code Section 90-278(4) prior to the issuance of this final report.

We would like to personally thank the applicable employees of World Waste Recycling, Inc. and the Sanitation and Finance Departments for their cooperation and assistance during this audit process.



Joseph M. Centorino, Inspector General

FINAL AUDIT REPORT

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

DATE: April 17, 2020
AUDIT: World Waste Recycling, Inc. Roll-off Fee Revenues Audit
OIG No. 20-08
PERIOD: October 1, 2017 through July 31, 2019

This report is the result of a scheduled audit of the roll-off fees charged, collected and remitted by World Waste Recycling, Inc. In addition, their compliance with selected provisions in the City Code concerning their providing annual business tax receipts, filing required reports, etc. were also reviewed. This audit was originally completed on September 30, 2019 but the report was apparently misplaced when sent to the City Administration for review, which has resulted in the delay in its release.

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 includes rock, metal and other materials used in connection with a construction project or for the removal of large quantities of trash and bulky waste.

Fourteen (14) roll-off companies currently possess business tax receipts authorizing them to operate within the City's boundaries. They are required to abide by the terms outlined in the City Code, which include the remittance of roll-off fees amounting to 18% of the contractor's total applicable Miami Beach 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. Unpaid fees are subject to penalties of 10% per month up to a maximum of 50%, plus interest of 1% per month during the audit period.

Monthly reports are to be submitted to the City's Finance Department by the end of the month subsequent to the month in which the gross receipts were generated. For example, the report for October 2018 was due by November 30, 2018. 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, prepared by an independent certified public accountant.

The following table summarizes the gross receipts received from the company's Miami Beach roll-off transactions and the corresponding amount of fees paid during the stated twenty-two (22) month audit period:

	2017 Oct.-Dec.	2018 Jan-Dec.	2019 Jan-Jul.	TOTAL
Audited Receipts	\$165,184.56	\$231,766.31	\$131,677.30	\$528,628.17
Roll-Off Fees Due (18%)	\$29,733.22	\$41,717.94	\$23,701.91	\$95,153.07

BACKGROUND

Previously, an audit of World Waste Recycling, Inc. was conducted for the period of August 1, 2015 to September 30, 2017. The audit report dated January 17, 2018 determined that tested roll-off fees were properly reported, and no additional monies were owed to the City.

OVERALL OPINION

World Waste Recycling, Inc. complied with the tested provisions of the City Code during the audit period which includes the charging, collecting, and remitting of roll-off fees during the October 1, 2017 through July 31, 2019 audit period. Despite these positive results, the following shortcomings were noted during testing that require corrective action:

- World Waste Recycling, Inc. did not timely submit its list of accounts as required by City Code Section 90-278(3); however, a listing of customer names was provided during the audit.
- World Waste Recycling, Inc. has not filed its 2018 and 2019 annual statements of gross receipts prepared by a Certified Public Accountant as required by City Code Section 90-278(4) prior to the issuance of this final report.

PURPOSE

The purpose of this audit is to determine whether tested roll-off contractor filings were correct; whether tested remittances were correctly calculated, timely received, 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 World Waste Recycling, Inc. maintained sufficient books and records to verify that its billings were correct; and gross receipts were correctly calculated based on 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 its corresponding full remittances to the City.

3. Confirm that the roll-off contractor timely obtained its required annual business tax receipts during the audit period.
4. Confirm that the roll-off contractor complied with reporting requirements under City Code Section 90-278 during the audit period.
5. Confirm that the roll-off contractor obtained the required insurance as required by 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 – *WORLD WASTE RECYCLING, INC. DID NOT TIMELY SUBMIT ITS REQUIRED LIST OF ACCOUNTS IN COMPLIANCE WITH CITY CODE SECTION 90-278(3)*

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.” Testing determined that World Waste Recycling, Inc. did not provide the City Manager with this list of accounts during the audit period; however, it was provided upon request to Office of the Inspector General (OIG) staff. This information was then used to mail confirmation letters to the identified customers to help verify the amount of reported gross receipts. The corresponding analysis of all completed and returned confirmation letters did not identify any material differences.

Recommendation (s)

World Waste Recycling, Inc. should comply with the requirements of City Code Section 90-278(3) by timely submitting its lists of accounts to the City Manager.

2. Finding – *WORLD WASTE RECYCLING, INC. HAS NOT FILED ITS 2018 AND 2019 ANNUAL STATEMENTS OF GROSS RECEIPTS PREPARED BY A CERTIFIED PUBLIC ACCOUNTANT AS REQUIRED BY CITY CODE SECTION 20-278(4) PRIOR TO THE ISSUANCE OF THIS FINAL REPORT*

City Code Section 90-278(4) states “...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 the city) certified by an independent certified public accountant, reflecting gross receipts within the city for the preceding fiscal year.” World Waste Recycling, Inc. exceeded the threshold amount for requiring certified statements of gross receipts for the 2018 calendar year, but the required document was not submitted. In addition, OIG staff verified that the 2019 statement of gross receipts similarly was not submitted prior to the issuance of this final report.

Recommendation(s)

World Waste Recycling, Inc. should comply with the requirements of City Code Section 90-278(4) by timely submitting its certified annual statement of gross receipts for each year that exceeds the designated threshold.

EXIT CONFERENCE

This audit report was e-mailed to World Waste Recycling, Inc.'s management which agreed with the contents herein.

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cc: Eric Carpenter, Assistant City Manager
Bradford Kaine, Sanitation Director
John Woodruff, Chief Financial Officer
Melissa Rodriguez, Director of World Waste Recycling, Inc.

Audit conducted by: Carmin Dufour, former Tax Auditor
Juan Ospina, Tax Auditor

Audit reviewed by: Mark D. Coolidge, Chief Auditor