



MIAMIBEACH

BUDGET AND PERFORMANCE IMPROVEMENT
Internal Audit Division

INTERNAL AUDIT REPORT

TO: Jorge M. Gonzalez, City Manager
VIA: Kathie G. Brooks, Budget and Performance Improvement Director
FROM: James J. Sutter, Internal Auditor

DATE: November 16, 2009
AUDIT: Double Waste Services Inc. (Double Waste)
PERIOD: June 2008 to September 2009

This report is the result of a scheduled audit of the Roll-off Fee Returns for Double Waste Services, Inc.

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.

Approximately thirty companies currently possess business tax receipt to operate Roll-offs within the City's boundaries. In return, they are required to abide by the terms outlined in the City Code. This includes the remittance of franchise fees calculated by using the applicable percentage of Miami Beach gross receipts. Reports are to be submitted to the City's Finance Department by the end of the subsequent month. Effective October 2008 the Roll-off franchise fee was increased from 16% to 18%.

Double Waste has been operating in the City of Miami Beach since June 2008. Their line of business is the rental of roll off containers.

OVERALL OPINION

Double Waste has not complied with the City Codes as it relates to reporting requirements for Roll-off contractors. The following items were noted during our audit.

- Gross receipts in the amount of \$18,240.80 were not reported resulting in the owing of \$3,980.72 in delinquent roll-off franchise fees (including interest and late filing charges) to the City.
- Double Waste has not filed list of accounts upon renewal. A listing of accounts was provided during the audit.
- Double Waste has submitted the certificate of liability insurance.

PURPOSE

The purpose of this audit is to determine whether all Roll-off waste contractor billings were correct, and whether all City revenues were correctly calculated, received timely and accurately recorded by the City, and the contractor was in compliance with designated sections of the City Code and related Ordinances.

SCOPE

1. Review waste contractor's books and records to confirm that their billings were correct; their gross receipts were correctly calculated and support the monthly franchise fee submitted to the City.
2. Confirm that the private waste contractor timely sent the City the required reports in adherence with the terms listed in the City Code.
3. Confirm that the private waste contractor is timely sending the required Monthly Report of Gross Receipts along with their remittance to the City.
4. Confirm that the private waste contractor timely obtained their required annual business tax receipt.
5. Confirm that the private waste contractor timely submitted their annual Certified Public Accountant (CPA) Statements of Gross Receipts to the City (If applicable).
6. Confirm that the private waste contractor has obtained the required insurance in adherence with Section 90-196 of the City Code.
7. Confirm that all monthly Roll-off Fee Return and were timely and correctly recorded in the City's Financial System.

FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSE

1. Finding – *Unreported Gross Receipts*
City Code Section 90 - 221 defines gross receipts as "*the entire amount of the fees collected by the licensee, exclusive of taxes as provided by law, whether wholly or partially collected, within the city, for solid waste removal and disposal*". Therefore, all monies collected by the Roll-off waste contractor from Miami Beach service addresses, including dump fees, fuel surcharges, dry run and overload should be included in reported gross receipts.

Out of 16 months audited gross receipts, Double Waste did not file returns to the City of Miami Beach resulting in \$18,240.80 of unreported gross receipts. Therefore, the amount of \$3,176.74 in franchise fees for roll-off waste removal services within the city limits was not reported. Double Waste is not in compliance with the City Code.

The following table summarizes audited gross receipts and the amount due from Double Waste for our audit period:

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	2008 (Jun-Dec.)	2009 (Jan-Sep.)	TOTAL
Audited Gross Receipts	\$13,510.00	\$4,730.80	\$18,240.80
Less Report Gross Receipt	0.00	0.00	0.00
Unreported Revenues	13,510.00	4,730.80	18,240.80
Roll-off fees due	2,325.20	851.54	3,176.74
Interest	218.07	35.91	253.98
Late Filing	300.00	250.00	550.00
Total Due	\$2,843.27	\$1,137.45	\$3,980.72

Recommendation(s)

Double Waste must remit the amount of \$3,980.72. All subsequent roll-off fee return should be filed in a timely manner and remit any franchise tax due.

2. Finding – Required Reporting

Double Waste did not submit the following documents in accordance with the listed City Code sections 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.*" Double Waste has 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. However, a listing of customer names was provided during the audit.
- b. Section 90-278 (4) states" *The licensed contractor shall deliver to the 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 detailed monthly report shall include the customer names, service addresses, account numbers and the actual amount collected from each customer. Payments of such fees shall be made monthly to the finance department, on or before the last day of each month.* Double waste did not deliver to the 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 detailed monthly report shall include the customer names, service addresses, account numbers and the actual amount collected from each customer.
- c. City Code Section 90 -196 lists the insurance coverage that must be maintained by Roll-off waste contractors. Double Waste provided proof of the required insurance during the audit.

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Recommendation(s)

Double Waste must comply with the designated sections of the City Codes by submitting a list of accounts annually, monthly report of gross receipts and insurance.

EXIT CONFERENCE

Audit findings were e-mailed on November 5, 2009 to Double Waste Services, Inc. We confirmed their agreement to our findings on November 16, 2009.

JJS: CD

Audit performed by Carmin Dufour

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cc: Fred Beckmann, Public Works Director
Alberto Zamora, Sanitation Director
Patricia Walker, Chief Financial Officer
Francy Rivero, (Director for Double Waste Services, Inc.)