



# 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: September 29, 2010  
AUDIT: Universal Waste Services, LLC. (Universal Waste)  
PERIOD: September 2009 to August 2010

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

### 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 demonstrating that they operate Roll-offs within the City's boundaries. 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%.

Universal Waste has been operating in the City of Miami Beach since August 2009. Their line of business is the rental of roll off containers.

### OVERALL OPINION

Universal 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 for the month of November 2009 and July 2010 were not reported to the City resulting in the owing of \$208.78 in delinquent roll-off franchise fees (including interest and late filing charges) to the City.

### 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 eleven months reviewed during our audit period, Universal Waste had gross receipts within the City for the two months of November 2009 and July 2010. For the remaining months, there were no other collected gross receipts within the City. The gross receipts for these two months amounted to \$869. Therefore, the amount of \$156.46 in franchise fees was not remitted and they were out of compliance with the City Code.

Internal Audit Report  
Universal Waste, LLC  
September 29, 2010

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

	2009 (Sept-Dec.)	2010 (Jan-Aug)	TOTAL
Audited Gross Receipts	\$319.23	\$550.00	\$869.23
Less Report Gross Receipt	0.00	0.00	0.00
Unreported Revenues	319.23	550.00	869.23
Roll-off fees due	57.46	99.00	156.46
Interest	2.32	0.00	2.32
Late Filing	50.00	0.00	50.00
Total Due	\$109.78	\$99.00	\$208.78

Recommendation(s)

Universal Waste must remit the amount of \$208.78. All subsequent roll-off fee return should be filed in a timely manner and remit any franchise tax due.

**EXIT CONFERENCE**

Audit findings were e-mailed on September 24, 2010 to Universal Waste Services, LLC. We confirmed their agreement to our findings on September 29, 2010 and we received a check for the amount owed.

JJS: CD

Audit performed by Carmin Dufour

F:\obp\AUD\DOC09-10\REPORTS - AUDIT FINAL\UNIVERSAL WASTE.doc

cc: Jorge Gomez, Assistant City Manager  
Fred Beckmann, Public Works Director  
Alberto Zamora, Sanitation Director  
Patricia Walker, Chief Financial Officer  
Paul Badamo (Owner of Universal Waste Services, LLC)