



# 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: February 22, 2012  
Audit: EMS Roll-off Inc.  
Period: March 2011 to Oct. 2011

This report is the result of a scheduled audit of the Roll-Off Fee Returns for EMS Roll-off Inc., (EMS Roll-off)

### 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.

EMS has been operating in the City of Miami Beach since March 2011. Their line of business is the rental of roll off containers.

### OVERALL OPINION

EMS Roll-off 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 \$20,400.00 were not reported resulting in the owing of \$4,160.71 in roll-off franchise fees and interest to the City.
- EMS has six outstanding violations from Code Enforcement for placing roll-offs container without a permit. EMS must pay the amount of \$4,850.00.

### 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, overload, extra month fees, relocation and waiting time charges should be included in reported gross receipts.

Out of 7 months audited gross receipts, EMS Roll-off did not file returns to the City of Miami Beach resulting in \$20,400 of unreported gross receipts. Therefore, the amount of \$3,672.00 in franchise fees for roll-off waste removal services within the city limits was not reported. EMS Roll-off is not in compliance with the City Code.

The following table summarizes audited gross receipts and the amount due from EMS Roll-off for our audit period:

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	2011 Mar-Oct.
Audited / Reported Gross Receipts Unreported Revenues	\$20,400.00
Roll-off fees due	3,672.00
Late Fees	350.00
Interest	138.71
Total Due	\$4,160.71

Recommendation(s)

EMS Roll-off must report all gross receipts as per the City code. This includes but is not limited to dump fees, extra month fees, fuel surcharges, dry run, overload, relocation and waiting time charges. EMS Roll-off paid the amount of \$4,160.71 for unreported gross receipts, late fees and interest.

2. Finding – Evidence of payment- Outstanding Code Violation Fine

EMS Roll-off did not submit the following documents in accordance with the listed City Code sections during the audit period:

*Section 90-278 (7) states" In order to effectively provide for the collection of the permit fee by the licensed contractor to the City, any person seeking to renew his/her annual licensed 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. EMS Roll-off has paid the city the renewal fees. However, there are six outstanding violations totaling \$4,850.00 for placing roll-off container without a permit that must be paid.*

Recommendation(s)

EMS Roll-off must comply with the designated sections of the City Codes by paying the outstanding violations of \$4,850.00.

**EXIT CONFERENCE**

On February 16, 2012 we met with EMS Roll-off Inc. regarding the audit findings. They concurred with finding #1 pertaining to Unreported Gross Receipts. However, EMS does not agree with finding #2 regarding Evidence of payment- Outstanding Code Violation Fine. In addition, they stated that they will present their concerns to Special Master.

JJS: CD

Audit performed by Carmin Dufour

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cc: Duncan Ballantyne, Assistant City Manager  
Fred Beckmann, Public Works Director  
Alberto Zamora, Sanitation Director  
Patricia Walker, Chief Financial Officer  
Raul Scherrer, EMS Roll-off Corp. (Owner)