



# MIAMIBEACH

BUDGET AND PERFORMANCE IMPROVEMENT  
Internal Audit Division

## INTERNAL AUDIT REPORT

TO: Kathie G. Brooks, Interim City Manager  
FROM: James J. Sutter, Internal Auditor

DATE: August 21, 2012  
AUDIT: Pronto Waste, Inc. (Pronto Waste)  
PERIOD: March 2009 to May 2012

This report is the result of a scheduled audit of the Roll-off Fee Returns for Pronto Waste, 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%.

Pronto Waste has been operating in the City of Miami Beach since June 2003. Their majority lines of business are demolition contractors, concrete cutting, excavation & land clearing, trucking & lowboy service, equipment rental. In addition, Pronto Waste provides Roll-off services as a supplemental line of business.

### Background

Previously, Internal Audit conducted an audit of Pronto Waste for period of May 2006 to February 2009. Our audit dated March 30, 2009 produced an audit assessment of \$9,372.82. This assessment was attributed to under reporting of Roll-off revenues. Pronto Waste has paid the total amount of the audit assessment.

### OVERALL OPINION

Pronto Waste has not fully complied with the City Codes as it relates to reporting requirements for Roll-off contractors. As a result, a number of gross receipts were under reported and the franchise fees were not paid to the City. The following items were noted during audit:

- Gross receipts in the amount of \$28,243.20 were not reported. Therefore, Pronto Waste owes the City \$6,688.99 in franchise fees. (including interest and late filing charges)

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.

**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 39 months audited gross receipts, Pronto Waste filed returns for 12 months to the City of Miami Beach resulting in \$3,325.14 in franchise fees for \$20,482.01 in reported gross receipts. Pronto Waste collected an additional amount of \$28,243.20 in gross receipts for roll-off waste removal services within the city limits and was not reported. Therefore, Pronto Waste is not in compliance with the City Code.

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

	2009 (Mar-Dec)	2010	2011	2012 (Jan-May)	TOTAL
Audited Gross Receipts	\$9,768.22	\$23,560.79	\$10,016.20	\$5,680.00	\$49,025.21
Less Report Gross Receipt	(9,768.22)	(9,878.79)	(\$1,135.00)	(0.00)	(20,782.01)
Unreported Revenues	0.00	13,682.00	8,771.20	5,790.00	28,243.20
Roll-off fees due	0	2,462.76	1,578.82	1,042.20	5,083.78
Interest	0	428.73	101.84	24.64	555.21
Late	0	400.00	450.00	200.00	1,050.00
Total Due	0	\$3,291.49	\$2,130.66	\$1,266.84	\$6,688.99

Recommendation(s)

Pronto Waste should remit the amount of \$6,688.99. All subsequent roll-off fees return should be filed in a timely manner and remit any franchise tax due.

2. Finding – Required Reporting

Pronto 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.*" Pronto Waste has not provided the city manager and the sanitation director with a current list of names and addresses of each

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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.

Recommendation(s)

Pronto Waste must comply with the designated sections of the City Codes by submitting a list of accounts annually.

**EXIT CONFERENCE**

Audit findings were e-mailed on August 7, 2012 to Nancy Arencibia, Pronto Waste Services, Inc. (Manager) We confirmed her agreement to our findings on August 20, 2012.

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  
Nancy Arencibia, Pronto Waste Services, Inc. (Manager)