



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 6, 2008
Audit: Lopefra Corp.
Period: January 2004 to September 2007

This report is the result of a scheduled audit of the Roll-Off Fee Returns for Lopefra, Corp. (Lopefra)

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 occupational licenses 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 equaling 16% of Miami Beach gross receipts to the City's Finance Department by the end of the subsequent month, filing various reports, maintaining sufficient insurance, etc.

Lopefra's majority line of business is equipment rental, dump trucks, fill materials, and mason sand. In addition, Lopefra provides roll-off waste services.

A review of the company's invoices showed that franchise fees were charged and collected throughout the audit period. Lopefra's records showed that franchise fees were remitted timely to the City of Miami Beach. In addition, we reviewed and noted no discrepancies with confirmations with Lopefra customers who paid for roll-off services within the City. The following gross receipts were reported and fees paid during the audit period.

| | Jan-Dec 2004 | Jan-Dec 2005 | Jan-Dec 2006 | Jan-Sep 2007 | TOTAL |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Audited / Reported Gross Receipts | \$221,650.00 | \$187,360.00 | \$269,625.00 | \$172,425.00 | \$851,060.00 |
| Roll-off Fees (Paid) | \$35,464.00 | \$29,977.60 | \$43,140.00 | \$27,588.00 | \$136,169.60 |

OVERALL OPINION

Lopefra has complied with certain provisions of the City Code's during the audit period. As a result, gross receipts were reported and franchise fees were paid to the City. The following items were noted

during our audit:

- Verified gross receipts were properly reported by Lopetra; therefore no additional fees are owed.
- Lopetra has submitted the certificate of liability insurance.
- Lopetra has not filed list of accounts, however a listing of customer names was provided during the audit.
- Lopetra has not filed the required CPA annual statement of gross receipts.

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.

FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

1. Finding – *Required Reporting*
Lopetra 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.”* Lopetra did not provide 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 or construction dumpster. However, a listing of customer names was provided during audit.
 - b. Section 90 - 278 (4) states *“The licensee shall on or before 30 days following the close of its fiscal year deliver to the finance director and the city manager a statement of its annual gross receipts generated from accounts within the city certified by an independent certified public accountant reflecting gross receipts within the city for the preceding fiscal year”.* Lopetra did not provide a statement of its annual gross receipts generated from accounts within the city certified by an independent public accountant reflecting gross receipts within the city for the preceding fiscal year.

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- c. City Code Section 90 -196 lists the insurance coverage that must be maintained by Roll-off waste contractors. Lopefra provided proof of the required insurance during the audit.

Recommendation (s)

Lopefra must comply with the designated sections of the City Codes by submitting reports to the City Manager and Sanitation Director listing of accounts and certified annual statements of gross receipts.

EXIT CONFERENCE

Audit findings were e-mailed on 01/25/08 to Rosemary L. Hartigan, In-House Counsel for Lopefra Corp. We confirmed her agreement to our findings on 02/04/08.

JJS: CD

Audit performed by Carmin Dufour

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cc: Robert Middaugh Jr., Assistant City Manager
Fred Beckmann, Public Works Director
Alberto Zamora, Sanitation Director
Patricia Walker, Chief Financial Officer
Rosemary L. Hartigan, Lopefra Corp. (In-House Counsel)