

CITY OF MIAMI
OFFICE OF AUDITOR GENERAL



AUDIT OF C & C WASTE REMOVAL, INC.

AUDIT NO. 05-008

Prepared By
Office of Auditor General

Victor I. Igwe, CPA, CIA
Auditor General

GURINDERJIT PANNU, STAFF AUDITOR
ROSA LICEA, ADMINISTRATIVE AIDE I

City of Miami

VICTOR I. IGWE, CPA, CIA
Auditor General



Telephone: (305) 416-2040
Telecopier: (305) 416-2046
E-Mail: iag@ci.miami.fl.us

November 24, 2004

Honorable Members of the
City Commission
City of Miami
3500 Pan American Drive
Coconut Grove, FL 33133-5504

Re: Audit of C & C Waste Removal, Inc. (C & C)
Audit No. 05-008

Pursuant to Section 48 of the City of Miami's (City) Charter, and the Non-Exclusive Franchise Agreement (Agreement) between the City and commercial solid waste hauling companies (franchisees), we have examined the billing records of C & C Waste Removal, Inc. (C & C). The audit was performed to determine whether C & C complied with the provisions of the Agreement and all applicable Sections of the City Code, which regulate the operation of commercial solid waste services in the City.

Additionally, we examined the internal control policies and procedures of the City's Solid Waste department to determine whether they were adequate and effective in administering and overseeing the operation of commercial solid waste services in the City.

The audit covered the period October 1, 2002, through September 30, 2003.

Sincerely,



Victor I. Igwe, CPA, CIA
Auditor General
Office of Auditor General

C: The Honorable Mayor Manuel A. Diaz
Joe Arriola, Chief Administrator/City Manager
Carlos Piccinona, President, C & C Waste Removal, Inc.
Members of the Audit Advisory Committee
Linda M. Haskins, CPA, Chief Financial Officer/Deputy Chief Administrator
Larry M. Spring, Chief of Strategic Planning, Budgeting and Performance
Alicia Cuervo Schreiber, Chief Operating Officer
Peter W. Korinis, Chief Information Officer
Jorge L. Fernandez, City Attorney
Mario A. Soldevilla, Acting Director, Solid Waste department
Priscilla A. Thompson, City Clerk
J. Scott Simpson, CPA, Director, Finance department
Donald Riedel, Director, Office of CitiStat
Aland Pierre-Canel, CPA, Chief Accountant, Billing and Collection
File

**AUDIT OF C & C WASTE REMOVAL, INC.
OCTOBER 1, 2002, THROUGH SEPTEMBER 30, 2003**

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INTRODUCTION

On September 28, 1999, the City Commission passed Ordinance Number 11837, which amended Chapter 22, titled “Garbage and Other Solid Waste”, of the City Code. Pursuant to this ordinance, the process of granting private companies the authority to provide commercial solid waste hauling services within the City was changed from a permitting process to a non-exclusive commercial franchise process. On July 25, 2002, the City Commission passed and adopted Ordinance Number 12258 amending Chapter 22, Articles I, II, and III of the City Code.

There are total of 16 firms that signed the Non-Exclusive Franchise Agreement (Agreement) and therefore, acquired the non-exclusive rights and privileges, with related obligations, to provide commercial solid waste hauling services within City limits for five years starting October 1, 1999, through September 30, 2004.

Article V of the Agreement titled “Franchise Fees” stipulates that the following fees be assessed:

- 20% of Gross Receipts. The term “Gross Receipts” is defined in Article II, Section 2.2 of the Agreement, as “all monies, whether paid by cash or credit, collected from customers for garbage, recyclable, hazardous, industrial, biomedical, biological or solid waste, construction and demolition debris, trash, litter, refuse and/or rubbish collection removal and disposal services rendered, or from any other source related directly or indirectly from waste collection services by the franchisee, exclusive of taxes as provided by law, whether wholly or partially collected within the City, less bad debts.”
- The sum of \$5,000 annually for the right to be a non-exclusive franchisee for commercial solid waste hauling services within the City.

- The sum of \$1,000 annually for the right to provide “Specialized Waste Handler” services within the City. Ordinance 12258, Section 22-1 defines “Specialized Waste Handler” as companies whose primary business is limited to collecting and disposing of solid waste that requires special handling and management, including, but not limited to white goods (appliances), waste tires, used oil, lead-acid batteries, construction and demolition debris, ash residue, biomedical and biological waste.
- Permit per Account Fee in the amount of \$100.00 for each commercial solid waste service account. This fee is not transferable. Pursuant to Ordinance 12258, Section 22-50(a), each franchisee would pay a permit per account fee annually of \$100.00 for each commercial solid waste account. The permit per account fees assessed for services initiated subsequent to the first month (October) of the fiscal year would be prorated at a rate of \$8.33 per month for the remainder of the fiscal year.
- A Roll-Off/Container Permit Fee in the amount of \$50.00 per account. The \$50.00 fee shall be for a 90-day period and will be assessed each 90 day period the container remains on site.

During the fiscal year, October 1, 2002, through September 30, 2003, the 16 franchisees that acquired the non-exclusive right to provide commercial solid waste hauling services within the City remitted a total of \$7,902,803 to the City. Our audit focused on C & C Waste Removal, Inc., and five other commercial solid waste hauling companies. The six firms generated and remitted approximately \$6,466,173 (or approximately 82%) of the total remittance to the City.

The Solid Waste Department (SWD) has the primary responsibility to ensure that commercial solid waste service accounts and applicable fees/transactions are properly assessed and paid to the City. The SWD is also responsible for monitoring and overseeing the activities and/or operations of the non-exclusive commercial franchisees.

This audit report describes whether the franchisees and SWD complied with the terms of the Agreement and applicable Sections of the City Code.

SCOPE AND OBJECTIVES

This audit was performed pursuant to the authority set forth in Section 48 of the City's Charter titled, "Office of the Independent Auditor General", and was conducted in accordance with the Fiscal Year 2005 Audit Plan. As part of our oversight responsibilities, the Office of Independent Auditor General performs financial and operational audits to determine the extent of compliance with terms of contracts, programs, and/or lease agreements between the City and private companies. The scope of our audit focused primarily on whether C & C Waste Removal, Inc. (C & C) and the City's Solid Waste department (SWD) complied with Chapter 22, Article II, Sections 22-46 through 22-58 of the City Code and with the terms of the Non-Exclusive Franchise Agreement (Agreement), which govern the operation of commercial waste collection services in the City. The audit also included examinations of various transactions to determine whether they were executed in accordance with the governing provisions of the controlling legal authority. The examination covered the period October 1, 2002, through September 30, 2003. In general, the audit focused on the following 7 broad objectives:

- To determine whether the 20% of gross receipts that were remitted to the City were based on the total monthly gross receipts collected by the franchisees.
- To ascertain whether all customer accounts located within the City were properly identified, coded, and assessed the appropriate fees.
- To determine whether all the applicable fees were properly computed and remitted to the City.
- To review the annual statement of gross receipts that was prepared by an independent Certified Public Accountant retained by the non-exclusive

franchisee. Additionally, to determine whether it was submitted to the SWD within 30 days after the end of the fiscal year.

- To ascertain whether the fees remitted to the City were properly recorded in the City's accounting system and deposited into the City's treasury.
- To verify whether the appropriate public liability insurance and bonds were obtained as required by Article VII of the Agreement.
- To examine the internal control policies and procedures of C & C's and the City's Solid Waste department and determine whether they were adequate and effective in administering and overseeing the operation of commercial solid waste hauling services in the City.

METHODOLOGY

We conducted the audit in accordance with generally accepted government auditing standards, issued by the Comptroller General of the United States. The audit methodology included the following:

- Interviewed and inquired of appropriate personnel, reviewed and observed applicable written policies and procedures, in order to gain an understanding of the internal controls, assessed control risk, and planned substantive testing.
- Performed substantive testing consistent with the audit objectives.
- Examined, on a test basis, applicable transactions and records.
- Determined compliance with all the objectives noted on pages 4 and 5.
- Performed other audit procedures as deemed necessary.
- Drew conclusions based on the testing and made corresponding recommendations.

SUMMARY OF AUDIT FINDINGS

C & C WASTE REMOVAL, INC. (C & C), SOLID WASTE AND FINANCE DEPARTMENTS (SWD and FD)

COMPLIANCE WITH CERTAIN SECTIONS OF THE CITY CODE AND THE FRANCHISE AGREEMENT.

As part of this audit, we conducted various audit tests, on a sample basis, to determine compliance with certain Sections of the City Code, the Non-Exclusive Franchise Agreement, and other guidelines. Our tests disclosed that C & C, the SWD, and the FD materially complied with the following:

- The FD properly recorded the sampled payments made to the City by C & C. The sampled payments received by the FD were also traced to the City's treasury.
- C & C complied with the vehicle insurance requirements as stipulated by Section 22-47(4a) of the City Code.
- SWD has improved its internal controls relating to the management of roll-off permits.

C & C WASTE REMOVAL, INC. (C & C)

ADDITIONAL FRANCHISE FEES DUE TO THE CITY.

Article V, Section 5.2 of the Agreement titled “Franchise Fees” stipulates certain fees the franchisee is required to remit to the City. Our review of C & C’s accounting and billing records disclosed that additional fees totaling \$29,242.38 (Exhibit I, page 22) is due to the City.

LACK OF COMPLIANCE WITH THE NON-EXCLUSIVE FRANCHISE AGREEMENT AND CITY CODE.

Our audit disclosed that C & C did not comply with the following provisions of the franchise Agreement:

- Failure to provide the City with the required statement of annual gross receipts certified by a CPA in a timely manner as required by Section 22-56(b) of the City Code and Article V, Section 5.3 of the Agreement.
- Failure to obtain the required surety bond as stipulated by Section 22-47(4b) of the City Code and Article VII, Section 7.2 of the Agreement.

SOLID WASTE DEPARTMENT (SWD)

INADEQUATE MONITORING AND ENFORCEMENT OF THE PROVISIONS OF THE FRANCHISE AGREEMENT.

The SWD is responsible for administering, monitoring, and enforcing provisions of Chapter 22 of the City Code and the Non-Exclusive Franchise Agreement between the City and the franchisees. However, we noted that adequate internal control procedures were not implemented to ensure proper monitoring of compliance with the provisions of the franchise agreement as summarized below:

- Failure to obtain the required surety bond as required by Section 22-47(4b) of the City Code and Article VII, Section 7.2 of the Agreement.
- Additional efforts were not made to obtain the required certified statement of annual gross receipts generated from accounts within the City prepared by a CPA in a timely manner as required by Section 22-56(b) of the City Code and Article V, Sections 5.3 of the Agreement.
- The SWD procedures require franchisees to be billed monthly for new commercial and roll-off container accounts serviced within the City limits. Our test of 13 monthly invoices for timely billing disclosed that C & C was not billed in a timely manner for all 13 monthly invoices tested. The total amount due and payable to the City from the 13 invoices (100%) that were billed late, is \$8,650. The number of days that invoices were billed late ranged from 3 to 119 days. When fees are not billed and collected in a timely manner, the City forgoes potential interest revenue that could be earned from said cash receipts.

AUDIT FINDINGS AND RECOMMENDATIONS

C & C WASTE REMOVAL, INC. (C & C), SOLID WASTE AND FINANCE DEPARTMENTS (SWD and FD)

COMPLIANCE WITH CERTAIN SECTIONS OF THE CITY CODE AND THE FRANCHISE AGREEMENT.

As part of this audit, we conducted various audit tests, on a sample basis, to determine compliance with certain Sections of the City Code, the Non-Exclusive Franchise Agreement, and other guidelines. Our tests disclosed that C & C, the SWD, and the FD materially complied with the following:

- The FD properly recorded the sampled payments made to the City by C & C. The sampled payments received by the FD were also traced to the City's treasury.
- C & C complied with the vehicle insurance requirements as stipulated by Section 22-47(4a) of the City Code.
- SWD has improved its internal controls relating to the management of roll-off permits.

C & C WASTE REMOVAL, INC. (C & C)

ADDITIONAL FRANCHISE FEES DUE TO THE CITY.

Article V, Section 5.2 of the Non-Exclusive Franchise Agreement titled “Franchise Fees” stipulates various franchise fees (FF) to be remitted to the City. C & C reported to the City, total gross receipts of \$167,320.85 for services provided within the City during the audit period. The total gross receipts include revenues generated from commercial hauling services and roll-off container accounts. The total FF remitted to the City during the audit period is \$35,053.56. Our review of C & C’s accounting and billing records disclosed that additional fees totaling \$29,242.38 (Exhibit I, page 22) is due the City, as itemized below:

- Article V, Section 5.2 of the Non-Exclusive Franchise Fee Agreement (Agreement) requires the franchisee to remit to the City 20% of its monthly gross receipts. Our review of unincorporated Miami-Dade County and other municipalities’ customer listings disclosed that C & C failed to remit FF in the amount of \$17,338.60 (i.e. 20% of \$86,692.97) for certain commercial accounts and also for three (3) miscoded accounts that were located within City boundaries but the applicable FF were remitted to other municipalities. See Exhibit I, page 22.
- Article II, Section 5.2 of the Agreement states that failure to remit the 20% of the total gross receipts by the 30th of the following month would result in a one percent (1%) per month penalty on the balance of the amount due. Therefore, the penalty on the gross receipts that were not remitted to the City during the audit period, as noted above, totaled \$3,115.11. See Exhibit I, page 22.
- Article V, Section 5.6 of the Agreement requires the franchisee to remit to the City an annual \$100 permit fee for each commercial account serviced by the franchisee. The permit per account fees assessed for services initiated subsequent to the first month

(October) of the fiscal year would be prorated at a rate of \$8.33 per month for the remainder of the fiscal year. Our audit disclosed that C & C owes the City additional per account fees of \$7,488.67 (see Exhibit I, page 22) for three (3) miscoded accounts and for failing to remit new customers per account fees during the fiscal year 2003.

- Article V, Section 5.7 of the Agreement requires the franchisee to remit to the City a roll-off container permit fee in the amount of \$50.00 per account for each temporary roll-off container (not to exceed 90 days). Our audit disclosed that C & C owes the City additional roll-off permit fees in the amount of \$1,300. See Exhibit I, page 22.

Recommendation.

We recommend that the Finance department bill C & C for the total amount of \$29,242.38 that is due to the City. We also recommend that C & C enhance its internal control procedures to ensure that service accounts located within the City are properly identified and coded; new per accounts and roll-off accounts be promptly reported to the SWD; and the appropriate franchise fees be paid to the City. The SWD should also review franchisee's customer database and verify addresses for correctness.

Auditee's Response and Action Plan.

C & C concurred with our findings and recommendations. See auditee's response on pages 17 through 20.

LACK OF COMPLIANCE WITH THE NON-EXCLUSIVE FRANCHISE AGREEMENT AND CITY CODE.

The Non-Exclusive Franchise Agreement (Agreement) between the City and franchisees provide certain operating guidelines and requirements. The operating guidelines were designed to ensure uniformity in the services provided and also to ensure that the City's best interest is well protected. However, we noted that C & C did not comply with certain provisions of the Agreement, as discussed below:

FAILURE TO PROVIDE THE CITY WITH THE REQUIRED STATEMENT OF ANNUAL GROSS RECEIPTS CERTIFIED BY A CPA IN A TIMELY MANNER.

- Pursuant to Section 22-56(b) of the City Code, "The franchisee shall on or before 30 days following the close of each fiscal year deliver to the director a statement of its annual gross receipts generated from accounts within the City prepared by an independent certified public accountant reflecting gross receipts within the City for the preceding fiscal year". Therefore, the statement of Annual Gross Receipts was due November 1, 2003. However, our audit disclosed that C & C submitted said statement of annual gross receipts on August 23, 2004 (296 days after the due date) for the fiscal year ended September 30, 2003. The timely submission of a certified statement of annual gross receipts would ensure a prompt review and resolution of any material noncompliance with the City Code.

FAILURE TO OBTAIN THE REQUIRED AMOUNT OF SURETY BONDS.

- Article VII, Section 7.2 of the Agreement stipulates that: "FRANCHISEE agrees to maintain, for the term of this AGREEMENT, a payment bond, executed by a surety company duly authorized to do business in the State of Florida." The Agreement additionally indicates that "The amount of the bond shall be equal to the FRANCHISEE'S previous 12-month franchise fees paid to the CITY or a

minimum of \$15,000, whichever is greater, as security for the faithful performance of the Franchise AGREEMENT.” The franchise fees remitted to the City during the previous 12-month period (October 1, 2002, through September 30, 2003) totaled \$35,053.56. However, our review of the amount of bond procured for the period of October 1, 2003, through September 30, 2004, disclosed that C & C procured only \$15,000 of surety bond. We noted that subsequent to the audit period, the franchisee increased the amount of the performance bond to \$25,000 effective October 1, 2004.

The purpose of the surety bond is to ensure that the City would be properly compensated in the event of noncompliance or lack of performance. By having a surety bond less than the one stipulated in Section 7.2 of the Agreement, the City could be adversely affected if the commercial waste hauling company fails to comply with its financial obligations as stipulated in Article V of the Agreement.

Recommendation.

The amount of the bond shall be equal to the FRANCHISEE’S previous 12-month franchise fees paid to the CITY or a minimum of \$15,000, whichever is greater. We recommend that C & C obtain additional surety bond as required by Article VII, Section 7.2 of the Agreement. We also recommend that C & C submit an annual Statement of Gross Receipts prepared by an independent certified public accountant by November 1st, as required by Section 22-56(b) of the City Code.

Auditee’s Response and Action Plan.

C & C concurred with the finding and recommendation relative to the statement of certified annual gross receipts and surety bond. See written response on page 17 through 20.

SOLID WASTE DEPARTMENT (SWD)

INADEQUATE MONITORING AND ENFORCEMENT OF THE PROVISIONS OF THE FRANCHISE AGREEMENT.

The SWD is responsible for administering, monitoring, and enforcing provisions of Chapter 22 of the City Code and the Non-Exclusive Franchise Agreement between the City and the franchisees. However, adequate internal control procedures were not implemented to ensure proper monitoring of the provisions of the franchise agreement as summarized below:

- Failure to obtain the required performance bond as required by Section 22-47(4b) of the City Code and Article VII, Section 7.2 of the Agreement. We noted that a letter dated October 16, 2003, was sent to C & C, relative to performance bond and other requirements. However, no additional efforts were made to ensure compliance. The franchisee increased its performance bond to \$25,000 effective October 1, 2004 (subsequent to the audit period).
- Failure to obtain the required certified statement of annual gross receipts generated from accounts within the City prepared by a CPA in a timely manner. Our audit disclosed that C & C submitted the said statement of annual gross receipts on August 23, 2004 (296 days after due date) for the fiscal year ended September 30, 2003. We noted that a letter dated October 16, 2003, was sent to C & C, relative to certified statement of annual gross receipts and other requirements. However, no additional efforts were made to ensure compliance.
- The SWD procedures require franchisees to be billed monthly for new commercial and roll-off container accounts serviced within the City limits. Our test of 13 monthly invoices for timely billing, disclosed that C & C was not billed in a timely manner for 13 monthly invoices tested. The total amount due and payable to the City from the 13 invoices (100%) that were billed late, was \$8,650.

The number of days that invoices were billed late ranged from 3 to 119 days. When fees are not billed and collected in a timely manner, the City forgoes potential interest revenue that could be earned from said cash receipts.

The proper monitoring of compliance with the franchise Agreement would safeguard City's best interest and ensure that the appropriate fees due are collected and deposited into the City's treasury.

Recommendations.

We recommend that internal control procedures be enhanced to ensure that all franchisees comply with all requirements, and bill the private haulers in a timely manner.

Auditee's Response and Action Plan.

The Acting Director of SWD concurred with the audit findings. See the written response on page 21.

City of Miami

VICTOR I. IGWE, CPA, CIA
Auditor General



Telephone: (305) 416-2040
Telecopier: (305) 416-2046
E-Mail: iag@ci.miami.fl.us

September 29, 2004

Carlos Piccinona, President
C & C Waste Removal, Inc
850 NW 144 Street
Miami, FL 33016

Dear Mr. Piccinona:

Re: Audit of C & C Waste Removal, Inc. (C & C) – Audit #04-017

As part of our ongoing audit of C & C Waste Removal, Inc. (C & C), please review the following findings and, if you concur, indicate the reason(s) that contributed to each individual problem and an action plan to prevent them from reoccurring. If you disagree, indicate the reason(s) why. We would appreciate a response by October 6, 2004.

Article VI, Section 6.1 of the Non-Exclusive Franchise Agreement stipulates that: "The CITY may at, reasonable times, and for a period of up to four (4) years following the date of final payment by the FRANCHISEE to CITY under this Agreement, audit, or cause to be audited, those books and records of FRANCHISEE which are related to Franchisee's performance under this Agreement, FRANCHISEE agrees to maintain all such books and records at its principal place of business for a period of four (4) years after final payment is made under this Agreement".

Our audit disclosed that C & C owes an additional fees totaling **\$29,242.38** to the City as noted below:

OFFICE OF AUDITOR GENERAL / 444 S.W. 2nd Avenue, Suite 715 / Miami, FL 33130-1910

- I. Article V, Section 5.2 of the Non-Exclusive Franchise Fee Agreement (Agreement) requires the franchisee to remit to the City 20% of its monthly gross receipts. Our audit disclosed that an additional **\$17,338.60** of Franchise Fee is due from C&C, as itemized below:
 - Our review of unincorporated Miami-Dade County and other municipalities' customer listings, disclosed that the 20% franchise fees (FF) due from 3 miscoded accounts that were located within City boundaries were not remitted to the City. The FF due from the total revenue generated from said miscoded accounts is \$310.60 (i.e. 20% of 1,553.00) for the audit period. See Exhibit I.
 - C & C did not remit the FF in the amount of \$17,028.00 (i.e. 20% of 85,139.97) for the audit period. See Exhibit I.
- II. Article II, Section 5.2 of the Agreement states that "The remittance of the previous month's collection should be received by the City no later than the last day of the following month. Failure to remit by the last day of the following month will cause the franchisee a one percent (1%) penalty per month on the balance due." Therefore, the penalty on the gross receipts that were not remitted to the City during the audit period, as noted above totaled **\$3,115.11**.
- III. Article V, Section 5.7 of the Agreement requires the franchisee to remit to the City a Roll-Off container permit fee in the amount of \$50.00 per account, for each temporary (not to exceed 90 days) roll-off/containers. Our audit disclosed that C & C owes the City an additional roll-off permit fees in the amount of **\$1,300**.
- IV. Article V, Section 5.6 of the Agreement requires the franchisee to remit to the City an annual \$100 permit fee for each commercial account serviced by the franchisee. The permit per account fees assessed for services initiated subsequent to the first month (October) of the fiscal year would be prorated at a rate of \$8.33 per month for the remainder of the fiscal year. Our audit disclosed that C & C owes the City an additional per account fees in the amount of **\$7,488.67**, as itemized below:

- C & C owes an additional per account fee in amount of \$224.91 for three (3) miscoded accounts.
- C & C failed to remit new customers per account fees in the amount \$7,263.76 for the audit period.

I Agree I disagree Please initial: CJP

WITH EXPLANATION

- V. Article VII, Section 7.2 of the Agreement stipulates that: "FRANCHISEE agrees to maintain, for the term of this AGREEMENT, a payment bond, executed by a surety company duly authorized to do business in the State of Florida." The Agreement additionally indicates that "The amount of the bond shall be equal to the FRANCHISEE'S previous 12-month franchise fees paid to the CITY or a minimum of \$15,000, whichever is greater, as security for the faithful performance of the Franchise AGREEMENT."

The franchise fees remitted to the City during the previous 12-month period (October 1, 2002 through September 30, 2003) totaled \$35,053.56. Therefore, the current (fiscal year 2004) required amount of surety bond should have been \$35,053.56. However, our review of the amount of bond procured for the period of October 1, 2003, through September 30, 2004, disclosed that C & C procured only \$15,000.00 of Surety bond. We recommend that C & C obtain additional surety bond of \$20,053.56 as required by Article VII, Section 7.2 of the Agreement.

I Agree I disagree Please initial: CJP

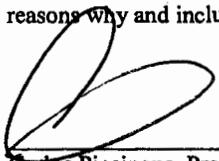
WITH EXPLANATION

- VI. Pursuant to Article V, Section 5.3 of the Non-Exclusive Franchise Agreement (Agreement) and City of Miami (City) Code Section 22.56(b) stipulates that: "The FRANCHISEE shall on or before 30 days following the close of each fiscal year, deliver to the Director of Solid Waste a statement of its annual gross receipts generated from

accounts within the City and prepared by an independent certified public accountant reflecting gross receipts within the City for the preceding fiscal year". Therefore, the statement of Annual Gross Receipts was due on November 1, 2003. However, our audit disclosed that the said statement of annual gross receipts was never filed with the Solid Waste department for the audit period as required the Agreement.

I Agree I disagree Please initial: CM

Please review the above findings and if you concur indicate the reason (s) that contributed to the problems and an action plan to prevent them from reoccurring. If you disagree, indicate the reasons why and include supporting documentation.


Carlos Piccinona, President
C & C Waste Removal, Inc.

10/1/04
Date


Gurinder Pannu, Staff Auditor
Office of Independent Auditor General
(305) 416-2042, Fax: (305) 400-5189

09-29-04
Date

C: Mario Soldevilla, Acting Director Solid Waste Department
Steven Margolis, Principal Auditor

CITY OF MIAMI, FLORIDA
INTER-OFFICE MEMORANDUM

TO: Gurinder Pannu, Staff Auditor
Office of Independent Auditor General

DATE: October 21, 2004

FILE:



SUBJECT: Response to Memo of
Understanding-C & C Waste

FROM: Mario E. Soldevilla Acting Director
Department of Solid Waste

REFERENCES:

ENCLOSURES:

- I. Please see the attached letter dated October 16, 2003, wherein we informed C & C Waste of certain fiscal and reporting obligations that they were required to submit to this department at the commencement of each fiscal year (October 1). We informed C & C to provide a performance bond in an amount equal to their previous 12 month franchise fees paid to the City, or a minimum of \$15,000.00, whichever was greater. However, the bond remained at the \$15,000.00 level until October 1, 2004, where the bond was increased to \$25,000.00. Any further increases in the performance bond will be made in November, 2004.
- II. We agree that C & C was not billed in a timely manner. However, it should be noted that the City of Miami did not lose the \$8,650.00 revenue due for roll-offs, the amount was billed and paid by C & C Waste to the City.
- III. The attached letter dated October 16, 2003, informed C & C Waste that a certified statement of annual gross receipts generated from accounts within the City prepared by a CPA, reflecting gross receipts within the City for the preceding year, was due by October 30, 2003. The required CPA statement was prepared and finalized by C & C's accountant on August 23, 2004.

c: Steven Margolis, Auditor

EXHIBIT I

**C & C WASTE REMOVAL, INC.
SCHEDULE OF FEES DUE TO THE CITY
OCTOBER 1, 2002 THROUGH SEPTEMBER 30, 2003**

<u>DESCRIPTION</u>	<u>ITEMIZED AMOUNT</u>	<u>TOTAL FEES DUE</u>
20% FF for Miscoded Accounts:		
Miscoded Accounts	\$ 310.60	
Unremitted Franchise Fee	17,028.00	
Sub-total		\$ 17,338.60
Roll-Off Permit Fee:		
Sub-total	<u>1,300.00</u>	1,300.00
1% Penalty for Miscoded Accounts:		
Miscoded Accounts	52.24	
Unremitted Franchise Fee	<u>3,062.87</u>	
Sub-total		3,115.11
Per Account Fee		
Miscoded Accounts	224.91	
Unremitted Per Account Fee	<u>7,263.76</u>	
Sub-total		<u>7,488.67</u>
Grand Total		<u>\$ 29,242.38</u>