

CITY OF MIAMI  
**OFFICE OF INDEPENDENT AUDITOR GENERAL**



**WASTE SERVICES OF FLORIDA, INC.**

**AUDIT REPORT NO. 09-013**

Prepared By

**Office of Independent Auditor General**

Victor I. Igwe, CPA, CIA  
*Independent Auditor General*

**PAULINO GARCIA, STAFF AUDITOR**

# City of Miami



VICTOR I. IGWE, CPA, CIA  
Independent Auditor General

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March 20, 2008

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

Re: Waste Services of Florida, Inc.  
Audit No.09-013

Pursuant to Section 48 of the City of Miami's (City) Charter and the Fiscal year 2008/2009 audit plan, we have examined the billing records of Waste Services of Florida, Inc. (WSI). The audit was performed to determine whether WSI complied with applicable Sections of the City Code and the Commercial Waste Franchise Agreement (Agreement) between the City and commercial solid waste hauling companies. Chapter 22 of the City Code and said Agreement regulates the operation of commercial solid waste services in the City.

Additionally, we examined the internal control policies and procedures in 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, 2007 through September 30, 2008 and selected financial transactions that were processed prior and subsequent to this period.

Sincerely,

A handwritten signature in black ink that reads "Victor Igwe". The signature is written in a cursive, slightly slanted style.

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

C: The Honorable Mayor Manuel A. Diaz  
Pedro G. Hernandez, Chief Administrator/City Manager  
Members of the Audit Advisory Committee  
Larry Thogmartin, WSI Region Controller  
Roger Hernstadt, Assistant City Manager, Office of the City Manager  
Bill Anido, Assistant City Manager, Office of the City Manager  
Larry M. Spring, Assistant City Manager/Chief Financial Officer  
Peter W. Korinis, Chief Information Officer, Information Technology Department  
Michael J. Boudreaux, Director, Budget Department  
Julie O. Bru, City Attorney, City Attorney's Office  
Mario A. Soldevilla, Director, Solid Waste Department  
Priscilla A. Thompson, City Clerk, City Clerk's Office  
Diana M. Gomez, CPA, Director, Finance Department  
Demetrio Constantiny, Accounts Receivable Supervisor, Finance Department  
Audit Documentation File

**AUDIT OF LOPEFRA CORPORATION  
OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008**

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## INTRODUCTION

On July 25, 2002, and October 14, 2004, the City Commission passed and adopted Ordinance Numbers 12258 and 12599 respectively, amending Chapter 22, Articles I, II, and III of the City Code. A total of 25 firms signed the Commercial Solid Waste Franchise Agreement (Agreement), which authorized them to operate commercial solid waste hauling services in the City of Miami for the period starting November 1, 2004 through September 30, 2009, with a three year renewal option period through September 30, 2012. The option to renew the Agreement for an additional three year period will be at the sole discretion of the City.

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

- **Gross Receipts Franchise Fees.** In accordance with Article II, Section 2.2 of the Agreement, the term “Gross Receipts” shall mean, “all monies whether paid by cash, check, debit or credit, collected from customers for garbage, solid waste, fuel surcharge, construction and demolition debris, roofing materials, trash, litters, refuse and/or rubbish collection removal and disposal services rendered, or from any other source related directly 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.” During the period October 1, 1999 through September 30, 2004, the franchisee was required to remit to the City 20% of the gross receipts generated. Effective October 1, 2004, the rate increased to 22%. A one and half percent (1-1/2%) late payment penalty fee would be assessed per month on any balance due.
- **Annual Franchise Fee.** The sum of \$5,000 (increased annually by \$500, thus \$6,500.00 was due for the audit period) for the right to provide commercial solid waste services and special waste handling services within the City. A one and

one-half percent (1-1/2%) late payment penalty fee would be assessed per month on any balance due.

- Annual Specialized Waste Handling Service Fee. The sum of \$1,000 (increased annually by \$500, thus \$2,500 was due for the audit period) for the right to provide “Specialized Waste Handler” services within the City. Ordinance 12258, Section 22-1 defines “Specialized Waste Handlers” 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. A one and one-half percent (1-1/2%) late payment penalty fee is assessed monthly on any balance due.
- Permit Per Account Fee. The franchisee is required to pay \$50 for each account contracted within the City for commercial solid waste services and/or specialized waste handling services including each container and/or roll-off utilized by franchisee in the course of providing solid waste services. The franchisee may only pass on an amount not to exceed \$24 of paid Permit Per Account Fee to each contracted customer. This fee is not transferable. A one and one-half percent (1-1/2%) late payment penalty fee is assessed monthly on any balance due.

During the fiscal year, October 1, 2007 through September 30, 2008 the twenty five franchisees remitted a total of \$13,334,898 to the City. Waste Services of Florida, Inc. (WSI) is one of the franchisees selected for review to determine compliance with the provisions of the Franchise Agreement. A separate audit report will be issued for each of the franchisees audited.

The Solid Waste Department (SWD) is responsible for ensuring 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 the operations of the commercial

solid waste franchisees. This audit report describes whether WSI and the 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 2008/2009 Audit Plan. As part of our oversight responsibilities, the Office of the 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. This audit focused primarily on whether Waste Services of Florida, Inc. (WSI) and the City's Solid Waste Department (SWD) complied with the terms of the Commercial Solid Waste Franchise Agreement (Agreement) and with Chapter 22 of the City's Code, which govern the operation of commercial solid waste collection services in the City. The audit also included examinations of various transactions to determine whether they were processed in accordance with the generally accepted accounting principles. The audit covered the period October 1, 2007 through September 30, 2008 and focused on the following broad objectives:

- To ascertain whether all customer accounts located in the City were properly identified, coded, and assessed the appropriate fees.
- To determine whether all the applicable franchise fees as stipulated in Article V of the Agreement 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 WSI. Additionally, to determine whether said statement was submitted to the SWD within 60 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 WSI 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.
- To follow-up on prior audit findings and determine the status of all unresolved and outstanding issues.

## **METHODOLOGY**

We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence in order to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. 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 results of the testing and made corresponding recommendations and obtained the auditee's responses and corrective action plans.

## AUDIT CONCLUSION

Based upon various tests performed and the audit findings noted, we conclude that adequate internal controls were **not** in place to ensure that:

- All customer accounts located in the City were properly identified, coded, and assessed the appropriate fees.
- Annual Franchise Fee and Permit Per Account Fee were remitted to the City in a timely manner.
- The entire accounts active as of October 1, 2007 were included in the Per Account Fee list submitted to the City.
- Surety Bond was obtained in the required amount as provided in the City Code and Agreement.

Based upon various test performed and the audit findings noted, we conclude that adequate internal controls were in place to ensure that:

- Franchise Fees remitted to the City were properly recorded in the City's accounting system and deposited in the City's Treasury.
- Appropriate public liability insurance was obtained as required by Article VII of the Agreement.
- The SWD obtained vehicle insurance certificates and the statement of the annual gross receipts certified by a CPA as required by the City Code and the Agreement.

Overall, we conclude that the internal control policies and procedures in place at WSI and at the City's Solid Waste Department can be enhanced to ensure a more effective oversight of the operation of commercial solid waste hauling services in the City.

## **SUMMARY OF AUDIT FINDINGS**

### **WASTE SERVICES OF FLORIDA, INC., THE CITY'S SOLID WASTE, AND FINANCE DEPARTMENTS**

#### **COMPLIANCE WITH CERTAIN SECTIONS OF THE CITY CODE AND THE FRANCHISE AGREEMENT**

We conducted various audit tests, on a sample basis, to determine compliance with certain provisions of the City Code, the Commercial Solid Waste Franchise Agreement, and other guidelines. Our tests disclosed that Waste Services of Florida, Inc. (WSI), the City's Solid Waste Department (SWD), and the Finance Department (FD) materially complied with the following:

- The FD properly recorded the sampled payments from WSI to the City. The sampled payments received by the FD were also traced to the City's treasury.
- WSI complied with the vehicle insurance requirement as stipulated by Section 22-47 (4a) of the City Code.
- The SWD obtained vehicle insurance records as stipulated by Section 22-47(4) a of the City Code.
- The SWD obtained the statement of annual gross receipts prepared by an independent certified public accountant as required by the City Code.

**WASTE SERVICES OF FLORIDA, INC.**

**ADDITIONAL 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 Waste Services of Florida, Inc’s accounting and billing records disclosed that \$8,628.10 is due to the City from the franchise fee transactions assessed during the audit period. See detailed discussions on pages 10 through 13.

## **AUDIT FINDINGS AND RECOMMENDATIONS**

### **WASTE SERVICES OF FLORIDA, INC.**

#### **ADDITIONAL FEES DUE TO THE CITY**

Article V, Section 5.2 of the Commercial Solid Waste Franchise Agreement (Agreement) titled “Franchise Fees” stipulates the various franchise fees (FF) to be remitted to the City. Waste Services of Florida, Inc. generated total gross receipts of \$8,848,501 for services provided within the City during the audit period (fiscal year 2007-2008). The total gross receipts include revenues generated from commercial solid waste services and specialized waste handling. The total FF remitted to the City during the audit period was \$1,946,670. Our review of WSI’s accounting and billing records indicated that an additional \$8,628.10 is due to the City, as itemized below:

#### **ANNUAL FEES**

- Article V, Section 5.4 of the Commercial Solid Waste Franchise Fee Agreement (Agreement) stipulates that the franchisee agrees to remit to the City annually (due October 1) the sum of \$5,000 (increased annually by \$500, thus \$6,500 was due for the audit period) for the right to provide Commercial Solid Waste Services and Specialized Waste Handling Services within the City limits. Failure to remit the required annual fee by the due date will result in a one and one-half percent (1-1/2%) per month on the balance due to the City. However, our audit disclosed that WSI remitted its annual franchise fee for the fiscal year 2007-2008 two (2) months late to the City. As a result of the late remittance, a late fee of \$195 is due to the City.

### **PERMIT PER ACCOUNT FEES**

- Article V, Section 5.6 of the Agreement requires the franchisee to remit to the City annually (due October 15) a permit per account fee (PPAF) in the amount of \$50 for each account contracted for commercial solid waste handling services within the City including each container and/or roll-off utilized by the franchisee. Failure to remit the required PPAF by the due date will result in a late payment penalty of one and one-half percent (1-1/2%) per month on the balance due to the City. Our audit disclosed that:
  - WSI remitted its PPAF for the fiscal year 2007-2008 two (2) months late to the City. As a result of the late remittance, a late penalty fee of \$2,793 is due to the City.
  - WSI did not remit to the City the \$50 annual PPAF relative to four (4) service accounts that were active as of October 1, 2007. As a result, the un-remitted PPAF and related late fees totaling \$245 (\$200 + \$45) are due to the City.

### **FRANCHISE FEES (22%)**

- Article V, Section 5.2 of the Commercial Solid Waste Franchise Agreement (Agreement) requires the Franchisee to remit monthly to the City 22 percent (22%) of its Gross Receipts generated from accounts within the City limits, or \$500 whichever is greater. The remittance of the previous month's collection should be received by the City on or before the last day of each month. Failure to remit by the last day of the following month will result in a one and one-half percent (1-1/2%) penalty per month on the balance due. Our review of WSI's billing records and listing of customers in unincorporated Miami-Dade County and other municipalities disclosed that WSI did not remit to the City the 22%

franchise fees and the related permit per account fees (PPAF) generated from nine (9) customer accounts as required. The un-remitted 22% franchise fees, the related PPAF and the applicable late fees totaling \$5,395.10 (\$4,106.18 + \$598.92 + \$600 + \$90) are due to the City.

Recommendation:

We recommend that the Finance Department bill Waste Services of Florida, Inc. (WSI) for the total amount of \$8,628.10 due and payable to the City. Also, we recommend that WSI enhance its internal control procedures to ensure that service accounts located within the boundaries are properly identified and properly coded and that the appropriate fees are remitted to the City in a timely manner as required.

Auditee's Response and Action Plan:

The auditee concurred with all audit findings and recommendations. See written responses on pages 16 through 19.



**FAILURE TO OBTAIN THE REQUIRED AMOUNT OF SURETY BOND**

Article VII, Section 7.2 of the Agreement provides that “FRANCHISEE agrees to maintain, for the term of this AGREEMENT, a Performance Bond, executed by a surety company duly authorized to do business in the State of Florida, which shall be counter- signed by an agent for the company, resident in the State of Florida. The amount of Bond shall be equal to the FRANCHISEE’S previous 12 month franchise fees paid to the CITY (including the annual franchise fee, monthly 22% franchise fee, annual per account fee, and any other franchise fees paid to the City) or a minimum of \$25,000, whichever is greater, as security for the faithful performance of the Franchise AGREEMENT.”

Our audit disclosed that the total franchise fees due and payable to the City during the previous 12 months were \$2,046,269.94. During our audit field work we determined that WSI maintained a surety bond of only \$1,907,805. Upon audit inquiry, the surety bond amount was increased to \$2,040,949.94. However, pursuant to the provisions of Article VII, Section 7.2 of the Agreement, additional surety bond of \$5,320 is required.

**Recommendation:**

We recommend that at the end of each fiscal year, WSI determine the total amount of franchise fees it remitted to the city (including the annual franchise fee, the 22% monthly franchise fee, the annual permit per account fee, and any other franchise fees paid to the City) during the previous 12 months. Upon such determination WSI should obtain any additional surety bond necessary to comply with the requirements stipulated in Article VII, Section 7.2 of the agreement.

Auditee's Response and Action Plan:

The auditee concurred with this audit finding and recommendation. See written response on pages 18 and 19.

## **SOLID WASTE DEPARTMENT (SWD)**

### **INADEQUATE MONITORING AND ENFORCEMENT OF THE PROVISIONS OF THE COMMERCIAL SOLID WASTE FRANCHISE AGREEMENT**

The Solid Waste Department (SWD) is responsible for administering, monitoring, and enforcing the provisions of Chapter 22 of the City Code and the Commercial Solid Waste Franchise Agreement (Agreement) between the City and the franchisees. As previously reported in prior audit reports, adequate internal control procedures have not been implemented to ensure that franchisees comply with the provisions of Article VII, Section 7.2 of the Agreement, which require franchisees to obtain a performance bond equal to the previous 12 month franchise fees paid to the City. As discussed on pages 13 and 14 of this report, WSI did not obtain the required amount of the surety bond required.

#### **Recommendation**

We recommend that the SWD enhance its internal control procedures to ensure that franchisees comply with all applicable provisions of the City code and the franchise Agreement.

#### **Auditee's Response and Action Plan:**

The auditee concurred with this audit finding and recommendation. See written response and pages 20 through 22.

# City of Miami

VICTOR I. IGWE, CPA, CIA  
INDEPENDENT AUDITOR GENERAL



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

February 25, 2009

Mr. Larry Thogmartin, Region Controller  
Waste Services of Florida, Inc. (WSI)  
3840 NW 37<sup>th</sup> Avenue  
Miami, Florida 33142

RE: Audit of Waste Services of Florida, Inc. (WSI)  
Audit No. 09-013

Dear Mr. Thogmartin:

In connection with our audit of Waste Services of Florida, Inc. (WSI) for the period October 1, 2007 through September 30, 2008, and selected transactions prior and subsequent to this period, our audit disclosed that additional franchise fees totaling \$8,628.10 (W/P T-6) is due to the City as summarized below:

- I. Article V, Section 5.4 of the Commercial Solid Waste Franchise Fee Agreement (Agreement) stipulates that franchisee agrees to remit to the City annually (due October 1) the sum of \$5,000.00 (increased annually by \$500, thus \$6,500.00 was due for the audit period) for the right to provide Commercial Solid Waste Services and Specialized Waste Handling Services within the City limits. Failure to remit the required annual fee by the due date will result in a one and one-half percent (1-1/2%) per month on the balance due to the City. However, our audit disclosed that WSI remitted its annual franchise fee for the fiscal year 2007-2008 on November 21, 2007 (2 months late). As a result of the late remittance, a late fee of \$195.00 is due to the City. (W/P T-7.1)

I agree  I disagree  Please initial: LT

Explanation \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

II. Article V, Section 5.6 of the Agreement requires the franchisee to remit to the City annually (due October 15) a permit per account fee (PPAF) in the amount of \$50 for each account contracted within the City for commercial solid waste handling services, including each container and/or roll-off utilized by franchisee. Failure to remit the required PPAF by the due date will result in a late payment penalty of one and one-half percent (1-1/2%) per month on the balance due to the City. However, our audit disclosed that WSI remitted its PPAF two (2) late for the fiscal year 2007-2008. As a result a late payment penalty fee of \$2,793.00 is due to the City. (W/P T-8.1)

Also WSI did not to the City the PPAF for four (4) service accounts that were active as October 1, 2007. As a result the PPAF and the applicable late payment penalty totaling \$245.00 (\$200 + \$45) are due to the City. (W/P T-8.1)

I Agree  I Disagree  Please initial: LT

Explanation \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

III. Article V, Section 5.2 of the Commercial Solid Waste Franchise Agreement (Agreement) requires the Franchisee to remit monthly to the City 22 percent (22%) of its Gross Receipts generated from accounts within the City limits, or \$500 whichever is greater. The remittance of the previous month's collection should be received by the City on or

before the last day of each month. Failure to remit by the last day of the following month will result in one and one-half percent (1-1/2%) penalty per month on the balance due. Our review of WSI's billing records and listing of customers in unincorporated Miami-Dade County and other municipalities disclosed that WSI did not remit to the City, the 22% franchise fees and the related permit per account fees (PPAF) generated from nine (9) customer accounts as required. The un-remitted 22% franchise fees, the related PPAF and the applicable late fees totaling \$5,395.10 (\$4,106.18 + \$598.92 + \$600.00 + \$90.00) are due to the City. (W/P T-221)

I agree  I disagree \_\_\_\_\_ Please Initial: E-7

Explanation: \_\_\_\_\_

\_\_\_\_\_

IV. Article VII, Section 7.2 of the Agreement provides that "FRANCHISEE " agrees to maintain, for the term of this Agreement, a Performance Bond, executed by a surety company duly authorized to do business in the State of Florida, which shall be countersigned by an agent for the company, resident in the State of Florida. The amount of Bond shall be equal to the FRANCHISEE'S previous 12 month franchise fees paid to the City (including the annual franchise fees, monthly 22% franchise fee, annual per account fee, and other franchise fees paid to the City) or a minimum of \$25,000, whichever is greater, as security for the faithful performance of the Franchise Agreement.

Our audit disclosed that the total franchise fees due and payable to the City during the previous 12 months were \$2,046,269.94. However WSI currently maintains a surety bond for only \$1,907,805.00. Accordingly, the required amount of surety bond needs to be increase by \$138,464.94. (W/P T-41)

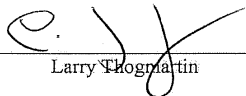
I agree  I disagree  Please Initial LT

Explanation: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

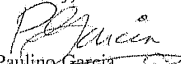
Please confirm our understanding by indicating whether you agree or disagree with each of the observations described above by checking the appropriate box and include your initials on the space provided for each observation. Also, sign on the space provided below and return this memorandum to us. In the event that you disagree with any of the items listed above, please provide your written explanations and attach all supporting documents/records. Please respond by March 10, 2009.

A summary schedule is attached for your reference. If you have any questions, please feel free to contact me at (305) 416-2042 or Victor Igwe (the Independent Auditor General) at (305) 416-2044.

Thank you for your attention in this matter.

  
\_\_\_\_\_  
Larry Thogmartin

3/13/09  
Date

Sincerely,  
  
Paulino Garcia  
Staff Auditor  
Office of Independent Auditor General

- C: Mario E. Soldevilla, Director, Solid Waste Department
- Steven Margolis, Principal Auditor, Solid Waste Department
- Victor Igwe, CPA, CIA, Auditor General

OFFICE OF INDEPENDENT AUDITOR GENERAL  
Audit: Waste Services of Florida, Inc. (#09-013)  
Audit Period: October 1, 2007 – September 30, 2008

CITY OF MIAMI, FLORIDA

INTER-OFFICE MEMORANDUM

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TO: Mario E Soldevilla, Director Solid Waste Department	DATE: February 25, 2009
FROM: Paulino Garcia, Staff Auditor Office of Independent Auditor General	SUBJECT: Memorandum of Understanding Waste Services of Florida, Inc.
	REFERENCES: Audit #09-013
	ENCLOSURES:

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The Solid Waste Department (SWD) is responsible for administering, monitoring, and enforcing provisions of Chapter 22 of the City Code and the Commercial Waste Franchise Agreement (Agreement) between the City and the franchisees. However, as we have previously reported in prior audit reports, adequate internal control procedures have not been implemented to ensure that the provisions of said agreement are properly monitored for compliance as summarized below. In connection with our audit of Waste Services of Florida, Inc. (WSI) for the period October 1, 2007 through September 30, 2008, please review the following preliminary and tentative findings and respond accordingly.

- I. Article VII, Section 7.2 of the Agreement provides that "FRANCHISEE agrees to maintain, for the term of this AGREEMENT, a Performance Bond, executed by a surety company duly authorized to do business in the State of Florida, which shall be countersigned by an agent for the company, resident in the State of Florida. The amount of the bond shall be equal to the FRANCHISEE'S previous 12 month franchise fees paid to the CITY (including the annual franchise fees, monthly 22% franchise fee, annual per account fee, and other franchise fees paid to the City) or a minimum of \$25,000, whichever is greater, as security for the faithful performance of the Franchise AGREEMENT."

However, our audit disclosed that the total franchise fees due and payable to the City during the previous 12 months were \$2,046,269.94. However, WSI currently maintains a



Office of Independent Auditor General  
Audit: Waste Services of Florida, Inc. (#09-013)  
Audit Period: October 1, 2007 – September 30, 2008

Page 2 of 2  
Mr. Mario Soldevilla  
June 10, 2008

surety bond of only \$1,907,805. Accordingly, the required amount of surety bond needs to be increased by \$138,464.94 **(W/P T-41)**

Your understanding is: Correct  Incorrect  Please initial: \_\_\_\_\_

Explanation: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

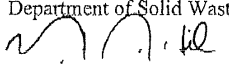
Please review the above audit findings, check the appropriate box, and provide written response addressing the concern noted above, no later than March 10, 2009. If you have any questions or comments please feel free to contact me at 305-416-2047.

C: Steven Margolis, Principal Auditor, SWD  
Victor Igwe, CPA, CIA, Auditor General

CITY OF MIAMI, FLORIDA

**INTER-OFFICE MEMORANDUM**

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TO :	Paulino Garcia, Staff Auditor Office of Independent Auditor General	DATE :	March 17, 2009	FILE :
		SUBJECT :	Response to Memo of Understanding-WSI	
FROM :	Mario E. Soldevilla, Director Department of Solid Waste 	REFERENCES :	Audit #09-013	
		ENCLOSURES:		

---

I. Performance Bond:

Please see the attached copy of Performance Bond No. 26-53-12 for Waste Services of Florida, Inc. (WSI) in the amount of \$2,040,949.94. We have instructed WSI to increase the bond by an additional \$5,320.00 to be in compliance with Article VII – Insurance and Bonds, Section 7.2 of the Franchise Agreement. As soon as the revised Performance Bond is received from WSI, we will send your Office a copy.

c: Steven Margolis, Auditor  
Joe Tang, Fiscal Administrator

**EXHIBIT I**

**WASTE SERVICES OF FLORIDA, INC.  
SCHEDULE OF FEES DUE TO THE CITY  
OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008**

<b>DESCRIPTION</b>	<b>ITEMIZED AMOUNT</b>	<b>TOTAL FEES DUE</b>
	<b>\$</b>	<b>\$</b>
<b><u>Annual Franchise Fee</u></b>		
1.50% Penalty on Late Remittance		195.00
<b><u>Permit Per Account Fee</u></b>		
1.50% Penalty on Late Remittance	2,793.00	
Unreported Accounts (4)	<u>245.00</u>	3,038.00
<b><u>Miscoded Accounts</u></b>		
Nine (9) Accounts Miscoded	3,978.69	
Permit Per Account Fee on Miscoded Accounts	540.50	
One (1) ALLIED Account Miscoded	726.41	
Permit Per Account Fee on ALLIED Account	<u>149.50</u>	<u>5,395.10</u>
<b>TOTAL DUE TO THE CITY</b>		<b><u>\$ 8,628.10</u></b>