



## **Compliance Review**

# **Cliff Berry, Inc. (CBI) Revenue Reporting**

September 5, 2006

Report No. 06-20

**Office of the County Auditor**

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County Auditor

## Executive Summary

This report summarizes the completion of our second review of Cliff Berry Inc.'s (CBI) revenue reporting to Port Everglades (Port). Both reviews were undertaken to verify the accuracy and completeness of fees paid to the County.

Our previous report dated, January 18, 2006, identified a net amount due of \$223,050 for the period from January 1, 2001 through September 30, 2005. CBI has paid this amount in full.

This current review, covering the period from January 1, 1999 through December 31, 2000, identifies net underreporting resulting in an underpayment of \$21,768.

CBI voluntarily granted permission to analyze their work-order database and provided available supporting documentation. We received full cooperation from management and staff who participated in reviewing preliminary findings.

Because of internal control deficiencies noted in our first review and the absence of a reliable independent source to verify services rendered, we are unable to provide assurance that all transactions were accounted for and consequently, all underpayments have been identified.

We recommend the Board of County Commissioners direct the County Administrator to recover the \$21,768 including any interest and penalties.

## Purpose and Scope

The objectives of our review were to determine whether CBI accurately and completely reported waste pick up and disposal services at the Port for the

period of January 1, 1999 through December 2000.

## Methodology

To accomplish our objectives, we performed the following:

- Reviewed the applicable Administrative Code sections, the franchise agreements with CBI and the Port's related administrative processes
- Obtained database downloads and transaction data from the work-order (Wixel) and billing system (Accpac), as created by CBI personnel
- Verified control totals from data files provided to CBI's production systems
- Analyzed data to identify transactions subject to the Port tariffs
- Compared transactions to actual activity reports provided by CBI and agreed to Port Everglades billings
- Confirmed amounts paid by CBI to Broward County for the period January 1, 1999 through December 31, 2000

## Background

CBI provides waste pick-up and disposal services to customers throughout Florida. CBI has provided oily and grey/black waste water removal services at the Port since February 1987 and November 1999, respectively, under two separate franchise agreements granted by the County. These franchises are subject to tariffs in accordance with Chapter 42.25 of the Administrative Code (Tariff 11).

Monthly, CBI generates reports of transactions subject to the County's tariffs for submission to Port Everglades. Port staff receive the CBI report of transaction activities, apply the applicable tariff rates, and remit an invoice to CBI for payment.

CBI's work-order database contained 43,798 records for the two year period under review, of which, 871 transactions were applicable to Port Everglades.

Our analysis of the Port transactions is summarized in Exhibit 1.

**Findings and Recommendation**

**Finding 1**

**CBI underreported activity resulting in a net underpayment of \$21,768**

Our review disclosed over and under payments which netted to \$21,768 due to Port Everglades.

*Port Everglades Tariffs*

Chapter 42, Section 25, of the Administrative Code (commonly referred to as Tariff 11) established a wharfage charge per gallon for pumping wastewater, liquid waste and oily waste from vessels within the Port and an additional fee per gallon for discharging of the waste into the Port's sanitary sewer system.

The following table summarizes the wharfage and discharge fees in effect during the period of our review:

	01/01/99	10/01/99
	\$ / gallon	
Wastewater & Liquid Waste Wharfage	.022	.022
Wastewater & Liquid Waste Discharge	.038	.039
Oily Waste Wharfage	.057	.059
DPEP transportation fees	N/A	N/A

Exhibit 1: Port Transaction Analysis

	Transactions	Amount (\$)
Tariffable	871	225,977
Reported	(778)	(203,870)
Under Reported	93	22,107
Overpaid Tariffable transactions <sup>1</sup>	(7)	(339)
Net Under Reported Tariffable transactions	86	21,768

<sup>1</sup> Of the 778 reported transactions above, 7 transactions resulted in an overpayment of \$339.

In connection with our review, CBI confirmed the under and over reported transactions above. Our review also disclosed an additional 45 transactions in CBI's work-order database representing \$12,250 in potential tariffs which were not included in the transactions reported to the Port. However, CBI was unable to provide supporting documentation for these transactions in order to determine if they were reportable or not reportable. Given the results of our other testing and the high level of cooperation from CBI, we are not recommending that the County pursue the collection of the \$12,250.

**Finding 2**

**Port Everglades under billed CBI  
\$3,168.**

The Port did not apply correct tariff rates to 260 transactions reported by CBI resulting in under billings of \$3,168. All reported Wastewater & Liquid Waste transactions were billed at the Oily Waste Wharfage rates rather than the applicable Wastewater & Liquid Waste Wharfage rates.

This misapplication of tariff rates occurred in 1999 and 2000 and was not noted in any subsequent period. Given the under billing was the County's error and the number of years that have passed, we are not recommending that the County pursue collection of the \$3,168.

**Recommendation**

We recommend the Board direct the County Administrator to recover the \$3,168 due the County including any interest and penalties.