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THE CITY OF
CALUMET CITY
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Agreed-Upon Procedures Report
Parking Ticket Analysis

Period Covering May 1, 2018 – April 30, 2021

(With Independent Accountants' Report Thereon)

THE CITY OF CALUMET CITY

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Independent Accountants' Agreed-Upon Procedures Report

To the City Council and Mayor of City of Calumet City, Illinois:

We have performed the procedures enumerated below related to the City of Calumet City (City) Police Department's issuance and processing of parking tickets and moving violations during the period May 1, 2018 to April 30, 2021. The City is responsible for compliance with its policies and procedures regarding the issuance and processing of parking tickets and moving violations.

The City's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose to assist users in determining whether the City maintained compliance with the City's policies and procedures regarding the issuance and processing of parking tickets and tickets for moving violations and determining whether fraud, waste or abuse occurred. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures are appropriate for their purposes.

The procedures and the associated findings are as follows:

Tickets processed at the municipal court in the City are referred to as P-Tickets. The City is also responsible for the governance and execution of P-Tickets, related revenue recognition, as well as detection and prevention of fraud, misappropriations, and other irregularities related to the processing of P-Tickets. BB&A conducted interviews of key personnel, reviewed grant agreements, and reviewed reports generated by the Spillman system, MSI system and SunGuard system. Results from our application of agreed-upon procedures for May 1, 2018 through April 30, 2021 indicate that internal control processes related to P-Tickets were not operating in compliance with the City's policies and procedures during this time period.

We were engaged by the City Council of the City of Calumet City to perform this agreed-upon procedures engagement and conducted our in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our agreed-upon procedures engagement.

Benford Brown & Associates, LLC

Benford Brown & Associates, LLC
Bolingbrook, IL
November 18, 2021

THE CITY OF CALUMET CITY

Agreed-Upon Procedures

Period Covering May 1, 2018 to April 30, 2021

Background

The City of Calumet City (City) has a population of 37,000 and is located in Cook County. Mayor Thaddeus Jones was sworn in as Mayor on May 1, 2021. Prior to the election of Mayor Jones, the Mayor of the City of Calumet City was Michelle Markiewicz Qualkinbush. The City Council members are:

Michael Navarette – 1st Ward
Monet S. Wilson – 2nd Ward
DeAndre Tillman – 3rd Ward
Ramonde D Williams – 4th Ward
DeJuan Gardner – 5th Ward
James Patton – 6th Ward
Anthony Smith – 7th Ward

Gerald Tarka – City Treasurer
Nyota Figgs – City Clerk

The City is responsible for the governance and execution of P-Tickets, as well as, detection and prevention of fraud, misappropriations, and other irregularities. As stated in its policies and procedures, the City has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. The City may utilize whatever internal and/or external resources it considers necessary in conducting an investigation. If an investigation substantiates that fraudulent activities have occurred, the City will issue reports to appropriate designated personnel. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final dispositions of the case. We were unable to obtain adequate detail regarding the City's financial operations from the prior administration. The City seeks to streamline and improve spending and procurement practices.

As such, Mayor Jones and the City Council contracted Benford Brown & Associates, LLC (BB&A) with the task of reviewing P-Tickets. For purposes of this engagement, BB&A assessed the accounting policies and procedures as it relates to revenue recognition and processing P-Tickets for Calumet City. BB&A also reviewed federally funded grants obtained through the Illinois Department of Transportation regarding P-Tickets.

The current Mayor and City Council requested a review of P-Tickets that City Clerk Nyota Figgs noted were not processed for fiscal year April 30, 2021. During our review, we were made aware of federal funding received through the Illinois Department of Transportation to support the P-Ticket program for the City. BB&A reviewed the P-Ticket procedures in an effort to determine if the use of funds were in alignment with the City's policies and procedures

and to provide recommendations to strengthen controls, as necessary, so that funds are not susceptible to misappropriation.

Calumet City Ordinance Section 90-74 lists the schedule of fines and penalties that shall be for the violation of vehicular standing, parking, or compliance regulation violations. Calumet City Ordinance Section 90-84 allows the city to issue a notice of violations and ordinance Section 90-85 allows the vehicle owner to request a hearing.

Clerk Nyota Figgs was appointed as City Clerk of Calumet City on November 10, 2011. She was elected as City Clerk on May 1, 2013 and has served as Calumet City Clerk for the past eight years. She received the designation of Certified Municipal Clerk and Master Clerk on May 1, 2017. Ordinance Number 12-40 Fixing the Compensation for the Mayor, City Clerk, City Treasurer and Aldermen for the City of Calumet City, Cook County, Illinois (The “Compensation Ordinance”).

Objectives and Scope

The objective of the agreed-upon procedures was to review P-Tickets for the time period of May 1, 2018 through April 30, 2021 for completeness, accuracy, and proper revenue recognition and to determine if the City’s internal control procedures over P-Tickets were effective in mitigating fraud, waste and abuse.

Benford Brown & Associates, LLC’s (BB&A) professional services were conducted in accordance with *Statement on Standards for Attestation Services No. 19* (SSAE No. 19) issued by the American Institute of Certified Public Accountants (AICPA). BB&A was engaged to review P-Tickets that City Clerk Nyota Figgs noted were not processed during fiscal year April 30, 2021. During our review we learned that the City receives federal funding to support the P-Ticket program, therefore, we expanded our scope to cover the years required for compliance with the record retention requirements stipulated in the grant agreements. The detailed testing of these P-Tickets was designed to identify instances of noncompliance with the City’s policies and procedures by reviewing quantitative and qualitative information. Our services were focused on the following objectives:

- Determine whether or not all P-Tickets issued by the City’s Police Department were being properly and accurately recorded in its accounting records.
- Determine whether or not court dates related to P-Tickets issued by the City’s Police Department were being properly communicated to those to whom the tickets were issued.
- Determine whether or not there was any noncompliance with federally funded grants supporting the P-Ticket activities.
- Evaluate current internal controls and provide recommendations for improvement.

Procedures

BB&A conducted fraud inquiries to address incentive/pressures present within the organization that may lead to fraud, opportunities for persons within the organization to commit fraud, and

attitudes/rationalizations of personnel within the organization that may lead to fraud. For the purposes of this engagement, BB&A conducted the following procedures:

- **Inquiries** – BB&A conducted inquiries of key personnel to gain an understanding of the organization, the financial procedures, control environment, and practices as it relates P-Tickets during the period of May 1, 2018 to April 30, 2021. Inquiries were also used to obtain information about and to understand the reasoning for the agreed-upon procedures. We reviewed P-Tickets that had not been processed by the Clerk Figgs office. We also reviewed the grant agreements providing federal funding for the P-Ticket program for fiscal years ending April 30, 2018 through April 30, 2021.
 - **Result** – Upon inquiries of personnel, a review of personnel records, municipal codes and salary ordinances, we learned some ordinances passed in 2020 and 2021 are available on the Calumet City website. The Calumet City Clerk maintains copies of all ordinances. Copies of ordinances pertaining to compensation and duties have been requested. The copies of ordinances requested have not been received as of the report issuance date. BB&A reviewed all municipal codes to determine the personnel responsible for entering P-Tickets into the MSI systems. BB&A also reviewed payroll records for calendar years ending 2016 through 2020. Upon receipt of the compensation ordinance, BB&A will verify the Clerk’s compensation ordinance upon receipt.

	2016	2017	2018	2019	2020
Regular Salary	\$82,412.94	\$83,097.82	\$83,097.82	\$84,638.80	\$85,323.68
Monthly Expense Allowance	\$8,400.00	\$8,633.28	\$8,382.08	\$8,400.08	\$8,400.00
Insurance	\$4,190.97	\$5,188.82	\$5,188.82	\$5,188.82	\$5,188.82
Special Meeting	\$11,883.06	\$13,863.57	\$10,562.72	\$17,164.42	\$8,582.21
Certification Stipend		\$5,625.03	\$10,000.08	\$9,583.41	\$10,416.75
Total	\$106,886.97	\$116,408.52	\$117,231.52	\$124,975.53	\$117,911.46

- **Result** – Upon inquiries of key personnel, we learned that P-Tickets were not entered into the appropriate system in order to generate a court date or properly record revenue. The office staff at the City’s Police Department enter P-Tickets into the Spillman system. After the tickets are entered into the Spillman system they are forwarded to the Clerk’s office to be entered into the MSI system. A court date is issued to residents after the tickets are entered into the MSI system. When payment is received, the payment for the P-Ticket is recorded in the Sunguard system.
- **Result** – Upon inquiries of key personnel risk information was obtained that court dates are not assigned and revenue is not recognized until after the P-Tickets are entered into the MSI system. BB&A reviewed the P-Tickets received from Clerk Figgs. Clerk Figgs presented 2,353 tickets that she stated had not been entered

into the MSI system during fiscal year ending April 30, 2021. The total revenue if the tickets were paid within thirty (30) days of the court date would be \$133,800. If all tickets were paid after the final court date and collections fees were assessed, the total revenue would be \$754,375. We were not able to determine the number of tickets that residents may have paid if a court date had not been assigned therefore additional testing was required.

- **Result** – BB&A reviewed the inter-governmental between the State of Illinois, Illinois Department of Transportation and the City of Calumet City. The City receives a State and Community Highway Safety/National Priority Safety Programs Grant on an annual basis. The grant fiscal year is October 1, through September 30. BB&A received copies of signed agreements for the grant fiscal years ending September 30, 2017 and September 30, 2019 - 2021. The awarded amounts of each agreement are listed below:
 - September 30, 2017 - \$147,840
 - September 30, 2019 - \$180,258
 - September 30, 2020 - \$249,336
 - September 30, 2021 - \$296,660

For grant year ending September 30, 2018, BB&A reviewed the single audit report for the fiscal year ending April 30, 2019 to determine the total grant expenditures. The total reported expenditures were \$240,883.

- **Summarization of P-Tickets Reviewed** – We reviewed and analyzed the P-Tickets issued by City’s Police Department for fiscal years ending April 30, 2019 - 2021. The transactions were analyzed to understand 1) the volume of transactions, 2) the dollars associated with each transaction, 3) the data entry process for P-Tickets, and 4) determine which P-Tickets were not entered into the MSI system. BB&A compiled a summary by fiscal year with the total tickets issued and entered.
 - **Result** – BB&A compared reports generated by the Spillman system, MSI system and SunGuard system. We identified 3,720 P-Tickets issued by the City’s Police Department for fiscal year ending April 30, 2019. 1,302 or 35% of P-Tickets were identified as not being entered into the MSI system. BB&A identified 4,047 P-Tickets by the City of Calumet City Policy Department for fiscal year ending April 30, 2020. 921 or 23% of P-Tickets were identified as not being entered into the MSI system. BBA identified 1,778 P-Tickets issued by the City’s Police Department for fiscal year ending April 30, 2021. 1,137 or 64% of P-Tickets were identified as not being entered into to MSI system. P-Tickets will need to be entered in order for the City to remain in compliance with the grant. Revenue not recognized or collected for the P-Tickets is as follows:

Fiscal Year-End	Total Tickets Issued	Number of Tickets Not Entered	Percentage of Tickets Not Entered	Revenue If Fine is Paid By Due Date	Revenue If Fine is Paid On/or after 1 st Court Date	Revenue If Fine is Paid On/or after 2 nd Court Date	Total Revenue Including Collection Fee
4/30/2019	3,715	1,302	35%	\$82,100	\$203,800	\$325,500	\$439,425
4/30/2020	4,042	921	23%	73,650	151,950	230,250	310,838
4/30/2021	1,775	1,137	64%	77,850	181,050	284,250	383,738
Total	9,532	3,360	35%	\$233,600	\$536,800	\$840,000	\$1,134,000

- **Result** - BB&A reviewed the grant agreements for record retention requirements. The City must maintain records for three (3) years from the date the final disbursement was issued.
- **Result** - BB&A reviewed the process for entering tickets into the Spillman and MSI systems. Similar information is entered into both systems, which appears to be a duplication of work.
- **Supporting Documentation** – The City of Calumet City municipal code outlines P-Tickets and municipal court requirements. The City’s policy and procedures detail financial reporting procedures. The grant agreements providing federal funding list record keeping requirements. BB&A reviewed the federal grant to determine if the City’s in compliance with the grant requirements.
 - **Result** – BB&A did not receive a copy of the signed grant agreement for the grant year ending September 30, 2018. BB&A reviewed the grant agreements providing federal funding for the grant years ending September 30, 2019 - 2021. We noted that records should be maintained for three (3) years from the date of the last disbursement. We noted 3,360 P-Tickets that may not have been entered into the MSI system during the period under review. We noted that the Clerk’s office does not have procedures to ensure all P-Tickets received are entered into the MSI system. The police department maintains copies of tickets pertaining to the grant agreement. BB&A noted 1,981 tickets that were issued as part of a federal grant awarded to Calumet City Police Department have not been properly accounted for by the Calumet City Clerk. The police department does not maintain copies of tickets that are not needed for the federal grant record keeping requirements. The police department did not have copies of 1,379 tickets because they were not issued as a part of the grant agreement.
 - The police department reviewed the 3,360 tickets and determined they do not have copies of P-Tickets 412 tickets for the year ending April 30, 2019.
 - The police department does not have copies of 582 tickets for the year ending April 30, 2020.
 - The Police Department does not have copies of 385 tickets for the year ending April 30, 2021.

- **Result** – BB&A was not able to compare the dates the P-Tickets were issued into the Spillman system with the dates tickets were issued into the MSI system because the MSI system does not capture the date transactions are entered.

- **Result** – BB&A reviewed previous meeting minutes. BB&A noted the following, In June 2018, the previous administration voted to hire a city administrator. Clerk Figgs made a statement during the June 28, 2018 city council meeting regarding two ordinances that were passed during the June 14, 2018 city council meeting. Clerk Figgs stated “The city is having financial issues and want to be a little more aggressive in collecting funds and I want to make sure we do what it is to collect revenue and do my job.” Clerk Figgs stated “The Clerk is the Collector”. The Collector responsibilities are assigned by the City Council. BB&A has determined in 2018, the City Council took action to remove some of the collection responsibilities from the City Clerk in an effort to improve the collection of city revenue.

Recommendations

Based on our review of the P-Tickets, accounting reports, policies and procedures and the grant agreements providing federal funding, we have the following recommendations:

1. The City should hire personnel immediately to assist with entering the P-Tickets that were not entered for fiscal years ending April 30, 2019 - 2021 in order to remain in compliance with the grant agreements providing federal funding.
2. The City should consider reassigning the City Collector responsibilities to assist with ensuring future compliance and collection of revenue.
3. The City should determine the entire amount of loss revenue and filing a claim against the Clerk's bond to recover all lost revenue.
4. The City should review the signed grant agreements providing federal funding to determine reporting requirements when non-compliance with the grant has been identified and perform necessary procedures to achieve compliance.
5. The City consider hiring more personnel to support the activity of data entry currently required or identify a process that will effectively integrate data input into the Spillman system with the MSI system.
6. The City should purchase a police ticketing system and related peripheral equipment (e.g. printers) that will allow for court dates to be issued at the time the ticket is issued.
7. The City should inform the external auditors of the non-compliance matter as it may have an impact on the single audit reporting for fiscal years ending April 30, 2020 and 2021.
8. The City should consider removing this function from the City Clerk's responsibility until the proper controls are implemented to ensure compliance the grant agreement can be accomplished.

Summary

Results from our application of agreed-upon procedures for May 1, 2019 through April 30, 2021 indicate that internal control processes related to P-Tickets are not operating in compliance with the City's policies and procedures. Clerk Figgs failed to ensure the proper controls were implemented to ensure compliance with the federal parking ticket program and Calumet City lost an estimated \$1.1 million in projected revenue. This failure also places additional challenges on City of Calumet City and the Police Department as they seek federal funding in the future. The City of Calumet City should consider removing these responsibilities from the Clerk's Office to ensure future compliance with federal grants. The City has received federally funded grants of \$200,000 to \$250,000 per year to assist with the P-Ticket operations. For fiscal year ending April 30, 2022, the police department has requested \$721,000 in federally funded grants for the P-Ticket program. Failure to comply with grant agreements providing federal funding places the

City at risk of having to return funds received. It also places the City at risk of not be considered for future grant funding opportunities. Clerk Figgs informed the administration of P-Tickets that were not processed for fiscal year ending April 30, 2021. Our review noted that parking tickets not entered in the MSI system has impacted fiscal years prior to April 30, 2021. Clerk Figgs failed to ensure the proper controls were implemented to ensure compliance. The City must ensure controls are implemented to ensure compliance with federally funded grants awarded. Failure to do so, can impact future federal funding and require the City to repay grant funds received. We reviewed P-Tickets issued for three (3) fiscal years and the City is not in compliance with the City's accounting policies and procedures regarding administration of P-Tickets and related revenue recognition and the City's municipal code.