

Reports Issued

Document Destruction Analysis

Areas of Concern

1. Document Destruction prior to approval from Illinois Local Records Commission
 - a. If people destroy records, it can be charged as a Class 4 Felony
 - b. Possible federal implications due to recordkeeping compliance of federal grants
2. Document shredding increased significantly after February 2021 and was not consistent with city previous procedures for document destruction.
3. Judge has granted a Temporary Stay Order regarding document destruction

Municipal Tickets (P-Tickets) Analysis

Areas of Concern

1. Over 3,000 P- Tickets were not entered into the system by the clerk's office for the three fiscal years reviewed.
2. Projected loss of revenue to Calumet City of \$1.1 Million
3. Funds received from federal contract and grants for Municipal Ticket Program. Federal compliance and recordkeeping matters needs to be addressed.

Petty Cash, Public Works Scrap Sales, Auto Parts Sales

Areas of Concern

1. Scrap Sales – Cash Operation Discovered
 - a. City vehicles were used to remove scrap from city property and sold.
 - b. Funds were not deposited into City bank accounts
2. Auto Parts Sales
 - a. Public Works employee was purchasing auto parts using city funds and selling the parts to the public. Estimated possible misappropriation of funds are over \$400,000.
3. Petty Cash
 - a. Noted former employee purchasing personal items from online merchants (i.e. Amazon) and shipping them to home address.

Additional Areas Identified

1. Cash Deposits

- a. Municipal code states Clerk as Collector must turn over funds to the Treasurer within one week of Receipt. State law states, if funds are not turned over per the prescribed time, Collector can be immediately removed from office.
- b. October 2021, an envelope containing cash and checks dated July 30, 2021 was found during a random cash count. A further investigation found several more deposits from the Police Department that had not been deposited timely.
- c. November 2021, over \$20,000 in checks and money orders dating back to July 2020 were turned over to me. The checks were for Business License applications.

2. Property Liens

- a. Water bills from 2015 and prior did not have liens recorded until 2018. Previous administration attempted to address concern by creating City Administrator position in 2018.
- b. Property liens have been paid by residents and the lien releases have not been filed with Cook County.
- c. Property liens have been recorded twice in error.

3. Water Bill Adjustments

- a. Water Bill Adjustments for current and prior fiscal years were not reviewed by management timely. Total amounts of adjustments for per fiscal years are as follows:
 - i. April 30, 2019 - \$714.08
 - ii. April 30, 2020 - \$8,646.87
 - iii. April 30, 2021 - \$51,087.98

4. Vehicle Stickers, Amusement Permit Stickers

- a. Reconciliation Process has not been implemented
- b. Security Procedures have not been implemented
- c. Revenue recognition and documentation should be reviewed to ensure accuracy

5. System Access, Internal Control and Segregation of Duties

- a. October 2021 – Benford Brown and Associates asked the Clerk to grant the IT department Access to several computer systems at the city after I learned she was the only person with either access or admin access to the systems. It took two weeks and several requests for the Clerk Figgs to grant the requested access to the Calumet City Information Technology Department
- b. Benford Brown and Associates was also informed of a credit card system issue that occurred during 2008-2010. \$400,000 in credit card payments from residents was never deposited into the city's bank accounts. Clerk Nyota Figgs was sworn in, in 2011, she was not the Calumet City Clerk when this credit card system issue occurred.
- c. Prior to the clerk granting the access, Benford Brown And Associates was able to obtain a listing of user-id for the credit card system. After the clerk granted the access, subsequent testing showed someone using Clerk Figgs' user ID deleted users from the system after the initial request was received. Deleting users, deleted city records from the credit card system. The IT department, legal counsel and Benford Brown and Associates have been trying to working with the credit card provider to attempt to recover the deleted data.
- d. User IDs assigned to a former employee being used to issue refunds. Benford Brown and Associated also noted that the activity was not being entered into the accounting system. Information not entered into the accounting system is not captured by the Treasurer's office or the external auditors, therefore this as an internal control weakness as there would not be anyone outside of the Clerk's office that would be aware of this financial activity occurring.

6. Real Estate Transfer Stamps Sales

- a. On November 12, 2021, Benford Brown and Associates sent the Clerk office a list of questions regarding real estate transfer stamp transactions that our firm reviewed. We are awaiting a response.
- b. We have noted incidents of real estate transfer stamps being sold without proper paperwork documentation.
- c. Paperwork is missing or incomplete for sales for sales of real estate transfer stamps regarding sales of properties