

# EAST POINT

## FY 2021

FY 2021 Audit Exit Interview  
Finance and Budget Committee  
7/17/2023

# Special Thanks

## City of East Point (COEP) Leadership Team

- Deana Holiday Ingraham, Mayor
- Deron King, City Manager
- Shannon Golden, Interim Finance Director
- TaTina Butler, COEP Audit Support Staff
- Doreen Carter, COEP Audit Support Staff
- Marcus M. Taylor, COEP Audit Support Staff
- Joseph Miller, COEP Audit Support Staff
- Michelle Adams, Customer Care Manager
- Lenox Forsyth, COEP Audit Support Staff
- Chris Brown, Senior Accountant
- Jeffrey L. Jackson, Tax Coordinator
- Shaquita Barnes, Grants Manager
- Cynthia Hammond, Finance Director
- Shawn Buchanan, Police Chief

# Agenda

- Audit Engagement Scope
- Audit Phases and Extended Procedures
- Material Findings during Fieldwork
- Recommended Steps for COEP
- FY 2021 Financial Statement Audit Scope Limitations

# EAST POINT

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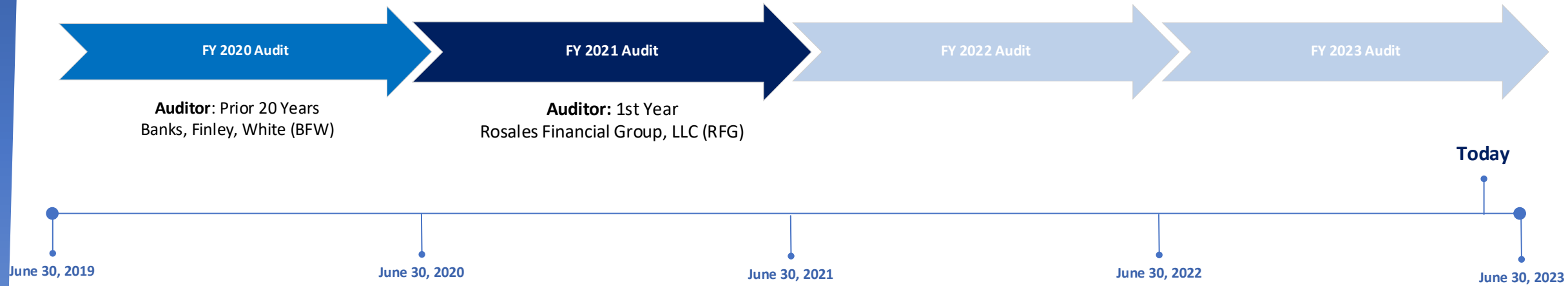
Audit Engagement Scope

# FY 2021 Audit Engagement Scope

## ➤ External Auditors Scope

- FY 2021 Financial Statement Audit, also referred to as the Annual Comprehensive Financial Report (ACFR)
  - Perform Audit procedures to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to error or fraud, and in accordance to Generally Accepted Accounting Principles (GAAP).
- FY 2021 Single Audits (Title 2 of CFR, Subtitle A, Chapter II, Part 200)
  - Perform procedures to determine if the City has complied with direct and material compliance requirements for each major program. Major programs being federal awards (either direct or indirect awards) during the Fiscal year that are above \$750,000.

# FY 2021 Audit Engagement Scope



# EAST POINT

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Audit Phases and Extended Procedures

# Audit Phases and Extended Procedures





# Audit Phases and Extended Procedures

R|F|G



Planning

- High Key Management Turnover in Finance and Accounting
  - Increased Risk of Material Misstatement due to Error or Fraud
  
- Lack of Key Financial Statement Controls and Documented Processes
  - Lack of process or controls surrounding the
    - Lack of process or controls surrounding the ACFR Process
    - Bank Reconciliations
    - Accounts Receivables Allowance for Doubtful Accounts, and Bad Debt Estimates
    - Process to ensure Adjustments made in Prior Year Audited Financial Statements are properly included in the Current Year Accounting System
    - Lack of avenue to report Fraud
    - Lack of avenue to identify Related Party transactions
    - Lack of process or controls surrounding Accounting Estimates
      - Increase Risk of Material Misstatement due to Error or Fraud
  
- Hindrance to speak with Prior Auditor during Planning
  - Increased Risk of Material Misstatement due to Error or Fraud

# Audit Phases and Extended Procedures

R|F|G

## ➤ Fieldwork

- Due to assessed Risk of Material Misstatement due to Error or Fraud, timeline to potentially complete Audit and provide Auditors Report was moved from **May to June**.
- Request from Management to move timeline earlier than May or June due to S&P Rating downgrade concerns as a result of COEP being 1.5 years behind on providing S&P an Audited ACFR.
  - Assurance of earlier timeline was not provided due to assessed risk and identified material errors throughout the engagement.
  - City Manager advised that if RFG did not finish the audit by May 16th, 2023, the whole COEP Finance and Accounting Team would be fired.
  - RFG consistently communicated and stated that the city's credit rating was outside the scope of RFG's Audit and in no shape or form would RFG jeopardize the integrity and sufficiency of the audit process

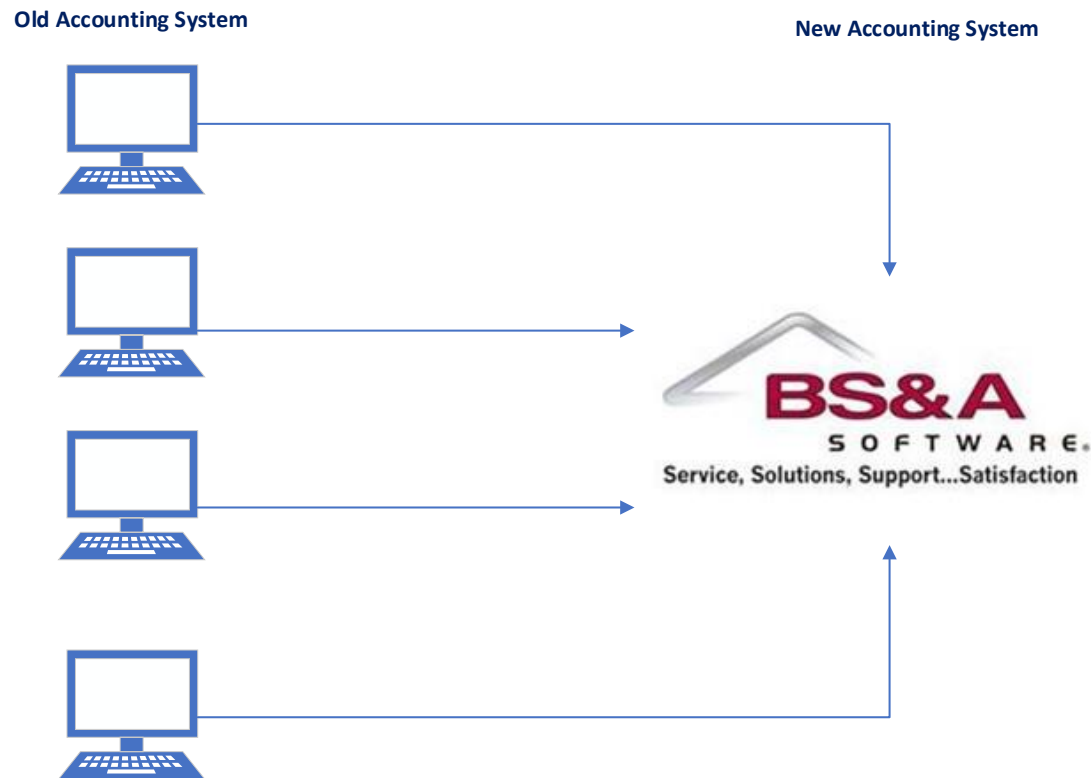


# Audit Phases and Extended Procedures

R|F|G

## ➤ Extended Audit Procedures

- During Late April and early May, BFW (Prior Auditor) meets with RFG
  - No procedures performed on COEP Accounting System Migration to BS&A.



Planning

Fieldwork

Extended Audit  
Procedures

# Audit Phases and Extended Procedures

R|F|G

## ➤ Reporting

- Consider Evidence obtained during Fieldwork, and in this case, Extended Audit Procedures, to provide our Opinion.
  - Clean Report or Unqualified Opinion
    - ACFR fairly and appropriately presented, without any identified exceptions, and in compliance with generally accepted accounting principles (GAAP).
  - Qualified opinion
    - ACFR is fairly and appropriately presented, with the exception of...
  - Adverse Opinion
    - ACFR does not present fairly the financial position, results of operations, or cash flows of the entity in conformity with generally accepted accounting principles.
  - Disclaimer of Opinion
    - Auditor does not express an opinion on the financial statements.



# EAST POINT

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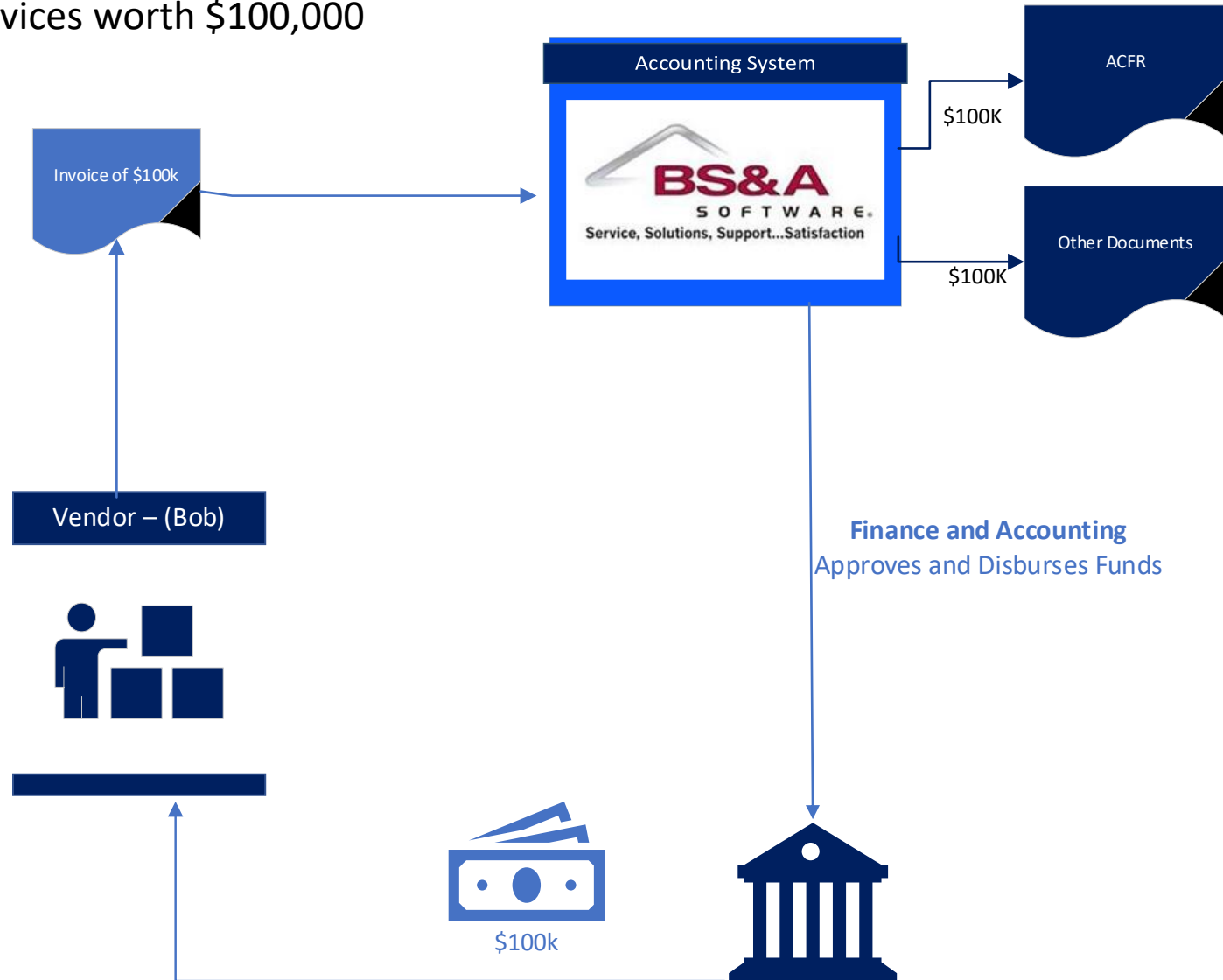
Material Findings during Fieldwork

# Material Findings during Fieldwork

- Material Finding #1
  - Lack of Controls over Deleted Vendors
    - RFG identified over 45 instances of deleted vendors by unauthorized individuals.
    - RFG is not able to obtain evidence of activity, including amounts related to these deleted vendors.
  
- Following slides provides an Example

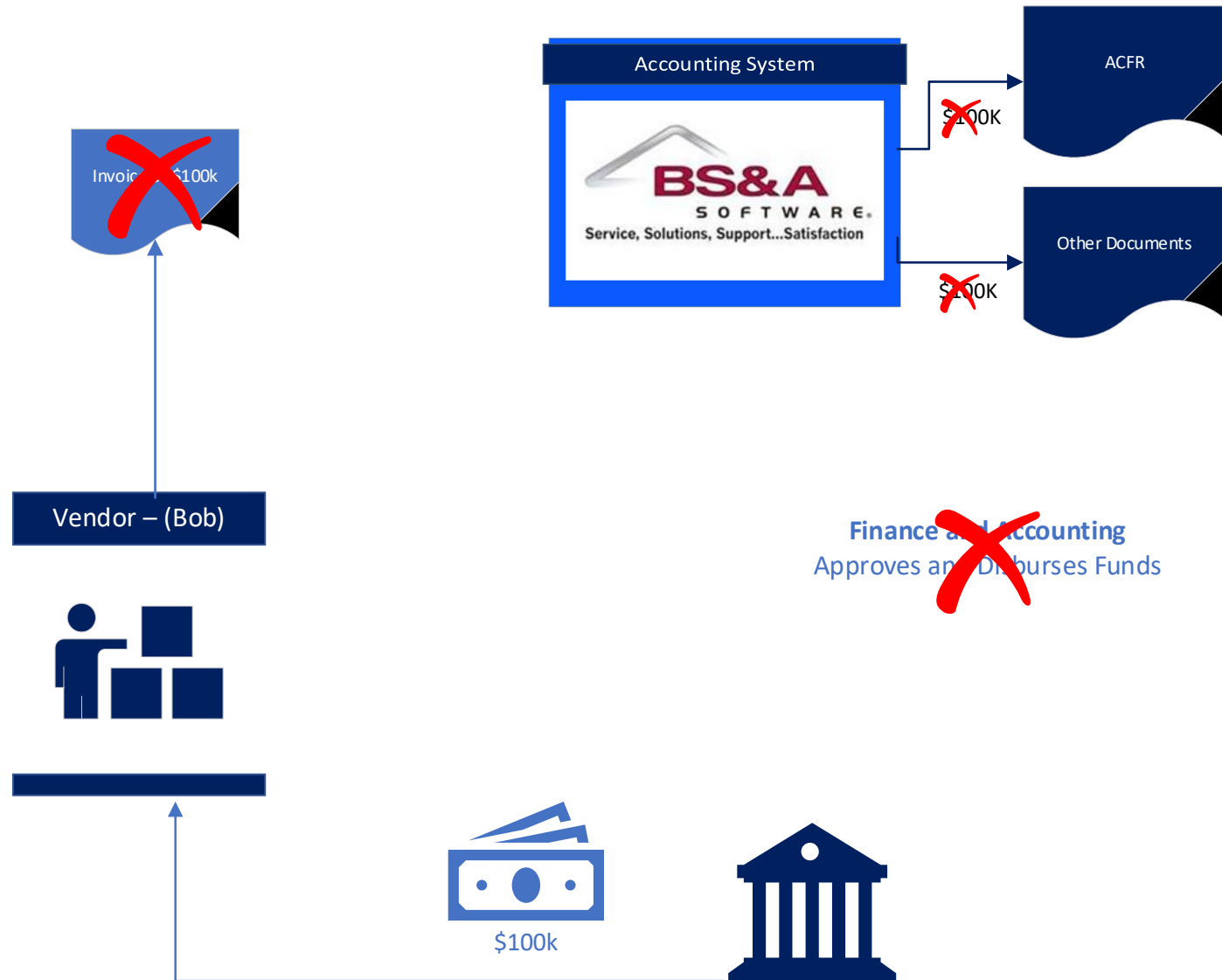
# Material Findings during Fieldwork

- Bob performs Professionals Services worth \$100,000 for the COEP



# Material Findings during Fieldwork

- Bob performs Professionals Services worth \$100,000 for the COEP. If Information is removed from the accounting System it does not make its way to the Financial Statements (ACFR). However, what remain is a mismatch between the accounting system and the bank Account. A Bank Reconciliation, if it existed at the COEP, would have helped find these discrepancies.





## Missing Bank Reconciliation Control at COEP

### Step 1

System says we have \$100k Cash in Bank

### Step 2

Bank says we have \$0 because we paid someone called Bob?

### Step 3 - Reconcile

- Who was Bob?
- Why was Bob Deleted?
- What did he do for the City of Eastpoint?
- Should we add his activity to the System?



Cash in Bank \$100K



Cash in Bank \$0

\$100K

Vendor - (Bob)



Difference of \$100K to be explained (Reconciled)

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: jbigby  
Date Time: 05/26/2023

Vendor Code: 10001029

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: jbigby  
Date Time: 05/26/2023

Vendor Code: 10001132

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: jbigby  
Date Time: 05/17/2023

Vendor Code: 10001119

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: jbigby  
Date Time: 05/08/2023

Vendor Code: 10001097

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: jbigby  
Date Time: 05/03/2023

Vendor Code: 10001090

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: jbigby  
Date Time: 04/26/2023

Vendor Code: 10001072

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: KWOODS  
Date Time: 04/25/2023

Vendor Code: 10001070

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: KWOODS  
Date Time: 03/29/2023

Vendor Code: 10001036

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: jbigby  
Date Time: 03/21/2023

Vendor Code: 10001016

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: jbigby  
Date Time: 03/09/2023

Vendor Code: 10000992

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: jbigby  
Date Time: 01/30/2023

Vendor Code: 10000935

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: jbigby  
Date Time: 12/16/2022

Vendor Code: 10000898

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: jbigby  
Date Time: 12/13/2022

Vendor Code: 10000892

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: jbigby  
Date Time: 10/14/2022

Vendor Code: 10000822

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: jbigby  
Date Time: 09/26/2022

Vendor Code: 10000797

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: tdjones  
Date Time: 09/21/2022

Vendor Code: 10000579

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: tdjones  
Date Time: 08/19/2022

Vendor Code: 10000722

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: tdjones  
Date Time: 08/12/2022

Vendor Code: 10000701

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: tdjones  
Date Time: 07/22/2022

Vendor Code: 10000662

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Reference Table: Vendors Change Type: Record Deleted Description: Vendor Deleted  Vendor Code: 1000648	Changed By: tdjones Date Time: 07/20/2022
Reference Table: Vendors Change Type: Record Deleted Description: Vendor Deleted  Vendor Code: 1000659	Changed By: tdjones Date Time: 07/20/2022
Reference Table: Vendors Change Type: Record Deleted Description: Vendor Deleted  Vendor Code: 1000650	Changed By: tdjones Date Time: 07/15/2022
Reference Table: Vendors Change Type: Record Deleted Description: Vendor Deleted  Vendor Code: 1000643	Changed By: tdjones Date Time: 07/07/2022
Reference Table: Vendors Change Type: Record Deleted Description: Vendor Deleted  Vendor Code: 1000593	Changed By: tdjones Date Time: 05/18/2022
Reference Table: Vendors Change Type: Record Deleted Description: Vendor Deleted  Vendor Code: 1000576	Changed By: tdjones Date Time: 05/14/2022
Reference Table: Vendors Change Type: Record Deleted Description: Vendor Deleted  Vendor Code: 1000587	Changed By: tdjones Date Time: 05/14/2022
Reference Table: Vendors Change Type: Record Deleted Description: Vendor Deleted  Vendor Code: 1000577	Changed By: tdjones Date Time: 05/13/2022
Reference Table: Vendors Change Type: Record Deleted Description: Vendor Deleted  Vendor Code: 1000525	Changed By: tdjones Date Time: 03/30/2022
Reference Table: Vendors Change Type: Record Deleted Description: Vendor Deleted  Vendor Code: 1000518	Changed By: tdjones Date Time: 03/22/2022

Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: tdjones  
Date Time: 12/06/2021

Vendor Code: 10000288

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: tdjones  
Date Time: 12/06/2021

Vendor Code: 10000291

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: tdjones  
Date Time: 12/06/2021

Vendor Code: 10000295

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: tdjones  
Date Time: 12/06/2021

Vendor Code: 10000390

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: tdjones  
Date Time: 10/29/2021

Vendor Code: 10000355

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: jbalkum  
Date Time: 07/14/2021

Vendor Code: 10000163

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: jbalkum  
Date Time: 07/14/2021

Vendor Code: 10000211

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: jbalkum  
Date Time: 07/14/2021

Vendor Code: 10000212

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: jbalkum  
Date Time: 07/08/2021

Vendor Code: 10000207

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Reference Table: Vendors  
Change Type: Record Deleted  
Description: Vendor Deleted

Changed By: jbalkum  
Date Time: 06/10/2021

Vendor Code: 10000198

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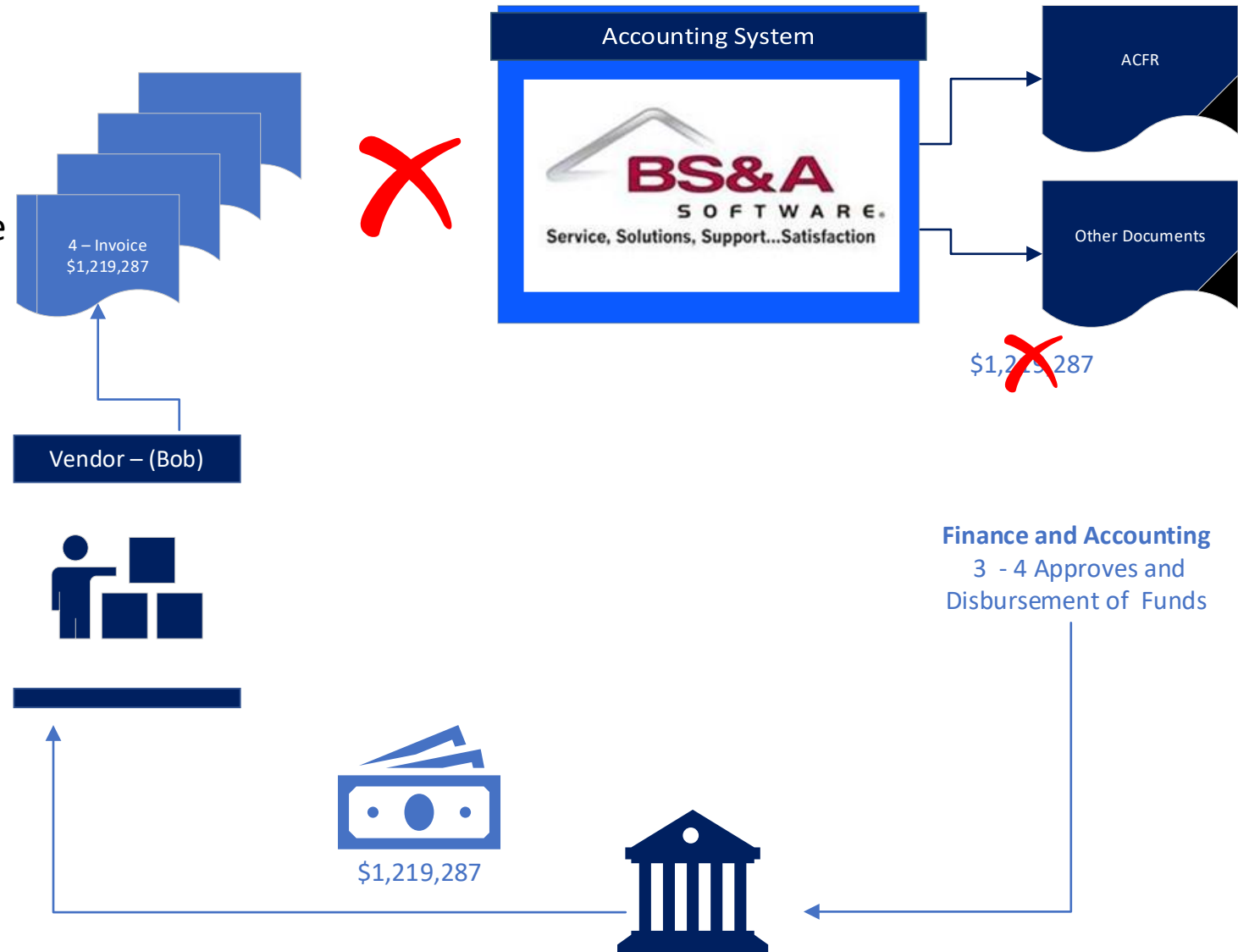
Reference Table: Vendors Change Type: Record Deleted Description: Vendor Deleted  Vendor Code: 10000068	Changed By: jbalkum Date Time: 09/28/2020	
Reference Table: Vendors Change Type: Record Deleted Description: Vendor Deleted  Vendor Code: 10000009	Changed By: jbalkum Date Time: 07/13/2020	
Reference Table: Vendors Change Type: Record Deleted Description: Vendor Deleted  Vendor Code: 8810058	Changed By: jbalkum Date Time: 06/23/2020	
Reference Table: Vendors Change Type: Record Deleted Description: Vendor Deleted  Vendor Code: 8810059	Changed By: jbalkum Date Time: 06/23/2020	
Reference Table: Vendors Change Type: Record Deleted Description: Vendor Deleted  Vendor Code: 00000	Changed By: jbalkum Date Time: 06/23/2020	
<b>Field(s) modified</b>	<b>Old Value</b>	<b>New Value</b>
	0	

# Material Findings during Fieldwork

- Material Finding #2
  - Approval and Payments of Vendors outside of the Accounting System
    - Vendor received approval and cash disbursement by Finance And Accounting
    - Vendor transaction was not recorded in the Accounting System
- Following slides provide an Example

# Material Findings during Fieldwork

- 4 Invoice sent to COEP for Professionals Services/Other services for an amount of \$1,219,287. None of these invoices were recorded in the Accounting System but were somehow approved by the Finance and Accounting Department.
- These 4 invoices were real payments made by the COEP to Fictitious Vendors. They were requested by the City Manager, Approved by the Chief Accountant, and disbursed by an accountant.





# Invoice 1 - 2103941

## Shirley A. Williams

**From:** Deron King <dking@eastpointcity.org>  
**Sent:** Wednesday, August 18, 2021 1:57 PM  
**To:** Shirley A. Williams  
**Subject:** Wire Payment for Approved Invoice #2103941  
**Attachments:** Invoice # 2103941.pdf

Shirley,

I approve the attached invoice. It is for an ongoing project, I will send you back up documents tomorrow, please set up payment today and have Francis approve.

Deron King  
Deputy City Manager  
City of East Point  
2757 East Point Street  
East Point, Georgia 30344  
404-669-4307 (Office)  
404-765-1130 (fax)

*note: Back up documents were  
not requested.*

## Step 1 - Request for Payment/ Approval

## Step 2 - Approval Pending

## Shirley A. Williams

**From:** Shirley A. Williams  
**Sent:** Wednesday, August 18, 2021 2:37 PM  
**To:** Francis Harley  
**Subject:** Wire Setup

### Template Submitted

Template Code: TDB  
To: ROMANO THE KNOW INC 4385399667  
From: EAST POINT GENERAL ACCOUNT 6910103952  
Payment Type: Wire - Domestic

Hi Francis:

When you get a moment you need to go to Regions and approve the setup for the wire templet. There is no money but Deron ask me to set it up at some point there is an invoice that was due August 16, 2021 for \$198,250.00. I just spoke to Deron and he said he wants it paid ASAP. Let me know when you approve it and I will go back and attach the money to the templet.

Thanks.

Shirley

# Invoice 1 - 2103941

### Step 3 - Approval Received

**From:** Francis Harley <fharley@EastPointCity.org>  
**Sent:** Wednesday, August 18, 2021 3:26 PM  
**To:** Deron King <dking@EastPointCity.org>  
**Cc:** Shirley A. Williams <swilliams@EastPointCity.org>  
**Subject:** Book1.xlsx

The wire for ROMANO is approved.

Thank you.

Francis

### Step 4 - Approval Received

**Shirley A. Williams**

**From:** Deron King  
**Sent:** Wednesday, August 18, 2021 3:32 PM  
**To:** Francis Harley  
**Cc:** Shirley A. Williams  
**Subject:** RE: Book1.xlsx

Thanks Francis! Please call me when you have an opportunity.

Deron

REGIONS						
Wire Transaction Report List View   Previous Business Day						
Account Number	Post Date	Status	Transaction Description	Amount	Debit/Credit	Bank Reference
10103952	08/18/2021	Cleared	OUTGOING MONEY TRANSFER	-198,250.00	Debit (A)	21230023718900


*see invoice #2103941 dated 7/16/2021.*

### Step 5 - Disbursement from COEP Bank

# Invoice 1 - 2103941

R|F|G


- Accounting System
  - Files provided to RFG related to payments by COEP to vendors from BS&A (Accounting System) does not include any payments to this Vendor and may not include others.
- As this received approval from Finance and Accounting, the only other control that may have caught this would have been a Bank Reconciliation.

**INVOICE**  
# 2103941

**ROMANO THE KNOW INC**  
67 3rd St Apt 8  
Passaic, NJ 07055


Date: Jul 16, 2021  
Payment Terms: NET 30  
Due Date: Aug 16, 2021  
**Balance Due: \$198,250.00**

Bill To:  
City of East Point  
2777 E Point St, East Point, Georgia, 30344, United States

Item	Quantity	Rate	Amount
For professional services rendered	1	\$198,250.00	\$198,250.00
Total:			 \$198,250.00

Notes:  
For Wire payments only :

TD Bank  
171 NORTH WILKES BARRE BLVD  
WILKES BARRE, PA 18702  
Swift: NRTHUS33  
ABA#: 036001808  
AC#: 438-539-9667  
Beneficiary: ROMANO THE KNOW INC

 Check bank @ 8/16/2021  
re bank support.

# Invoice 2 - 2103942

## Shirley A. Williams

---

**From:** Deron King <dking@eastpointcity.org>  
**Sent:** Tuesday, August 24, 2021 10:55 AM  
**To:** Shirley A. Williams  
**Subject:** Wire Payment for Approved Invoice #2103941  
**Attachments:** Invoice # 2103942.pdf

**Follow Up Flag:** Flag for follow up  
**Flag Status:** Completed

Shirley,

Last week we paid 40% on the project romano invoice, the due balance for this project was due on friday and i believe you were out out of office, please set up payment in the attached and Francis should approve. The completed documents will be ready this week and i will send it to you.

Deron King  
Deputy City Manager  
City of East Point  
2757 East Point Street  
East Point, Georgia 30344  
404-669-4307 (Office)  
404-765-1130 (fax)

Step 1 - Request for Payment/ Approval

## Step 2 - Approval Pending

## Shirley A. Williams

---

**From:** Shirley A. Williams  
**Sent:** Wednesday, August 25, 2021 9:33 AM  
**To:** Francis Harley  
**Subject:** FW: Wire Payment for Approved Invoice #2103941  
**Attachments:** Invoice # 2103942.pdf

FYI

# Invoice 2 - 2103942

R|F|G

## Step 3 – Payment setup

**Shirley A. Williams**

**From:** Shirley A. Williams  
**Sent:** Wednesday, August 25, 2021 11:13 AM  
**To:** Francis Harley  
**Cc:** Deron King  
**Subject:** Romano The Know Inc

✓ **Payment Submitted**

ID: 1169  
To: ROMANO THE KNOW INC 4385399667  
From: EAST POINT GENERAL ACCOUNT 6910103952  
Amount: 297,375.00 USD  
Effective Date 08/26/2021  
Payment Type: Wire - Domestic

Wire setup for tomorrow's date for the 60% remaining balance.  
Shirley

## Step 4 - Approval Received

**Shirley A. Williams**

**From:** Francis Harley  
**Sent:** Thursday, August 26, 2021 9:45 AM  
**To:** Deron King  
**Cc:** Shirley A. Williams  
**Subject:** Book3.xlsx ROMANO Disbursement  
**Attachments:** Book3.xlsx

Good Morning Mr. King.

Please be advise that the Disbursement to ROMANO is approved .

Thank you.

Francis

**REGIONS**

Wire Transaction Report List View | Previous Business Day

Account Number	Post Date	Status	Transaction Description	Amount	Debit/Credit	Bank Reference
10103952	08/26/2021	Cleared	<u>OUTGOING MONEY TRANSFER</u>	(A) 297,375.00	Debit	21238021866038


*(A) for invoice # 2103942 dated 7/20/2021*

## Step 5 - Disbursement from COEP Bank

# Invoice 2 – 2103942

R|F|G

- Accounting System
  - Files provided to RFG related to payments by COEP to vendors from BS&A (Accounting System) does not include any payments to this Vendor and may not include others.
- As this received approval from Finance and Accounting, the only other control that may have caught this would have been a Bank Reconciliation.

 **INVOICE**  
# 2103942

**ROMANO THE KNOW INC**  
67 3rd St Apt 8  
Passaic, NJ 07055

Date: Jul 20, 2021  
Payment Terms: NET 30  
Due Date: Aug 20, 2021  
**Balance Due: \$297,375.00**

Bill To  
**City of East Point**  
2777 E Point St, East Point, Georgia, 30344, United States

Item	Quantity	Rate	Amount
60% Y2021 Asset Distribution	1	\$297,375.00	\$297,375.00
Total:			<b>\$297,375.00</b>

Notes  
For Wire payments only :  
TD Bank  
171 NORTH WILKES BARRE BLVD  
WILKES BARRE, PA 18702  
Swift: NRTHUS33  
ABA#: 036001808  
AC#: 438-539-9667  
Beneficiary: ROMANO THE KNOW INC

*Payment done 8/26/2021.  
see bank support.*

# Invoice 3 - 2103945

## Shirley A. Williams

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**From:** Deron King  
**Sent:** Wednesday, September 1, 2021 11:29 AM  
**To:** Shirley A. Williams  
**Cc:** Francis Harley  
**Subject:** Wire for ROMANO Phase 2 Invoice #2103945  
**Attachments:** Invoice # 2103945.pdf

Shirley,

We just received news on the ongoing project ROMANO. Apparently, the project is going to bring in more profit than we thought so we are advised to invest more on this project. The attached invoice is the 40% payment for the Phase 2 of the project. Please set up payment with today's value date and Francis will approve.

Deron King  
Deputy City Manager  
City of East Point  
2757 East Point Street  
East Point, Georgia 30344  
404-669-4307 (Office)  
404-765-1130 (fax)

**Step 1 - Request for Payment/ Approval**

**Step 2 - Approval Pending**

Missing Emails on approval

**Step 3 – Payment setup Received**

Missing Emails on payment set up

# Invoice 3 - 2103945

R|F|G

**REGIONS**

**Wire Transaction Report List View | Previous Business Day**

Account Number	Post Date	Status	Transaction Description	Amount	Debit/Credit	Bank Reference
10103952	09/01/2021	Cleared	<u>OUTGOING MONEY TRANSFER</u>	-408,718.00	Debit	21244018146657
<i>(A) fee invoice # 2103945, dated 7/30/2021.</i>						
10103952	09/01/2021	Cleared	OUTGOING MONEY TRANSFER	-289,465.00	Debit (A)	21244018145403


**Step 5 - Disbursement from COEP Bank**



# Invoice 3 – 2103945

R|F|G

- Accounting System
  - Files provided to RFG related to payments by COEP to vendors from BS&A (Accounting System) does not include any payments to this Vendor and may not include others.
- As this received approval from Finance and Accounting, the only other control that may have caught this would have been a Bank Reconciliation.


 **INVOICE**  
# 2103945

**ROMANO THE KNOW INC**  
67 3rd St Apt 8  
Passaic, NJ 07055


Date: Jul 30, 2021  
Payment Terms: NET 30  
Due Date: Aug 30, 2021  
**Balance Due: \$289,465.00**

Bill To  
**City of East Point**  
2777 E Point St. East Point, Georgia, 30344, United States

Item	Quantity	Rate	Amount
40% Y2021 Asset Distribution Phase 2	1	\$289,465.00	\$289,465.00

Total:  \$289,465.00

Notes  
For Wire payments only:  
TD Bank  
171 NORTH WILKES BARRE BLVD  
WILKES BARRE, PA 18702  
Swift: NRTHUS33  
ABA#: 036001808  
AC#: 438-539-9667  
Beneficiary: ROMANO THE KNOW INC

 *time cleared bank 9/1/2021, see bank report.*

# Invoice 4 - 2103947

## Shirley A. Williams

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**From:** Deron King <dking@eastpointcity.org>  
**Sent:** Tuesday, September 7, 2021 9:52 AM  
**To:** Shirley A. Williams  
**Subject:** Wire for Approved Invoice #2103947  
**Attachments:** Invoice # 2103947.pdf

Shirley,

Attached is the approved 60% balance on the Romano Phase 2 project that was due yesterday, please set up payment with today's value date and Francis should approve. Thank you

Deron King  
Deputy City Manager  
City of East Point  
2757 East Point Street  
East Point, Georgia 30344  
404-669-4307 (Office)  
404-765-1130 (fax)

**Step 1 - Request for Payment/ Approval**

## Step 2 – Follow up on payment

**From:** Deron King <dking@eastpointcity.org>  
**Sent:** Wednesday, September 8, 2021 8:57 AM  
**To:** Shirley A. Williams <swilliams@EastPointCity.org>  
**Subject:** Wire for Approved Invoice #2103947

Good morning Shirley,

Did this payment go out yesterday?

Deron King  
Deputy City Manager  
City of East Point  
2757 East Point Street  
East Point, Georgia 30344  
404-669-4307 (Office)  
404-765-1130 (fax)

# Invoice 4 - 2103947

## Step 3 – Pending Approval/ Teresa Non-response

### Shirley A. Williams

**From:** Shirley A. Williams  
**Sent:** Wednesday, September 8, 2021 9:14 AM  
**To:** 'dking@eastpointcity.org'  
**Subject:** RE: Wire for Approved Invoice #2103947

Good Morning Deron:

I gave a copy of the invoice to Teresa yesterday for her to approve me to setup the wire however, she didn't get back to me. As soon as she gets in today I will let her know that it needs to be done ASAP. Or do you want me to go on and set it up and let her know that it should have been done yesterday?

Have a great day.

Shirley

## Step 4 - Approval Received

### Shirley A. Williams

**From:** Deron King <dking@eastpointcity.org>  
**Sent:** Wednesday, September 8, 2021 9:43 AM  
**To:** Shirley A. Williams  
**Subject:** Re: Wire for Approved Invoice #2103947

Sounds good.

Deron King  
Deputy City Manager  
City of East Point  
2757 East Point Street  
East Point, Georgia 30344  
404-669-4307 (Office)  
404-765-1130 (fax)

## Step 5 - Approval Received

**From:** Francis Harley <fharley@EastPointCity.org>  
**Sent:** Wednesday, September 8, 2021 12:02 PM  
**To:** Deron King <dking@EastPointCity.org>; Theresa Thornton <tthornton@EastPointCity.org>  
**Cc:** Shirley A. Williams <swilliams@EastPointCity.org>; Shaquita Barnes <sbarnes@EastPointCity.org>  
**Subject:** Book1.xlsx

Wires Approved.

Let me know if you need additional information.

Thank you

Francis

## Step 5 - Gratitude

### Shirley A. Williams

**From:** Deron King  
**Sent:** Wednesday, September 8, 2021 12:22 PM  
**To:** Francis Harley; Theresa Thornton  
**Cc:** Shirley A. Williams; Shaquita Barnes  
**Subject:** RE: Book1.xlsx

Thank you Francis

Deron

# Invoice 4 - 2103947

## Step 6 – Follow up Communication

**Shirley A. Williams**

**From:** Francis Harley  
**Sent:** Wednesday, September 8, 2021 12:31 PM  
**To:** Deron King  
**Cc:** Shirley A. Williams  
**Subject:** Romano Wires.

Good afternoon King.

Please call at your earliest convenience regarding Romano invoices and amount disburse so far.

Thank you.

Francis A. Harley, CPA  
 Chief Accountant  
 City of East Point  
 2757 East Point Street  
 East Point, GA 30344  
 (404) 669-4303

**REGIONS**

**Wire Transaction Report List View | Previous Business Day**

Account Number	Post Date	Status	Transaction Description	Amount	Debit/Credit	Bank Reference
10103952	09/08/2021	Cleared	OUTGOING MONEY TRANSFER	(A) -434,197.00	Debit ✓	21251013924825
10103952	09/08/2021	Cleared	OUTGOING MONEY TRANSFER	-15,975.13	Debit	21251013924807


*(A) Approval by Francis Harley  
 for invoice # 2103947,  
 date 8/6/2021.*

## Step 7 - Disbursement from COEP Bank

# Invoice 4 – 2103947

R|F|G

- Accounting System
  - Files provided to RFG related to payments by COEP to vendors from BS&A (Accounting System) does not include any payments to this Vendor and may not include others.
- As this received approval from Finance and Accounting, the only other control that may have caught this would have been a Bank Reconciliation.

**INVOICE**  
# 2103947

**ROMANO THE KNOW INC**  
67 3rd St Apt 8  
Passaic, NJ 07055

Date: **Aug 6, 2021**  
Payment Terms: **NET 30**  
Due Date: **Sep 6, 2021**  
**Balance Due: \$434,197.00**

Bill To  
**City of East Point**  
2777 E Point St, East Point, Georgia, 30344, United States

Item	Quantity	Rate	Amount
60% Y2021 Asset Distribution Phase 2	1	\$434,197.00	\$434,197.00
Total:			\$434,197.00

Notes:  
For Wire payments only:  
TD Bank  
171 NORTH WILKES BARRE BLVD  
WILKES BARRE, PA 18702  
Swift: NRTHUS33  
ABA#: 036001808  
AC#: 438-539-9667  
Beneficiary: ROMANO THE KNOW INC

*ⓐ Payment posted 9/8/2021  
to cleared bank 9/8/2021.*

# Invoice 1 – 4 Summary

- Invoices
  - 4 Invoices, Total amount of \$1,219,287
- Total Payments
  - 4 payments, Total Amount of \$1,219,287
- Determination of Case
  - No Official Police Report Exist.
  - This was considered an Incident.
  - Incident attributed to a hacking by the email account:
    - [Dking@fieryaztec.org](mailto:Dking@fieryaztec.org)
  - No discussions over approval and disbursement by Chief Accountant and/or Accountant.
  - No Independent Examination or Investigation conducted outside of Internal COEP Police Department.
  - JP West (Cyber Security Insurance) for the COEP requires more information to determine a payment necessary to be made.

Agency Name		INCIDENT/INVESTIGATION REPORT						Case#		
East Point Police Department								21-015605		
ORI								Date / Time Reported		
GA0600200								12/27/2021 12:50 Mon		
Location of Incident		Gang Relat		Premise Type		Zone/Zone		Last Known Secure		
2727 EAST POINT ST, East Point GA 30344				Government/public		Z4		12/27/2021 12:50 Mon		
At Found								12/27/2021 12:50 Mon		
I N C I D E N T D A T A	#1	Crime Incident(s)		Weapon / Tools		Entry		Exit		
		Fraud - Swindle		( )		Security		Activity		
	#2	Crime Incident		( )		Entry		Exit		
						Security		Activity		
#3	Crime Incident		( )		Entry		Exit			
					Security		Activity			
MO										
V I C T I M	# of Victims		Type:		Injury:					
	0									
	Victim/Business Name (Last, First, Middle)		Victim of Crime #		DOB		Race		Sex	
Home Address		Age		Relationship To Offender		Resident Status		Military Branch/Status		
Employer Name/Address		Email		Business Phone		Mobile Phone				
VYR		Make		Model		Style		Color		
								Lic/Lis		
								VIN		
CODES: V- Victim (Denote V2, V3) WI = Witness IO = Involved Other RP = Reporting Person (if other than victim)										
O T H E R S	Type:		Injury:							
	Code		Name (Last, First, Middle)		Victim of Crime #		DOB		Race	
	Home Address		Age		Relationship To Offender		Resident Status		Military Branch/Status	
Employer Name/Address		Email		Business Phone		Mobile Phone				
I N V O L V E D	Type:		Injury:							
	Code		Name (Last, First, Middle)		Victim of Crime #		DOB		Race	
	Home Address		Age		Relationship To Offender		Resident Status		Military Branch/Status	
Employer Name/Address		Email		Business Phone		Mobile Phone				
1 = None 2 = Burned 3 = Counterfeit / Forged 4 = Damaged / Vandalized 5 = Recovered 6 = Seized 7 = Stolen 8 = Unknown (“OJ” = Recovered for Other Jurisdiction)										
P R O P E R T Y	VI #	Code	Status	Value	OJ	QTY	Property Description		Make/Model	Serial Number
Officer/ID# GLOVER, A. (DET, CID) (4076)										
Invest ID# (0) Supervisor (0)										
Status	Complainant Signature			Case Status			Case Disposition:		Page 1	
R_CS11BR Printed By: AGLOVER, SWINDER S14#: 609863 06/05/2023 09:22										

# Invoice 1 – 4 Summary

R|F|G

**INCIDENT/INVESTIGATION REPORT**

*East Point Police Department* Case # 21-015605

Status Codes: 1 = None 2 = Burned 3 = Counterfeit / Forged 4 = Damaged / Vandalized 5 = Recovered 6 = Seized 7 = Stolen 8 = Unknown

	IBR	Status	Quantity	Type Measure	Suspected Type		
D R U G S							

Assisting Officers:

Suspect Hate / Bias Motivated:

**INCIDENT/INVESTIGATION REPORT**  
*East Point Police Department*

Narr. (cont.) OCA: 21-015605

**NARRATIVE**

In early September 2021 The City of East Point was the victim of an email hack scheme. The hackers attempted to fraudulently receive monies by posing as city employees in the emails. An investigation was then launched by the East Point Criminal Investigations Division. [12/27/2021 13:14, AGLOVER, 59, EPPD]

R\_CS21BR By: AGLOVER, SWINDER 06/05/2023 09:52 Page 2

**REPORTING OFFICER NARRATIVE**

<i>East Point Police Department</i>		OCA 21-015605
Victim	Offense FRAUD - SWINDLE	Date / Time Reported Mon 12/27/2021 12:50

THE INFORMATION BELOW IS CONFIDENTIAL - FOR USE BY AUTHORIZED PERSONNEL ONLY

In early September 2021 The City of East Point was the victim of an email hack scheme. The hackers attempted to fraudulently receive monies by posing as city employees in the emails. An investigation was then launched by the East Point Criminal Investigations Division.

Below is the timeline of events as known at this time: On or before August 18th, 2021 it is believed that at least one, and maybe more, people in the City of East Point's organization may have inadvertently clicked on a phishing link and gave user credentials to at least three email addresses. Those are dking@eastpointcity.org, swilliams@EastPointCity.org and Jmrogers@EastPointCity.org. Between August 18th & September 8th, 2021 the below referenced emails were sent and received.

During this time \$1,219,287 was transferred to the fraudulent Romano Company in error due to 2 email accounts being breached. The City of East Point was able to recoup \$434,197 from the Romano Account at TD bank after filing for and having the money seized. This leaves the City of East Point with a remaining loss of \$785,090. Supporting documentation has been attached to this report.

The investigation continues. [12/27/2021 13:20, AGLOVER, 59, EPPD]

Reporting Officer: GLOVER, A. Printed By: AGLOVER, SWINDER 06/05/2023 09:52 Page 3  
R\_CS3WC

# Invoice 1 – 4 Summary

Darktrace monitoring has detected a model breach with a high threat score. After further manual analysis, Darktrace recommend urgent follow up work by your own IT team.

The breach has been commented to highlight it. Please log in to Darktrace (dt-15710-01) for further details.

All timestamps displayed are given in UTC.

Model: [SaaS::Compromise::Unusual Login and New Email Rule] was breached at [2021-09-01 15:30:24]

Devices Breached:  
- #device/2018

Analyst Comments:

A SaaS actor was observed making suspicious requests over a configured Office365 service from the IP 185.217.69[.]141. This included requests made with a user agent that was previously not associated with this actor. Though this behavior could be the result of legitimate service usage or administration, it could also be a sign of this actor's account being hijacked by a malicious actor. Another SaaS actor was also observed making requests from the same IP address today. Consequently, the security team may wish to confirm that this activity was legitimate and expected.

----- Possible Hijack of Office365 Account -----

[ Model Breach: SaaS / Compromise / Unusual Login and New Email Rule 100%  
- Breach URI: #modelbreach/39540 ]

[ Model Breach: SaaS / Compliance / New Email Rule 63% - Breach URI:  
#modelbreach/39539 ]

SaaS User Details

SaaS account: SaaS::Office365: dking@FIERYAZTEC.org  
Actor: dking@FIERYAZTEC.org

Agent Carrying out Suspicious Activity



# Invoice 1 – 4 Summary

On September 14, 2021, JP West did not provide insurance payment due to insufficient information.

## Allyn Glover

**From:** Russell Popham  
**Sent:** Tuesday, September 14, 2021 1:15 PM  
**To:** Allyn Glover  
**Subject:** FW: Romano Case  
**Attachments:** Romano Case.docx

**Importance:** High

See me about this.

**From:** Iris B. Jessie <[ibjessie@EastPointCity.org](mailto:ibjessie@EastPointCity.org)>  
**Sent:** Tuesday, September 14, 2021 11:24 AM  
**To:** Theresa Thornton <[tthornton@EastPointCity.org](mailto:tthornton@EastPointCity.org)>; Maurice Pryce <[mpryce@EastPointCity.org](mailto:mpryce@EastPointCity.org)>; Brad Bowman <[bbowman@EastPointCity.org](mailto:bbowman@EastPointCity.org)>; Fred Gardiner <[fgardiner@EastPointCity.org](mailto:fgardiner@EastPointCity.org)>; Deron King <[dking@EastPointCity.org](mailto:dking@EastPointCity.org)>; Geneasa Elias <[geliass@EastPointCity.org](mailto:geliass@EastPointCity.org)>; Russell Popham <[rpopham@EastPointCity.org](mailto:rpopham@EastPointCity.org)>  
**Subject:** FW: Romano Case  
**Importance:** High

Good Morning. I contacted JP West to determine if the funds paid in error can be recouped through the City's Crime or Cyber policy. The information below is Eileen Frank's response. She is requesting information that I do not have. Please advise.

Iris B. Jessie  
Human Resources  
City of East Point  
2757 East Point Street  
East Point, Georgia 30344  
(404) 270-7065 (Office)  
(404) 209-5170 (Fax)  
[www.eastpointcity.org](http://www.eastpointcity.org)

**From:** Eileen Frank <[efrank@jpwest.com](mailto:efrank@jpwest.com)>  
**Sent:** Tuesday, September 14, 2021 11:12 AM  
**To:** Iris B. Jessie <[ibjessie@EastPointCity.org](mailto:ibjessie@EastPointCity.org)>; Jackie Richards <[jrichards@EastPointCity.org](mailto:jrichards@EastPointCity.org)>  
**Cc:** Dwayne DeBose <[ddebose@jpwest.com](mailto:ddebose@jpwest.com)>; Jamie Lee <[jlee@jpwest.com](mailto:jlee@jpwest.com)>  
**Subject:** FW: Romano Case

Ms Jessie,

This is to confirm that we have received and read the information provided by CEP regarding the Romano case. The attached document is the only summary narrative provided. This write up does not clearly detail to an external reader, the events, timeline and persons associated with this loss. It would therefore not be clear to the insurers.

Would you please request an expanded narrative that specifically details exactly who received what request or instructions from what person or source on what day at what time that resulted in who sending a wire transfer to what financial institution, account number, address, in what amount and for what purpose? Who sent and who authorized the sending of each wire transfer?

Please provide copies of the requests, any forms documenting the transactions and the authorizations for each transaction?

Please send copies of all emails/documents regarding the trigger and transaction of the wire transfers?

Please provide a copy of all CEP Operating Procedures applicable to the the transfer of funds including wire transfers?

Please provide the names, titles, roles and contact information for all CEP personnel involved in the communication, authorization, execution and discovery of the "Romano" case?

As discussed yesterday, we must report this to the insurers ASAP. We anticipate that the insurers, the incumbent and competitors, will withdraw the quotes for both the Cyber and Crime once the loss is reported.

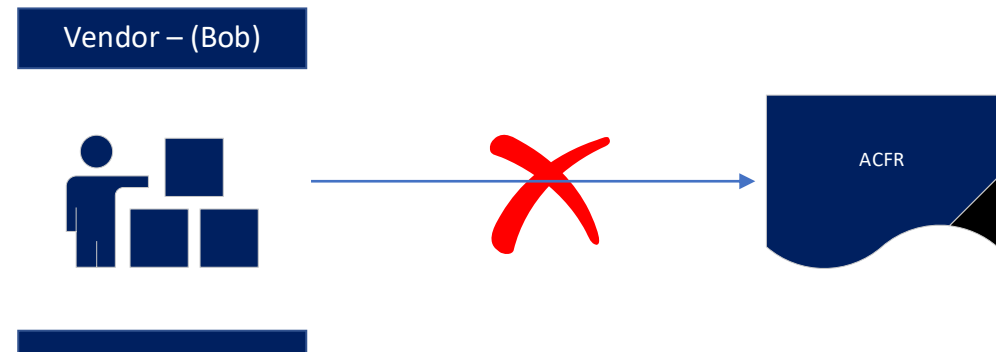
To improve the probability that the insurers will offer alternative quotes and offer renewal coverage, can we significantly improve the claims submission (the narrative and supporting records) and demonstrate that controls are in place to prevent additional claims. As discussed yesterday, the timing of this situation could not be worse. Under the circumstance the insurers have no obligation to offer the renewal and we have less than a two weeks to find alternative coverage.

Eileen A. Frank CPCU, ARe  
President  
J P West, Inc.  
90 Broad Street Suite 300  
New York, NY 10004  
(O)212 461 2261  
(M)646 594 7822

# Material Findings during Fieldwork

## ➤ Material Finding #2

- Recommendations herein, as a Control did exist here, is further investigation as to why Accounting and Financing is approving Invoices outside of the Accounting System – BS&A.



- Identification of other invoices or Vendors who are not within the Accounting system to understand the total Amount related to these vendors, and if they do in-fact need to be included in your Accounting System and respective Financial Statements

# Material Findings during Fieldwork

- Material Finding #3
  - Significant Issue's identified with Existence of Key Assets
    - When Fictitious Vendors are paid for goods, there is a mismatch between the Accounting Books and actual physical assets that exist. When Auditors ask to see the physical assets, because it never existed to begin with, support and the ability to see the asset is not able to be provided.
    - The following is a real example that may relate to payment for assets that did not exist. This example at the City of East Point was referred to as "The Honda that became a Ferrari".

# Material Findings during Fieldwork

➤ Material Finding #3

Original Cost \$19,563 in 2006



Ending Cost \$576,506 in 2023

Increase of \$556,943



\$556,943



Vendor – (Bob)



# Material Findings during Fieldwork

➤ Material Finding #3

Original Cost \$19,563 in 2006



Ending Cost \$576,506 in 2023



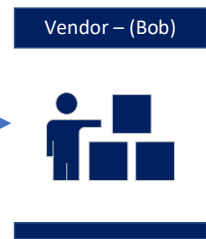
Increase of ~~\$556,943~~



Once RFG identified the asset improvement of \$556,943 did not exist, it was requested for the asset to be decreased. However, RFG is not able to determine who was potentially paid for the improvement.



\$556,943



# Material Findings during Fieldwork



- Material Finding #3
  - Continued Issue's identified with Existence of Key Assets including the following:
    - \$2 million of Inventory (60% of Inventory Balance) was identified to not exist.
    - \$5 million of Fixed Assets amounts was identified not to exist.
  - Recommendations
    - Controls in place to ensure assets placed into Fixed Assets or inventory are substantiated by evidence such invoices, contracts, ect...

# EAST POINT

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Recommended Steps for COEP

# Recommended Steps for COEP

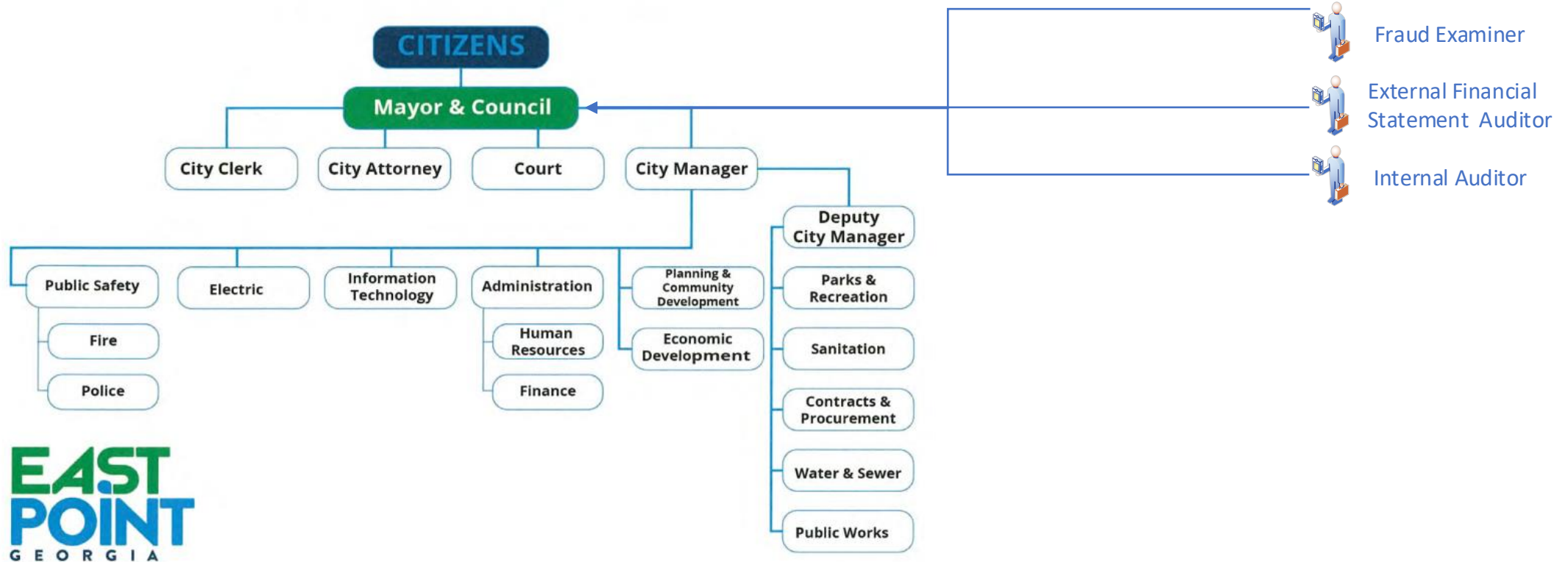
- Information illustrated herein to be disseminated to **All** of City Council of the City of East Point.
- City to bring on an **Independent** Fraud Examiner, prior to bringing on any Financial Statement Auditor, to identify the cause of:
  - Investigate Accounting Systems deleted vendors activity and potential disbursement related to these vendors.
  - Disbursement of payments to fictitious vendors, under why they were requested and approvals of these transactions.
  - Vendors that have received approvals for cash disbursement by Finance and Accounting Department outside of the Accounting System.
  - Fixed Assets determined to not exist but may have received cash disbursement.
- As cash disbursement were in-appropriately released from a COEP account to a fictitious vendors, we advise City Council to consider publicly disclosing the financial loss to the General Public.
- If the City believes Federal and/or State Funds have been inappropriately expended from a COEP Bank, the following organizations need to be contacted:
  - State Office of the Attorney General  OFFICE of the ATTORNEY GENERAL
  - Georgia Bureau of Investigation 
- Consider the creation of an Internal Audit Department, who reports only to governance, to help the City identify Financial, Operating Risk, and Fraud Risk to the City. Based on this, Controls may be created to help mitigate identified risks. Internal Audit Departments may be supplemented by outside firm.



# Recommended Steps for COEP

- Re-considering communication from Vendors who have an obligation to Report to the Governing Body of the City. During the time RFG was contracted with RFG, we were precluded in many different instances from communication with the Governing body of the City. Independent parties such as Fraud Examiners, Financial Statement Auditors, and Internal Auditors need a clear path to communicate with Governance at COEP.

## ORGANIZATION OF THE CITY OF EAST POINT, GA



# EAST POINT

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FY 2021 Financial Statement Audit Scope Limitation

## FY 2021 Financial Statement Audit Scope Limitation

- Due to the aforementioned items and after having viewed the documentation provided by the City of East Point's Management, RFG is unable to substantiate the accuracy and valuations, existence, completeness, and presentation and disclosure of key account balances of the ACFR
- As such, RFG is unable to determine if the City complied with direct and material compliance requirements for each major federal award program

End of Presentation