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Libi Uremovic

Beaumont Audit V: The Art of Padding Payroll

Posted on January 10, 2013 at 1:45 pm

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I have totaled all Payroll Transactions from the City of Beaumont General Ledger for the months of May through October, 2012. I have compared these totals with the Bank Statements and Council Check Warrants and found the general ledger has \$1,301,068.96 more expenses attached to employee payroll than the automatic deposits documented on the Bank Statement.

The City Council Check Warrants have no correlation to either the Bank Statements or General Ledger. The Dates listed on the Check Warrant are not the correct Payroll Dates. The only time the Check Warrant dates and General Ledger dates corresponded was 10/25/12 when the City was shifting so much money it entered the payroll transaction #222921 with the date of 10/25/12 instead of the correct payroll date of 10/18/12.

The Check Warrants do verify that 'Guardian Insurance' check dates & amounts correlate with the Bank Statement, but the actual amounts recorded on the General Ledger average \$2,000 more than the actual amounts paid.

I have seen the practice of listing alternate dates on the check warrants in other California cities. I have no idea how this 'procedure' originated, but each time the Finance Director lists the incorrect dates or amounts they are committing State and Federal felonies.

I audited a total of thirteen (13) pay periods from 05/01/12 – 10/25/12. I also included the General Ledger payroll for 11/01/12 on the spreadsheet for reference because 10/25/12 was not actually a pay period.

Total Payroll Per the Bank Statement from May – October was \$ 5,750,85.97.

Total Payroll Per General Ledger from May – October was \$ 7,051.923.93.

This leaves a Material Misstatement of \$1,301.068.96.

There is a difference of \$473,080.04 between what the City states on the general ledger and the Bank Statement Payroll Deductions. Every pay date is overstated by at least \$10,000.00. Deductions for vision, dental, disability, and life insurance are separate transactions and the check is issued to Guardian to pay for these costs. But the City also takes these deductions from the Payroll Transactions.

For example: 7000 - Transit Department shows the standard monthly Dental deduction of 32.61 was paid on 05/01/12, but the City of Beaumont attached another \$150.00 dental deduction to the 05/05/12 payroll.

The largest discrepancy was on 07/27/12 when the bank statement shows payroll was \$468,612.36, but the general ledger shows a total of \$711,731.73 in payroll expenses. The City padded the employees' payroll by \$1/4 Million on that one pay date alone.

The Month of October was a 'lost weekend' for the Accounting Department. Payroll issued on 10/05/12 was 'normal'; Bank Statement reported \$421,431.06 in payroll, City general ledger recordings totaled \$437,932.54. This leaves a \$ 16,501.48 discrepancy, but for the City of Beaumont, that's normal.

The Bank shows payroll was issued 10/18/12 for \$453,411.42 and shows no other payroll transaction between 10/05/12 and the end of the month.

The General Ledger lists their payroll on 10/25/12 with transaction # 222921 for \$459,647.00



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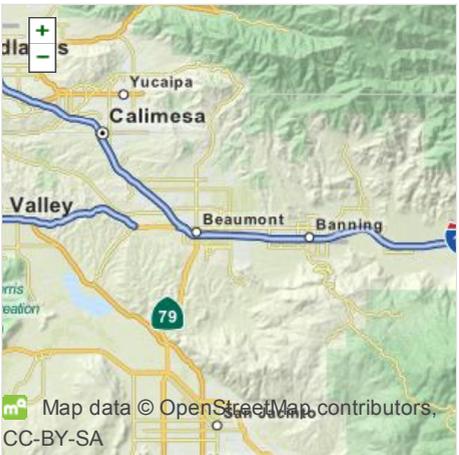


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The General Ledger lists their payroll on 10/20/12 with transaction # 22921 for \$799,047.00.

The Beaumont General Ledger does have payroll transactions dated 10/12/12, but these are additional checks issued:

10/12/12 - #219889 - \$105,323.91

10/12/12 - # 219909 - \$29,702.97

Apparently the City 'got confused' when they issued additional checks for \$135,026.88.

There are a total of seventeen (17) additional transactions totaling \$827,998.92. The checks range in amounts, but every month there is a transaction over \$100,000:

210440 – 06/08/12 - \$107,838.85

#212635 – 06/30/12 - \$106,940.65

#215697 – 08/17/12 - \$107,434.68

#218901 – 09/28/12 - \$103,123.34

#219889 – 10/12/12 - \$105,323.91

The above transactions are coded 3020- Medical Insurance with the memo 'Cigna Health Care'. But there are no Cigna transactions listed on the Check Warrants. The City carries Kaiser and the Guardian Insurance to cover dental, disability, vision, & life.

The City also shows a massive transfers of money listed on the Council Check Warrants as 'Mutual of Omaha', but the City of Beaumont doesn't carry Mutual of Omaha Insurance. On the Bank Statements the automatic debit transactions are listed as 'MG Trust'.

There was a total of \$78,864.54 in payroll charged to a department coded 7100. This department is not listed on the budget.

On 05/17/12 the City posted transaction #209836 giving a FICA credit of \$439.14 to department 2000 – Quality of Life. This department does not have any FICA deductions taken from their employee's paychecks. Any overpayment from FICA should be credited back to the individual department.

The department of the City Manager is the only department to have 'STD Insurance'. The level of nasty the City Manager must exhibit to require STD Insurance has yet to be determined.

If I can find \$1.3 Million addition employee expenses added to payroll in five months, the City of Beaumont is most likely padding their Employee Payroll Account by \$3 Million/year.



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Roger Berg

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3:45 pm on Thursday, January 10, 2013

Wow Libi, the City of Beaumont transferred Money to Mutual of Omaha. Your right we don't carry Mutual of Omaha Insurance for our employees, however we do have a 457 qualified tax advantaged deferred-compensation retirement plan for employees which if you refer to the attached link <http://www.ci.beaumont.ca.us/index.aspx?nid=224> from our city website , it will show the plan. I believe Mutual of Omaha is company that we use for this annuity. By the way Cigna Health Care is one of our Medical Plan carriers.

Once again as I have pointed out in the past, you are not an auditor as you are not licensed to practice in the state, so I welcome you inquiry however I would appreciate that you would get all the facts before you make outlandish comments and accuse people of being crooked and dishonest. By the way, how much has Judy Bingham wasted in paying you for information that is available on the city website? Also since you are operating this business apparently from your home in Imperial Beach, do you have a city business license in that city? Also is the Patch aware of you using this blog for Commercial Purposes in violation of their terms of service?

[Reply](#)



Libi Uremovic

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5:27 pm on Thursday, January 10, 2013

show me the check for cigna because i can see the check for kaiser and the two

checks are issued on the same dates,,,check # 080953 - 10/12/12 - kaiser foundation - \$32,681.43....there should be a cigna check in the same batch because the transactions made on the same date one transaction number apart....

but wait - maybe the \$100,000 check isn't on the check register because it's cut from the 2nd bank account that the city doesn't show to the public...let me check there...

nope - no \$100,000 checks on hidden checking account...

...are the cigna checks issued from another bank account roger...is that what you're trying to tell the people... that the city really does pay out \$20,000/month for kaiser, \$20/month for guardian ...and also \$100,00/month for cigna to cover...something....the city manager's std's perhaps...

and they we have 'mutual of omaha' that the city pays out in random amounts that total over \$100,00/month...

look at the check register for 08/21/12...why would the city pay mutual of omaha \$43,877.43 on one day in 3 separate transactions?...

and on the same check warrant it shows they paid mutual of omaha another \$91,417.85 in the 1st 2 weeks of june...

the dates are phony, but the amounts going out are accurate...



Washy

6:27 am on Friday, January 11, 2013

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Mr Berg if you can balance a check book you can find these discrepancies. What will your response be when there is a formal investigation that brings in people with the license (that is not needed here) to do the audit. How will you respond then? Actually your unwillingness to even look further into this puts you into a bad light and probably makes you a partner in the crimes being committed



Charles Ferrell

4:44 pm on Thursday, January 10, 2013

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I can't wait for Libi to start looking into the City of Banning and other Pass Area special districts the same way she is tackling Beaumont. It will be interesting to compare how the two cities, in particular, differ in the way they publish their financial statements. I look forward to her reports on comparisons, for example, of their police department budgeting (both cities have their own police departments, so this will be an apples vs. apples comparison) and fire departments (both cities contract for fire protection service so this will be an oranges vs. oranges comparison). Other apple vs. apple comparisons could be the city manager's departments, and city attorney's offices (I would like to compare each city's legal expenses), and street and road maintenance departments. Comparisons that won't apply include water and electricity (Banning has its own water and electricity departments while Beaumont has neither as that city's electric needs are served by Southern California Edison and its water needs by the Beaumont-Cherry Valley Water District). I would like to see a comparison of how the city council members are compensated, benefits, perks, etc.

[Reply](#)



Libi Uremovic

2:32 am on Friday, January 11, 2013

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send me an email and i'll send you the records' request...we'll compare 'sister cities' to see if they're pillaging the tax payer in the same way ...

...or if banning has their own 'system'...



Ken

5:11 pm on Thursday, January 10, 2013

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Wow Mr Berg well done ..by addressing only area of concern and nothing about the payroll discrepancies, do you think you have shown all to be incorrect by saying one part is. Reminds me of the kid caught red handed with his hand in the cookie jar. When an explanation was demanded, the kid responded....., "Gees its not like I broke the jar."

[Reply](#)



Libi Uremovic

6:50 pm on Thursday, January 10, 2013

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'...Your right we don't carry Mutual of Omaha Insurance for our employees, however we do have a 457 qualified tax advantaged deferred-compensation retirement plan for employees ...'

if it was a retirement plan it would come out of their paychecks...the mutual of omaha/mg trust are not connected to the payroll at all....

so why don't you explain to us how massive shifts of random amounts of money are deducted for employee retirements if the transactions never hit the payroll account...

and if they were a set employee deduction they would be deducted on set dates and be set amounts, not random dates and random amounts....

no, i never said the mutual of omaha was part of payroll - i was only referencing it to the prosecution to give them a complete picture of the activity....

....what's the matter berg....did you get 'confused'...?

[Reply](#)



Roger Berg

7:30 pm on Thursday, January 10, 2013

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No one is confused here. You made the Statement that Mutual of Omaha is not a Medical Insurance carrier for Beaumont. You failed to realize that we May be using Mutual of Omaha for other services. Just as Ken made the assumption that Diners Club is just for Dining out. Just as someone made the assumption that some money was spent at Tacos and Beer for alcoholic beverages, when in fact the money was spent on buying food for all our race volunteers when we helped sponsor the Redlands Bicycle Classic.

As stated before the problems with you and your business (Once again do you have a business license?) is you make wild accusations without checking it out. If you really want to help the citizens of Beaumont and make sure that their tax money is being spent properly and no one is stealing money, then put your question in writing and have Judy Bingham present them (Since she is paying you) We have nothing to hide, If you are really a graduate accountant then you know the proper protocol to follow. Thank you.



Washy

6:29 am on Friday, January 11, 2013

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Actually no one the money at Tacos and Beer was spent on beer In fact that expense was right at owner change and Tacos and Beer held no liquor license what was said was WHY ARE WE PAYING FOR THIS....you cannot/will not answer why the tax payers are paying nearly 10k a year on food for employees



Libi Uremovic

7:42 pm on Thursday, January 10, 2013

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'...You failed to realize that we May be using Mutual of Omaha for other services....'

1. you made the statement: '..we do have a 457 qualified tax advantaged deferred-compensation retirement plan for employees ..'

this is not 'other services' - what you referenced is another payroll deduction, which the mutual of omaha/mg trust deductions are not....so you either lied about the mutual of omaha money transfersor you are being lied to by your finance director and city manager....

...or you are confused...

[Reply](#)

a little justice

7:46 pm on Thursday, January 10, 2013

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If someone presented this scenario to Hollywood for the purposes of developing a T.V. series, Hollywood would say it sounds a little bit unbelievable. The black and white of accounting, versus the snide remarks to incite and encourage the average guy to feel outrage. This is sounding more and more like a mechanism to encourage (financial support) to finance this noble cause of protecting the taxpayer. We didn't hear a word about Bell until all of the investigation was complete and indictments were handed down. Libi, finish your "research" and turn it over to whomever you feel should investigate. This has been going on for years, well before you got involved. The back and forth crap is getting old and whatever credibility anyone thinks you may have had is on a slippery slope going in the wrong direction.

Reply



Libi Uremovic

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8:45 pm on Thursday, January 10, 2013

a lesson to you and tell all of your friends...if i've got to step in to clean up your books all hell is going to break loose...

maybe this will motivate people to focus on doing their jobs instead of pillaging the citizenry....

to quote the late great sonny boy williamson: '..don't start me talk'n - i'll tell everything i know....'



Libi Uremovic

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8:26 pm on Thursday, January 10, 2013

'...Just as Ken made the assumption that Diners Club is just for Dining out...'

your comprehension of the citizens' concerns is incorrect.... no one is questioning that the diners' club card can be used for things other than eating...

the problem is that it is being used excessively and inappropriately ..and they are right...

for example: the city employees are given reimbursed for education expense but the general ledger shows the administration department has 2 diners club charges

transaction # 199214 - 01/05/12 - one entry for \$45.94 and another entry for \$311.77...

the proper accounting procedure is that the employee pays for the expense themselves and is reimbursed ..

and if an employee doesn't use their education expense is it ok for them to buy themselves a shiny object or take their family to disneyland and charge it to the diners club card...??

no, not ok... not the proper use of employee benefits ...

Reply

Time4change

Flag as inappropriate

12:22 am on Friday, January 11, 2013

(1 of 2)

Roger, the more you post the more desperate and pathetic you make yourself look.

Roger: Do you have a city business license in that city?

Answer: That's none of your damn business. Focus in the "allegations" instead. Roger, you have a lot of explaining to do! How about posting a detailed explanation to all allegations that Libi has made at "our" city website (controlled by you)? But we all know that's not going to happen as you are all corrupt.

Prove that you and the rest of city council are not in violation of State and Federal Law for fraud and embezzlement. Give a coherent and to the point explanation, else don't bother posting trash, which, as already mentioned by someone "by addressing only area of concern and nothing about the payroll discrepancies, do you think you have shown all to be incorrect by saying one part is". No, but of course you know this.

Roger: Also is the Patch aware of you using this blog for Commercial Purposes in violation of their terms of service?

Answer: Man, you're something else. That's your comeback? Are you serious? You are the mayor of a city and this is how you behave? As I mentioned before, you're a disgrace and should resign... Let David run the show, I'd pay money to see that show... but wait, I'm already paying money, although we don't know what you guys are doing with it.

Reply

Time4change

Flag as inappropriate

12:22 am on Friday, January 11, 2013

(2 of 2)

Roger: By the way, how much has Judy Bingham wasted in paying you for information that is available on the city website?

Answer: Man, you go the whole reverse psychology concept wrong... Or you're just dumb.

I truly hope that you all get what you deserve and soon, jail time, and then I hope that you all drop the soap while in there.

PS. Give David a Health & Fitness Reimbursement with my tax paying money, as we all know he

could use one. What a terrible example to our community he is.

PS2. Libi, keep up the good work. I've sent you an anonymous donation to the cause. I wish I could cover all of your expenses, as I'm tired of the corruption and "intimidation tactics" from officials running this town (thus afraid of using my real name), but I'm in no financial situation to do that. However, I can start collecting petition signatures for Mr. Paul Angulo, - who's a very honest man and is following this display closely - so that he can step in at the request of the citizenry. I also admire your guts, you're going against a mayor that has proven to abuse women and I'm sure that makes his blood boil... you're an amazing woman (and a big turn on, but that's a story for me and for another time.)

Reply



Libi Uremovic

2:40 am on Friday, January 11, 2013

thanks, i appreciate it....

i know the citizenry is oppressed, that's why i stepped up... if they want to pick on someone they can pick on me.....i like it....

this would have never happened in northern cali because people up there are smart enough to run the other direction when they see the last name...

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Washy

6:38 am on Friday, January 11, 2013

Speaking of health and fitness reimbursements. I drove past about 6 city workers working (standing holding equipment) over on OVP near the golf course and I would say only one is using their fitness money where it should be the rest were first in line when tacos were supplied. There needs to be some accountability to those getting these reimbursements

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margaret bragg

11:59 am on Friday, January 11, 2013

Hey Time4, this post rocks! I wanted to answer some of Roger's less subtle goofs too, but was afraid my fingers would fall off before I could type it all. Good going!

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Hopeful

12:55 pm on Friday, January 11, 2013

What an awesome comment! Bring on the petitions because I know plenty of residents who will sign. Plenty!

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Ken

12:27 am on Friday, January 11, 2013

And for the record,since SOME of us cant seem to recall the the not very distant past...HERE IS EXACTLY WHAT I SAID!

"Thats right around \$80,000!! Love to see where and what and who all these fine meals/services/supplies went to/for. Just how many Diners Club cards are floating around at City Hall??

I could be in error and there is a perfectly logical explanation, it just seems a bit excessive in light of the hardships so many in our area have struggled through."

<http://www.ci.beaumont.ca.us/DocumentCenter/View/16424>

I guess when you get used to skimming the warrants before blind approval, well it just seems to fit that you dont bother to read or understand what was said before drawing your own conclusions that fit into your own mindset. There wouldnt be so many questions if you would.....oh gees talking to you is somewhat frustrating. If you cant remember what I said or wrote please leave me out of your references in your current recitals of who said what and why. Its obvious that you have painted yourself into a corner and slighting anyone isnt beyond you.

Reply



Ken

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12:45 am on Friday, January 11, 2013

I have the Mayor , who cant remember the context of what I said and why and inferring that everything I referenced was in error, when in FACT I just posted monthly billings and wondered aloud what those charges were,
I have a Councilman that has proclaimed....
"To Ken: It is obvious that you have been laying off the Dew, and progressed to beverages that are much stronger. "
My response to Mr Castaldo...
"I dont know him, Ive never spoke to him. Ive never spoke ill of him professionally, personally, or otherwise. It seems to me the very same behavior he has taken issue with, does not apply to himself or his personal standards regarding others. My personal beliefs are my own, however such disregard for others, solely for an opinion that differs from his, speaks volumes as to character."
His lawyer must of called and told him to zip it.
And these our the people that REPRESENT US, SUPPOSEDLY WORK FOR US and in the end seem to have no concept of the idea that the Council's JOB IS TO DIRECTS STAFF as to City goals and objectives, not the other way around. I still want to know just exactly how and why and when and where Mr Berg got the notion to direct staff about taking over BCVWD...Hows that staff report coming along Mr Berg?

Reply



Libi Uremovic

6:56 am on Friday, January 11, 2013

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'... only one is using their fitness money where it should be the rest were first in line when tacos were supplied....'
this money is not going to the line worker - let's make this very clear
the line worker does not have the option to get an exchange for their fitness or education benefits
...
the money is being shifted in the books ...it is not going to the line worker at all.....the city is making a journal entry to charge the expense to the department, but the money is being used elsewhere - and the only people that have access to the money would be your finance director and city manager ...those two sign the checks...
there is suppose to be a city clerk to verify ...and now we can all see why a 3rd party verification was added a long time ago ... but your city has no functioning city clerk...

Reply

margaret bragg

12:02 pm on Friday, January 11, 2013

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Libi, you are completely correct about N. Cal. running for the hills at the name recognition, but it isn't as if their actions are pristine either. They just developed other methods in the past few years!

Reply



Victor S Dominguez

3:33 pm on Friday, January 11, 2013

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http://banning-beaumont.patch.com/blog_posts/unethical-man-of-the-year-brian-deforge-777f8229

Reply



Libi Uremovic

8:05 pm on Friday, January 11, 2013

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'...On 05/17/12 the City posted transaction #209836 giving a FICA credit of \$439.14...'
the city is also double charging fica in the transportation department...
fica is federal... i love federal convictions because there is no liberal/socialist time off for good behavior...10 years in the federal pen is 10 years....
fica deductions are small...\$1.78...\$3.82....\$439 in fica is a lot of individual deductions....but every incident of mishandling of a fica deduction is a federal felony regardless of the amount....every count carries a 6 month prison term...
even if they eliminate everything else...your finance director is going to spend the rest of his life in federal prison for mishandling less than \$500.00....

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