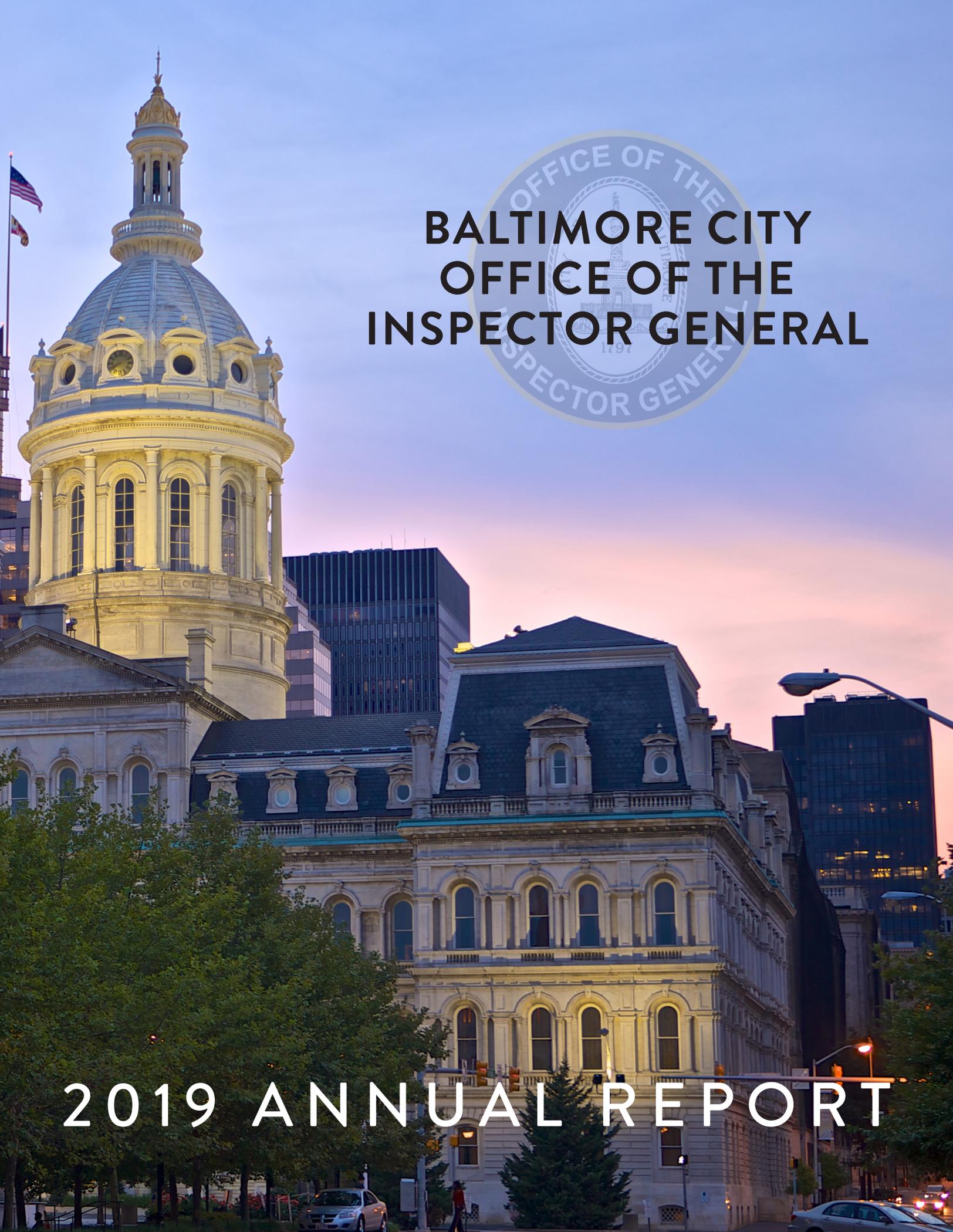
The logo is a circular seal with a light blue background. It features a central illustration of the Baltimore City dome and the year '1797' below it. The words 'OFFICE OF THE' are at the top and 'INSPECTOR GENERAL' are at the bottom, both in a serif font.

**BALTIMORE CITY  
OFFICE OF THE  
INSPECTOR GENERAL**

A photograph of Baltimore City buildings at dusk. The prominent feature is the large, ornate dome of the Baltimore City Hall, which is illuminated from within, casting a warm glow. The sky is a mix of soft pinks, oranges, and blues. In the foreground, there are green trees and a street with a few cars and streetlights. The overall scene is a mix of historic architecture and modern city life.

**2019 ANNUAL REPORT**

## *A Message from the Inspector General*

It is with much gratitude to the voters of Baltimore City that I present the *first Independent* Baltimore City Office of the Inspector General Annual Report to the citizens and employees of Baltimore City. It was the people who voted overwhelmingly on November 7, 2018 to make the OIG an Independent office within City government. Yet, some still ask, what is an Inspector General? My answer is . . . *An Inspector General is an Independent nonpartisan arbiter of truth who promotes efficiency in government programs.*

This past year, public input has been crucial to our mission. Your complaints to the OIG Hotline were the foundation of our success. These complaints have risen from 70 a year to almost 70 a **month**. We are always grateful when our office is contacted to pursue the truth in any matter. Even when we determine a complaint falls outside our purview, the OIG strives to inform the complainant where to go or what other avenues to pursue to obtain relief.

Community OIG outreach is constant and employee training about the OIG starts at New Employee Orientation. I personally speak to incoming City employees and give each a hotline card to keep in their wallet in order to call in instances of concerns.

The members of the OIG team take public trust and the responsibility to protect it as the mission and backbone of the office. In order to be an effective fiscal watchdog, our unity with other law enforcement partners such as the FBI, IRS and MD State Prosecutor is critical as it allows the OIG to continue to strive to maintain an honest City government.

As I described in my first report last year, I consider the position of Inspector General that of the “People’s Investigator.” My team is proud of all we accomplished in 2019 with documented savings of over a million dollars, but we are still moving forward.

There is an ironclad commitment to help Baltimore City and the people. The OIG works diligently to help the people have an avenue to successfully fight financial fraud, waste, and abuse in our government.

With sincere gratitude,



Isabel Mercedes Cumming



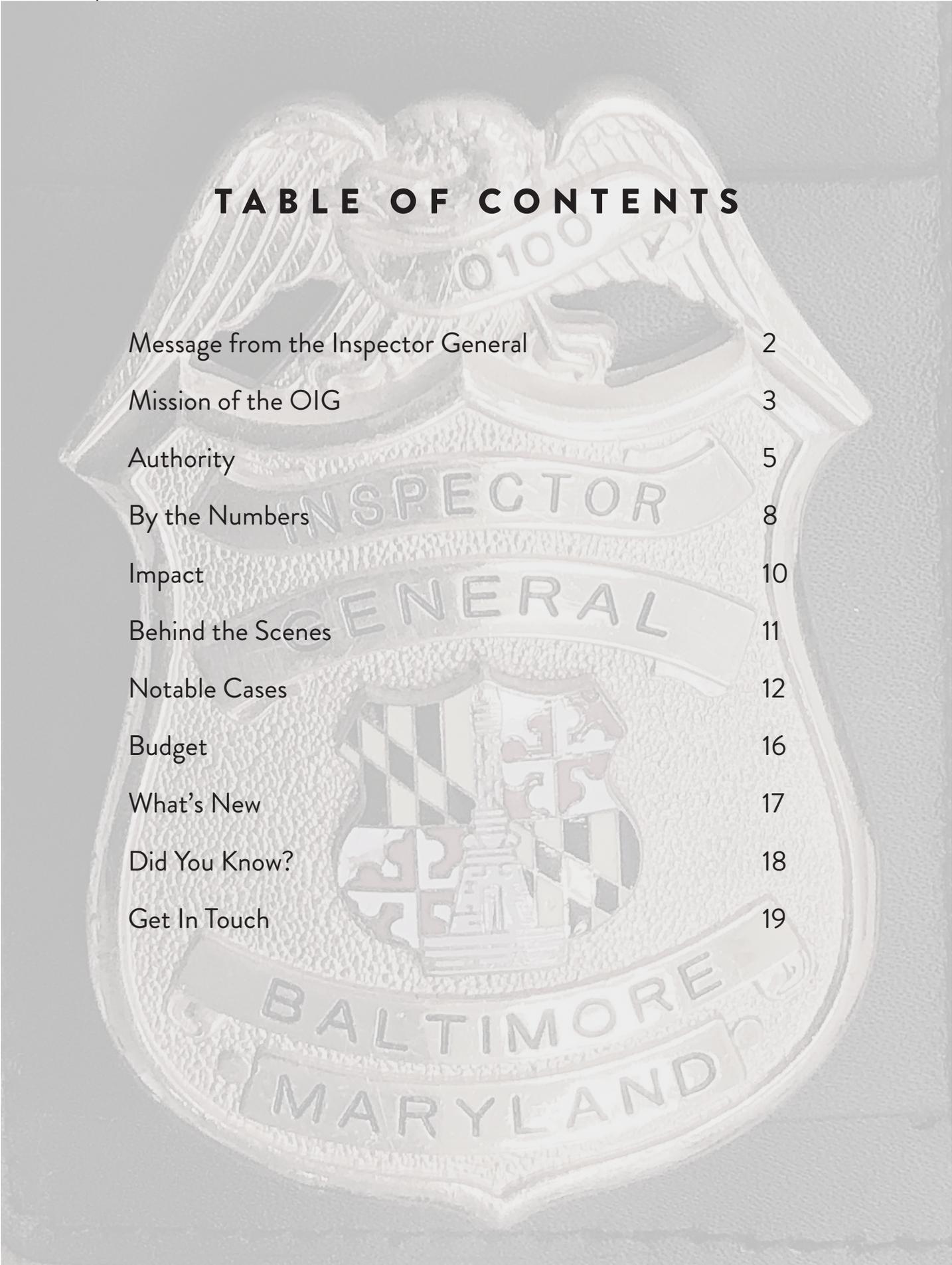


The mission of the Office of Inspector General (OIG) is to promote accountability, efficiency, and integrity in City government. OIG's goal is to promote trust in government to the citizens of Baltimore by improving efficiency through the elimination of identified financial waste, fraud, and abuse.

An effective OIG fosters public assurance in all City agencies through the impartiality, integrity, and transparency with which it operates. Citizens expect those leading the City to be committed to effective and honest government. The citizens' recognition of the essential work conducted by their government is best served when the government polices itself. The OIG does so by removing those who perpetrate fraud, waste, or abuse, and initiating improvements in the efficiency with which it operates.

**WE WORK FOR THE CITIZENS OF BALTIMORE CITY**

# TABLE OF CONTENTS



The background of the page is a large, light-colored, embossed badge of the Baltimore City Inspector General. The badge features a central shield with a cross and a ship, surrounded by a banner that reads 'INSPECTOR GENERAL' and another banner at the bottom that reads 'BALTIMORE MARYLAND'. The number '0100' is visible on a scroll at the top of the badge.

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# AUTHORITY

The OIG was created in July of 2005 through Mayoral Executive Order by former Mayor Martin O'Malley with the goal of increasing government accountability. OIGs are intended to serve as independent and objective units that are free from political influence. However the Executive Order did not make the Baltimore City OIG an Independent unit.

The 2005 Executive Order places the OIG under the authority of the Office of the Mayor. The absence of independence created a lack of effectiveness. An effective OIG is one that is an independent and objective unit, free from political influence. It was not until 2018 when a bill was introduced to establish OIG Independence.

Councilman Ryan Dorsey and many citizens groups worked to bring the OIG Independence Bill before the City Council. As a change to the Charter of Baltimore City – the amendment, Article X, had to appear on the ballot.

## *2018 Ballot Question F*

### *Charter Amendment*

#### *Office of the Inspector General*

*Resolution No. 18-08 is for the purpose of creating an independent Office of the Inspector General headed by an Inspector General. The law would establish the process for appointing and terminating the Inspector General and would establish the powers and duties of the Office of the Inspector General. The law would provide for the funding of the Office of the Inspector General, grant the Inspector General the power to issue subpoenas and require the Office of the Inspector General to issue an annual public report. The law provides for certain administrative procedures and establishes procedures to transition the existing Office of the Inspector General in the Law Department into the newly created independent Office of the Inspector General.*

**On November 2018 the Baltimore City OIG achieved independence by voter referendum with an overwhelmingly 83% voter approval!**

## What does Independence mean?

**The Inspector General shall be appointed without regard to political affiliation.**

**The Inspector General shall serve a term of 6 years commencing from the date of appointment.**

**The advisory board consists of the Mayor, City Solicitor, Comptroller, City Council President, a member of the City Council appointed by the City Council President, the Dean of the University of Maryland School of Law, and the Dean of the University of Baltimore School of Law.**

**The Inspector General may be removed from office by an affirmative vote of at least 4 members of the advisory board for misconduct in office, persistent failure to perform the duties of office and conduct prejudicial to the proper administration of justice.**

*OTC is apolitical. No one is off limits. Accountability within.*

## THIS IS HOW WE DO IT

The OIG follows the standards set forth by the Association of Inspector General's Green Book which outlines the Principles and Standards for an Office of Inspector General. With that, the OIG Hotline Administrator takes an impact-oriented approach to prioritizing the numerous complaints that come into the OIG hotline. What does that mean? It means the OIG must decide which investigations to pursue based on the potential impact to the taxpayers of Baltimore City.

The OIG receives numerous complaints every month. All complaints are carefully vetted to ensure they fall within the authority of the OIG in accordance with its mandate of rooting out fraud, waste, and abuse of City's financial resources. Complaints made to the OIG hotline often involve issues related to Human Resources such as personnel matters, employment related decisions or discrimination. The OIG does not normally investigate such claims unless the claims involve financial matters.

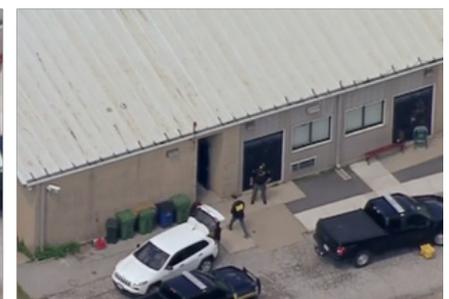
For those complaints that do not fall within the authority of the OIG, the complainant will be informed as to the reasons why. Some complaints may be determined to be appropriate for referral to another City agency to address. OIG will only refer these complaints with the permission of the complainant. The confidentiality of all complainants is of utmost importance to the OIG.

Once a complaint has been identified for investigation, it is assigned to an OIG Special Agent. Some cases take a few weeks to resolve while others may take several months to a year. Investigations are resolved strictly based on the facts uncovered during the process. Once the investigation is resolved, a report is written and



provided to the Mayor and relevant Agency Directors. OIG does not make recommendations.

Although OIG is an investigatory agency, this office does not carry law enforcement accreditation and thus has no power of arrest. While most of the OIG investigations are administrative in nature, OIG does conduct criminal investigations with our law enforcement partners when appropriate. OIG maintains partnerships with the Baltimore City Police Department, Office of the State Prosecutor, Baltimore City State's Attorney's Office, Housing and Urban Development Office of Inspector General, Federal Bureau of Investigation, and the Internal Revenue Service. OIG's presence on various law enforcement task forces assists in forming new partnerships with other agencies.



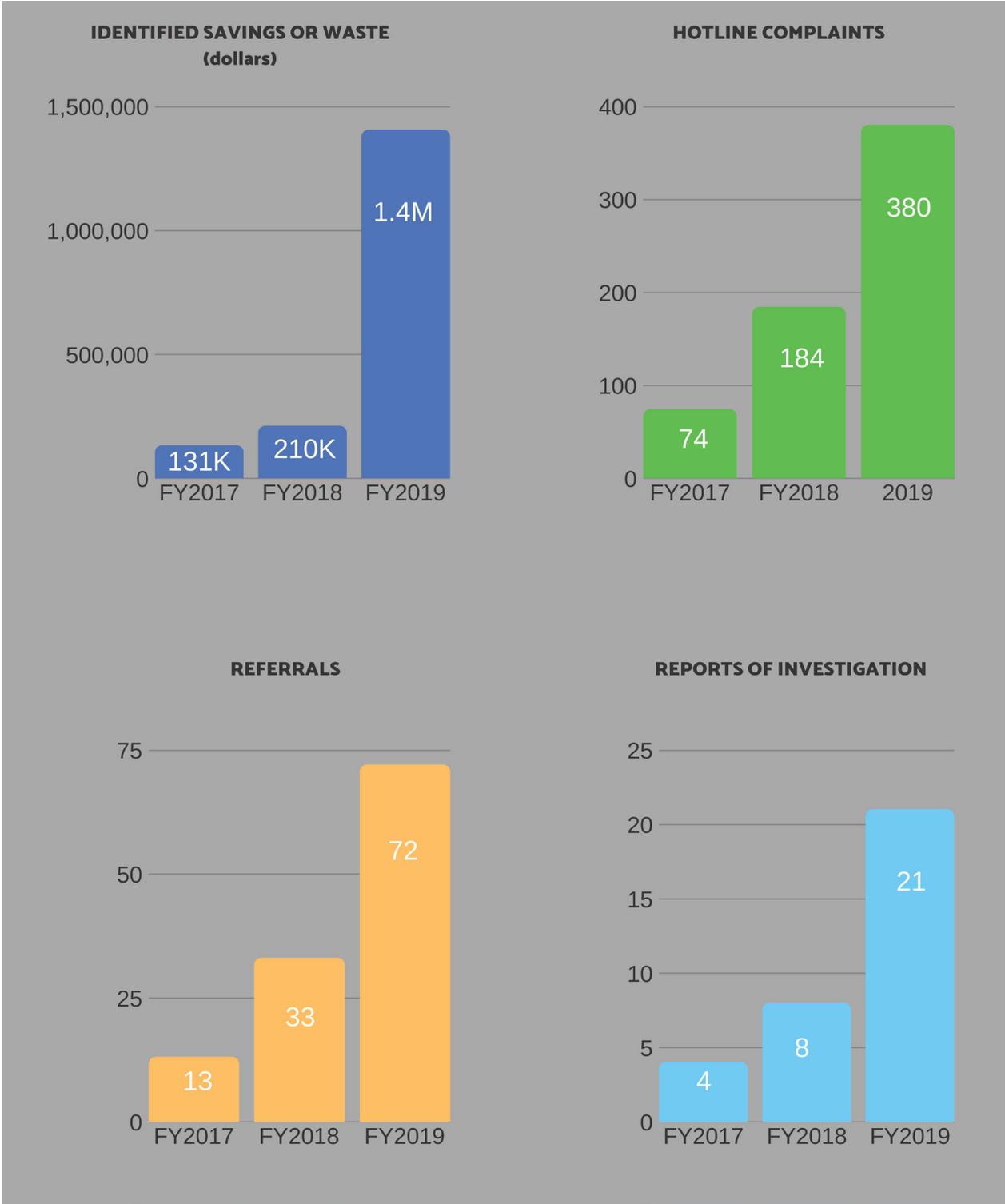
The Inspector General and OIG Special Agents seize documents from the Department of Public Works

# FY2019 BY THE NUMBERS



When appointed on January 29, 2018, Isabel Mercedes Cumming stated her goal was to quadruple the number of hotline complaints coming into the OIG. This goal was achieved as complaints rose from 74 to 380. Some of the OIG's most notable investigations have come from the OIG Hotline. It is an OIG's most vital component in fighting fraud, waste, and abuse. The more tips we get, the more we can investigate. The only way this can effectively happen is when more employees and citizens are aware of what this office does. Since being appointed, the Inspector General has made an enormous effort to spread the OIG word. The numbers speak for themselves . . .

# A LOOK BACK TO 2017 AND 2018



# IMPACT

## COMMUNITY AWARENESS

The OIG is committed to serving the employees and citizens of Baltimore City. One way we do this is by spreading the word about who we are and what we do. It is important to know there is an agency people can trust. The Inspector General greets all new employees to the City of Baltimore every month at the New Employee Orientation; setting a foundation of working with integrity. She stresses the importance of reporting fraud, waste, abuse, as well as measuring the new employees that OIG is a safe place to do so.

OIG furthers awareness by maintaining an active social media presence on Facebook, Twitter, and LinkedIn. When a new report is available, OIG will send out a breaking news alert on social media with links back to the OIG website. The Inspector General is known to not only respond to DMs (Direct Messages) from Baltimore City citizens, but sends them as well.

OIG is a proud member of the Association of Inspectors General, where Baltimore's Inspector General serves on the Board of Directors. The Association of Inspectors General is an organization that focuses on integrity and ethics in government. The Baltimore City OIG was recently recognized as a model in government oversight. The Inspector General is often asked to speak at notable events where she discusses the importance of the mission of the OIG.



The Path to Excellence Event at the Baltimore offices of the Downtown Partnership



Board of Estimates Taxpayers' Night



Inspector General Cumming addressing regional business leaders as the keynote speaker for the Greater Baltimore Committee

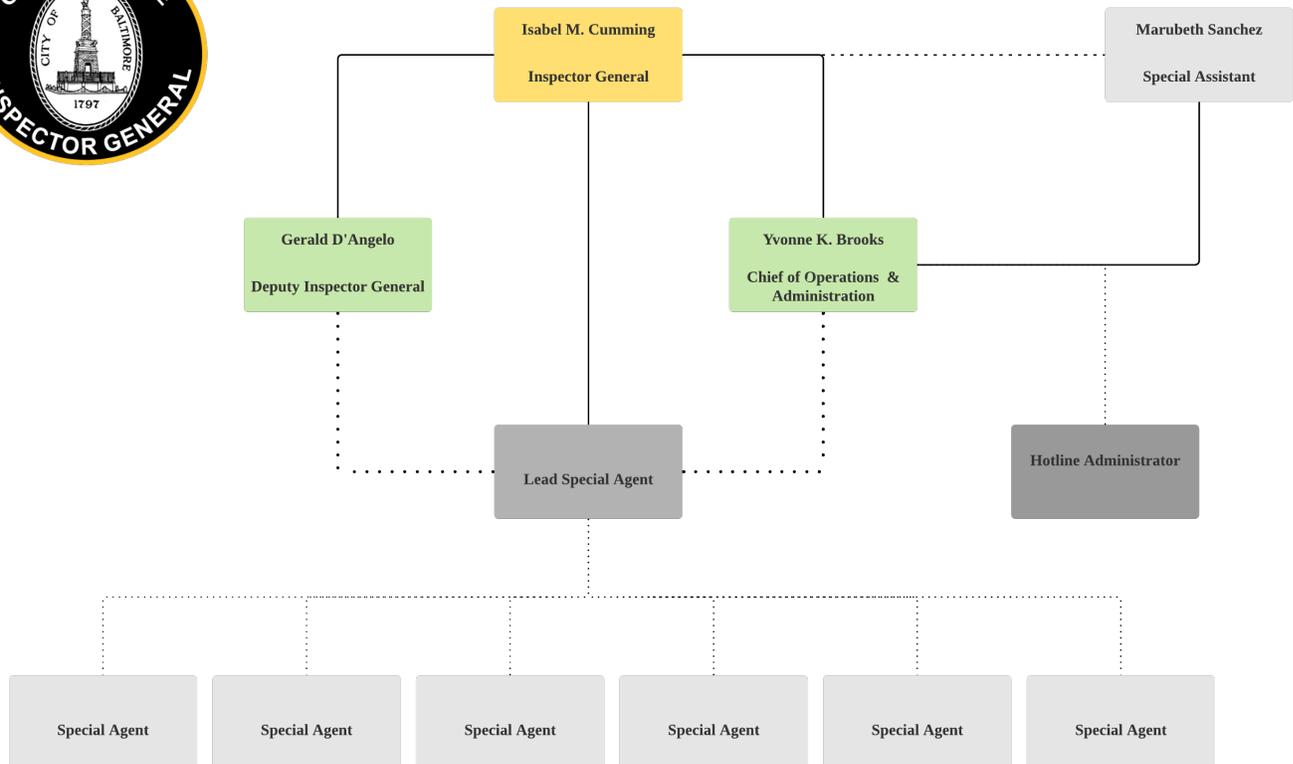


Deputy Inspector General Yvonne Brooks (far left) standing in for the Inspector General as keynote speaker for the Baltimore Federal Executive Board's 36th Annual Federal Women's Training and Development Program

# BEHIND THE SCENES

## WHO WE ARE

The Baltimore City OIG office is headed by an Inspector General and two Deputy Inspectors General, all of whom have roots in Charm City. The Executive Team represents over 75 years of investigative experience.



Organizational Chart as of June 30, 2019

## THE STRENGTH OF THE OFFICE IS THE STAFF

The diverse staff of Special Agents are integral to the OIG mission. Their distinctive backgrounds add perspective and depth to each investigation. Many of them possess professional certifications including Certified Fraud Examiner (CFE) and Certified Inspector General Investigator (CIGI).

The OIG family has expanded to a team of 13, in direct response to the expanding workload tasked to the OIG. We understand the enormity and seriousness of the mission and we are committed to ongoing excellence in investigations and integrity.



### OFFICE MAKEOVER

A Retirement Savings Plan (RSP) official approved \$218,213.20 from retirement forfeiture accounts to renovate RSP offices. The OIG found the official did not follow proper procedures for obtaining approval for the use of the funds, withheld forfeiture fund accounting information from other City employees, disregarded explicit legal challenges by the former retirement plan administrator, and directed money to flow through three separate entities before paying the contractor for work performed. The investigation determined the official personally approved all expenses and the manner in which they would be paid. The OIG found little to no accountability and oversight in the use of retirement forfeiture account funds. The official is no longer employed with Baltimore City government.

### HEALTH VS. TCHOTCHKES?

Managers in the Office of Chronic Disease Prevention (OCDP) within the Baltimore City Health Department (BCHD) engaged in the wasteful spending of lead revenue funds generated from subpoenas for environmental and medical records, public information requests, and fines assessed against landlords in Baltimore City. From FY 17 through FY18, the OIG estimated managers wasted \$170,000 of the \$345,955 spent from the lead revenue accounts. The wasteful spending included purchasing gifts for staff, ordering of excessive promotional items, funding of conferences, and purchasing of snacks for the OCDP. The OIG investigation found a lack of internal controls for both the purchasing process and the use of promotional items.

### NOT SAFE FOR WORK: NSFW

A Baltimore City employee was in possession of over 4,000 sexually explicit images from the internet that were downloaded during a time span of less than a month. The employee admitted to accessing and downloading the images and acknowledged he knew it was a violation of City policy to do so. Additionally, the OIG investigation determined the employee was downloading these images during his regular work hours. The Baltimore City Office of Information Technology assisted the investigation. The employee is no longer working with Baltimore City government.



100 baby onesies. Purchased in 2016

## TELEWORK WOES

Two employees, who each made more than \$90,000, were allowed to work limited hours and maintain full-time status by “teleworking” from a different state and a different country. Both employees were permitted by senior Department of Housing and Community Development (DHCD) management to maintain full-time employment with DHCD, including receiving employee benefits and using compensatory time. The OIG determined a combined gross loss to the City of \$14,840.88.

OIG found the employees were conducting DHCD business for only a few hours each week remotely and allowed to use all the leave they had accrued to earn a full paycheck. One employee used a total of 617 leave hours, including 272 hours of sick time, even though the employee never reported being sick. The other employee used a total of 139 hours of leave, including 40 hours of sick time.

A senior DHCD manager who authorized the employees to work remotely allowed them to use accrued leave, including sick leave, to supplement the hours worked during each pay period. The manager acknowledged not properly reviewing and approving the timesheets for the two employees. Instead, the Senior Manager provided the agency’s timekeeper with their individual login information, so the timekeeper could both enter and approve the timesheets for the two employees, a violation of City policy. The senior manager acknowledged City policy does not allow employees to use sick leave when they are not sick.



The employee who went out of country did reimburse the City the full net amount of \$8,656.29 for the sick time payout. The employees are no longer working in Baltimore City government.



## NO ONE NOTICED

A City Official within a departmental finance office received double pay for 10 pay periods without reporting the error to the Central Payroll Division (CPD) or an immediate supervisor. The error went on for five months and resulted in a total overpayment of \$34,615.40. The cause of the overpayment was an erroneous entry into the Human Resource Information System where the Official was listed as both a salaried employee and an hourly employee. The Official did not contact CPD until he noticed he was no longer receiving double pay. He asserted that he overlooked the excess payments because his checking account automatically transferred any money in excess of \$5,000 to several other accounts based on predetermined percentages. Bank officials later denied such a feature exists and confirmed that transfers must be manually completed. The Official also told the OIG, falsely, that his first few checks were correct and after initiation of direct deposit, he stated he never noticed the extra money because he never checked his pay stubs. Once the error was discovered, the Official was informed he had to pay the money back. He eventually agreed to repay over a period of 26 pay periods. The official is no longer employed with Baltimore City government.



## **SIGNS OF TROUBLE**

DOT's purchase of the WaterJet, a sign cutting machine for \$215,480, was a waste of City funds because it had been operational for only a third of the time since its purchase in 2013. Since requisition, it has required over 10 service calls for repairs at cost of over \$36,000. The

WaterJet has a complex computer interface. As a result, a four-day system maintenance and a programming and operation course in Indiana was required. DOT negotiated to send two employees each, to two separate, two-day trainings.

All travel and living expenses associated with the training were the responsibility of the City at a cost of \$3,417 for travel and lodging for the four employees. According to DOT leadership, all four employees who attended the training were expected to return with enough expertise to train the other employees of the fabrication unit. Only one of the four employees sent to training used the WaterJet to cut metal. Of the eight employees that work in the department, only one uses the WaterJet to cut signs.

### **LACK OF OVERSIGHT**

The OIG investigation discovered Automatic Vehicle Location (AVL) services being paid for in 34 vehicles sold from the City fleet in auctions during the last five years. It was learned the AVL hardware installed on these vehicles was not removed by the Department of General Services (DGS) during the decommissioning process. As a result, City agencies incurred a total financial loss of \$13,413.29; City agencies paid for 671 months of AVL tracking services after the vehicles were sold at auction.



## **No AGENCY DISCOUNT**

The director of the Municipal Telephone Exchange purchased a new Apple iPhone 7 Plus in December of 2017 using City funds. The OIG confirmed the director had another MTE employee purchase the phone with City funds utilizing a discount Verizon provided to the City so he could approve the purchase by the other employee. He converted the phone to his personal device by placing his personal SIM card into his agency iPhone 7 Plus. The purchase and use of this phone was for the direct, personal benefit of director and cost the City \$219.99. The phone was purchased at a 32.83% discount through the City, as Apple retailed the same model iPhone for \$669.99.

### **FAILURE TO DISCLOSE AND FAILURE TO REPORT TO WORK**

The OIG investigation found a high-ranking Employees' Retirement System (ERS) official was absent for weeks at a time from the office. Specifically, of 157 workdays from December 2017 to August 2018, the official was physically absent more than 60 percent of the time. The official claimed he worked remotely, however the OIG found no Telework Agreement in place.

The OIG discovered a member of the ERS Board recruited this official to the City. The Board member also sat on the interview panel and wrote many of the interview questions. The OIG investigation revealed the two had a personal relationship, and several business partnerships, dating back to 1985. They were actively involved in several business ventures and had an office in the Baltimore area. The OIG reviewed disclosure forms and found neither reported the other as a business partner. At no point in the hiring process, or anytime thereafter, did the official or Board member disclose their business relationship.

Additionally, the investigation revealed the ERS official and Board member were not domiciled in Baltimore City, as required by Article IV of the City Charter. Each held a Florida driver's license and one admitted to filing and paying taxes as a resident of Florida and the other intended to do so. The OIG learned the pair planned to

share a rented apartment in Anne Arundel County when in Maryland.

The OIG also found the official recommended the ERS should invest no less than \$15 million into a fund managed by an investment firm with which the official held personal investments. The official did not immediately recuse himself from the discussion surrounding the ERS investment. Prior to any deliberation conducted by the Board, the official confidentially sent an email to a representative of the management firm giving notice of the recommendation. The official did recuse himself from discussions of the investment after consulting with counsel. The official is no longer employed with Baltimore City government.

## RIGHT INTO THE DANGER ZONE

Baltimore Police Department's Marine Unit supervisor misused City resources related to the salvage of an abandoned boat in the Baltimore's Inner Harbor. The investigation determined the salvage of the boat was ill-conceived at its inception and the Marine Unit lacked the necessary equipment and skills to efficiently conduct the operation. In December of 2016, the Marine Unit began removing a 32' boat, named the Danger Zone (DZ), from the Inner Harbor adjacent to Thames Street. The removal operation took place during several days over the course of approximately three months. At the beginning of the operation, DZ was essentially intact. In the end, DZ was reduced to a pile of wood and fiberglass. The value of DZ, intact, was estimated at \$11,700.

DZ was impaled on piling(s) in the water. Efforts by Marine Unit personnel included attaching a tow line from a smaller BPD boat to the salvage boat and attempting to dislodge it; attaching a tow line from a larger BPD boat to the salvage boat and attempting to dislodge it, then using a BPD utility truck and attaching a tow line from the truck on shore to DZ and attempting to dislodge it. When those attempts failed, Marine Unit personnel made two separate inquiries with BPD Bomb Squad officers

requesting the use of detonation cord to wrap around the impaled pilings. The Bomb Squad officers denied the requests.

OIG determined poor communication within the Baltimore Police Department's Special Operations Division created confusion with no clear direction to ensure the salvage operation was done effectively and efficiently. A program exists through the Maryland Department of Natural Resources (DNR) where abandoned boats are removed at no cost to the local jurisdiction. The investigation determined management within the Department was aware of this program but never utilized it. As a result of the Marine Unit's salvage operation, DZ was completely destroyed. The OIG determined a combined loss to the City for this operation to be \$30,142.25.

December 2016 (prior to the Marine Unit salvage operation):



February 2017 (after the Marine Unit salvage operation):



# B U D G E T

The OIG supports its commitment to a productive and cost effective city by doing our part to spend frugally and not waste economic resources.

<b>Baltimore City OIG Budget At a Glance</b> (in \$:thousands)	2017	2018	2019
Salaries	843,705	869,533	1,151,783
Other Personnel Costs	295,785	257,076	370,057
Contractual Services	67,199	90,646	150,332
Materials and Supplies	8,644	8,266	5,434
Equipment: less than \$4999	5,103	5,217	9,642
Grants, Subsidies. and Contributions	3,654	2,662	3,329
OIG Funded Positions	10	10	13
<b>Total Budget Authority*</b>	<b>1,224,090</b>	<b>1,233,400</b>	<b>1,578,928</b>

\* includes reimbursements from DPW, DOT, BCFD, BPD, and F&PERS MOUs

The Office of the Inspector General previously had four positions paid for by City agencies through Memorandums of Understanding (MOU). These arrangements have been removed in the Fiscal 2020 budget. Having the funds for these positions provided directly in OIG’s budget will allow OIG the freedom to respond to the highest priority cases, regardless of the agency in which they have occurred. The recommended budget includes funding for three additional agent positions.

# WHAT'S NEW

## INTERNSHIP PROGRAM

We have established an Internship Program to provide opportunities for interested candidates to learn about Baltimore City Government and the work of the Office of the Inspector General. It is a great experience for motivated students who love a challenge and can bring a fresh perspective to the OIG.

## MEET OUR FIRST INTERNS

During the Spring of 2019, the OIG hosted two University of Baltimore School of Law students, Calvin Riorda and Andres E. Silva. They contributed to the Administrative Raid the OIG conducted at the Department of Public Works' locations. The OIG is grateful for all of their efforts and contributions to the OIG.



Calvin Riorda is a third year honors student at the University of Baltimore School of Law, with an interest in administrative, insurance, and constitutional law. He is a published editor for the University of Baltimore Law Forum Journal and represented the school on its National Moot Court Team. He has interned in other parts of the Maryland government and has a strong background in political theory, history, and philosophy. When not working, he can usually be found hiking in local parks with his two dogs.

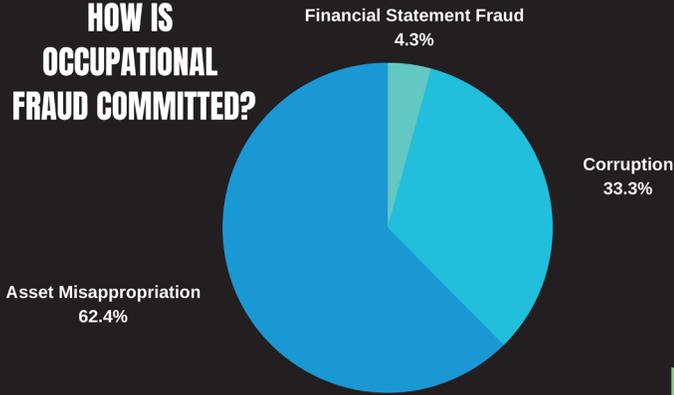


Andres E. Silva is a native of Coconut Creek, Florida, and currently in his 3rd year at the University of Baltimore School of Law. Silva has an interest in transactional, business, and sports and entertainment law. He is the Treasurer of the Latin American Law Student Association and a dual JD/MBA candidate at the University. He interned at various spots across the country, including the Ultimate Fighting Championship (UFC) as a legal & regulatory affairs intern in Las Vegas, Nevada. He is currently working at The Johns Hopkins University Department of Athletics. He can usually be found cheering on his alma mater the Florida State Seminoles, with his girlfriend Jessica and their dog Sadie.

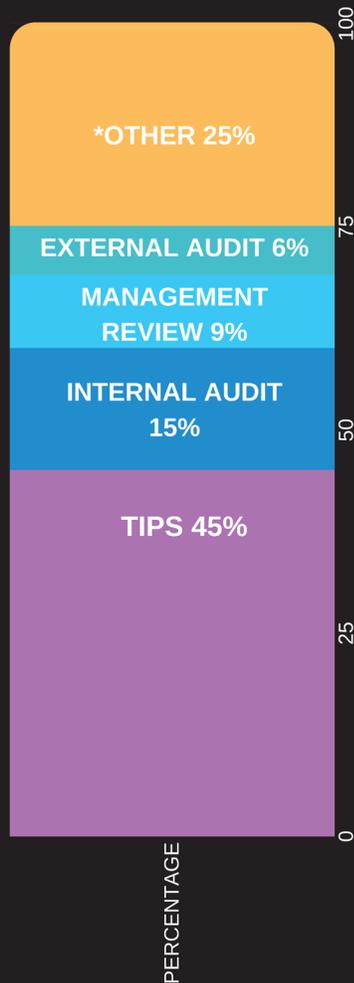
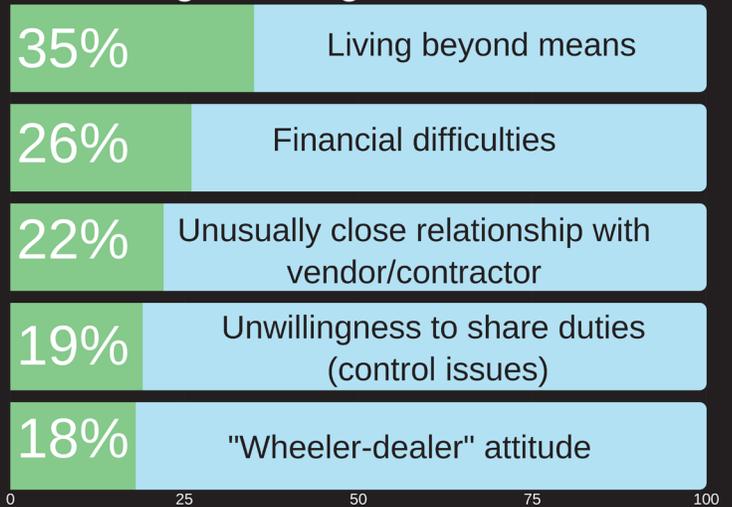
# DID YOU KNOW?

In April 2018, the Association of Certified Fraud Examiners released the 2018 Report to the Nations, which provided a global analysis of the costs and effects of occupational fraud (i.e., fraud committed against the organization by its own officers, directors, or employees). The data below is derived from the 2018 Report to Nations.

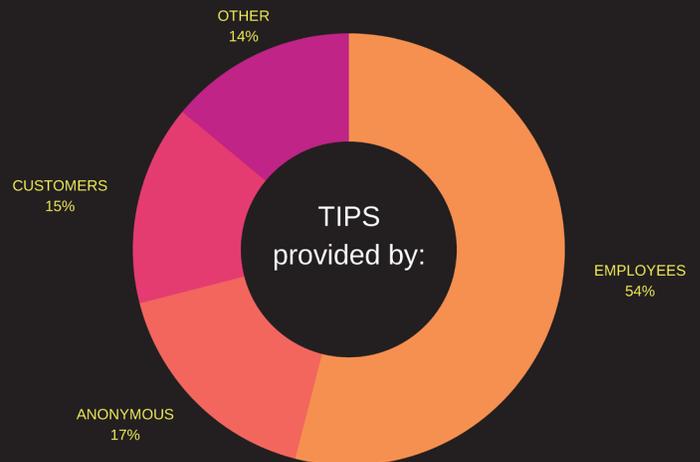
## HOW IS OCCUPATIONAL FRAUD COMMITTED?



## FIVE Most Common Behavioral Red Flags amongst Fraudsters



## HOW FRAUD IS DETECTED IN GOVERNMENT AGENCIES



\*OTHER: document examination, account reconciliation, by accident, monitoring, confession, IT controls

# GET IN TOUCH

The OIG encourages any person to contact us to report suspected instances of fraud or corruption involving the City. There are a variety of convenient methods available to register a fraud complaint.



## ADDRESS

Room 635, City Hall North  
100 N. Holliday Street  
Baltimore, MD 21202



## HOTLINE

443-984-3476  
1-800-417-0430



## EMAIL

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Graphic Design Marubeth Sanchez and Yvonne Brooks*