

**OFFICE OF THE INSPECTOR GENERAL  
CITY OF BALTIMORE**



**Isabel Mercedes Cumming  
Inspector General**

**Investigative  
Report Synopsis**

OIG Case # 23-0018-I

Issued: September 12, 2023



OFFICE OF THE INSPECTOR GENERAL  
Isabel Mercedes Cumming, Inspector General  
City Hall, Suite 635  
100 N. Holliday Street  
Baltimore, MD 21202



September 12, 2023

Dear Citizens of Baltimore City,

In October 2022, the Office of the Inspector General (OIG) received an anonymous complaint alleging that the Housing Authority of Baltimore City (HABC) stopped paying Department of Public Works (DPW) water bills in 2018 and owes the City of Baltimore (City) millions of dollars. The complainant claimed the water bill accounts associated with four HABC properties collectively had a total past-due balance of more than \$1,500,000: 100 N. Broadway, 1415 Orleans Street, 533 Dolphin Street, and 1601 E. Pratt Street.

**BACKGROUND**

DPW uses UMAX Customer Information and Billing System (UMAX) to process water meter usage data, maintain customer information, run reports, and generate water bills for customers in Baltimore City. Itineris, the software company from which the City purchased UMAX, provides ongoing technical support to DPW. Master accounts within UMAX are comprised of manually added sub-accounts, allowing DPW to generate a consolidated bill containing the combined total due for all included sub-accounts. DPW uses this function to bill HABC. According to HABC, it owns and is financially responsible for over 7,000 properties within the City.<sup>1</sup> Each property with a water meter on the premises has an assigned account and account number in UMAX. HABC’s master account contains 1,209 sub-accounts.

**OIG INVESTIGATION**

*HABC Properties from Complaint*

The 100 N. Broadway and 1601 E. Pratt Street accounts were not listed as part of HABC’s master account spreadsheet but are still HABC-owned properties. The OIG reviewed the six water bill accounts related to the four properties identified by the complainant in the DOF portal<sup>2</sup> and UMAX. Table 1 shows the outstanding past-due balances present in the DOF portal and UMAX for each account.

Table 1: HABC Properties and Past-due Amounts as of July 2023

Addresses from Complainant	Water Bill Account(s)	UMAX and DOF Portal Past-due Amount
100 N. Broadway	11000290586	\$152,137.03
1415 Orleans Street	11000257378	\$257,965.68
533 Dolphin Street	11000457969	\$193,296.45
1601 E. Pratt Street	11000257377, 11000257368, 11000257367	\$0
<b>Collective Past-due Total</b>		<b>\$603,399.16</b>

<sup>1</sup> HABC and the City’s Department of Housing and Community Development operated jointly as Baltimore Housing until the two entities began separating in 2017. The split was completed in early 2019.

<sup>2</sup> <https://pay.baltimorecity.gov/water>

**REPORT FRAUD, WASTE AND ABUSE**

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All three accounts for 1601 E. Pratt Street now carry a zero-dollar balance due to a February 2023 settlement agreement between HABC and DPW in which HABC agreed to pay \$764,000 and the City abated the remainder of the \$2,575,668.60 bill.

In July 2023, UMAX showed that the last billed amount for the 533 Dolphin Street account was \$193,296.45, but UMAX also showed a \$2,715,350.70 credit. A DPW supervisor (DPW Supervisor) and a DPW billing employee (DPW Billing Employee) clarified that the correct account balance was \$193,296.45, and the \$2,715,350.70 credit was an error that they were working to correct. Additionally, the OIG found that UMAX and the DOF portal listed different dates and amounts of most recent payment for the accounts in Table 1.

### *Sample Review*

A sample review of 70 HABC accounts in UMAX showed 52 of the 70 accounts had received payments in 2023, but the 2023 payment dates and amounts were not reflected on the DOF portal. Additionally, UMAX showed that three of the accounts had credits of \$2,229,793.33, \$211,350.76, and \$2,228,982.52. DOF entries for the same accounts did not match, and showed due amounts of \$711.20, \$172,466.98, and \$1,522.01, respectively. When asked if discrepancies between the DOF portal and UMAX have occurred, the DPW Supervisor stated a glitch occurred but DPW and Itineris had resolved the issue. The DPW Supervisor also confirmed that the balance in UMAX would be the accurate amount as it is used to create the water bills.

### *HABC Payments*

The investigation showed that one DPW employee was responsible for all consolidated water billing for the City's master accounts, including the account for HABC. From a May 2023 DPW delinquency report, the OIG identified 1,207 delinquent HABC accounts with a total past-due balance of \$11,790,696.77. When asked about HABC's payment history and outstanding balance, DPW and HABC confirmed that HABC has been paying water bills, but not the full due amounts. HABC explained it only pays the current charges because there is insufficient explanation from DPW of the fluctuating outstanding balance. Between January 2020 and June 2023, the balance has ranged between almost \$6,000,000 (\$6 million) and over \$16,000,000 (\$16 million). While the DPW Supervisor noted DPW billing operations were temporarily interrupted due to COVID-19 and Ransomware, the DPW Billing Employee attributed the high outstanding balance to HABC making partial payments towards its water bills. As of the June 2023 bill, HABC owes an outstanding balance of \$7,869,019.46.

### *Sub-credit Discrepancy*

The OIG analyzed HABC's consolidated bills from January 2020 through June 2023 and found each of the bills showed sub-credit balances ranging from \$38,492.67 to \$823,375.24. On the consolidated bills, these sub-credits appeared to be added to the HABC master account's Actual Balance, resulting in increased due amounts.

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Figure 1: Example of Water Bill with Sub-Credit Balance



**WATER BILL**  
 Department of Public Works  
 Division of Customer Support  
 200 Holliday St. #404  
 Baltimore, MD 21202

Account Summary		
Account Number	[REDACTED]	Balance Forward \$9,029,575.13
Property Owner	Housing Authority of Baltimore City	Current Charges \$665,865.29
Service Address	417 E Fayette St. →	Actual Balance \$9,695,440.42
Bill Date	04/26/2023	Sub Credit Balance - (\$38,984.62)
Due Date	05/16/2023	
		<b>Amount Due \$9,734,425.04</b>

A DPW executive (DPW Executive) stated that the sub-credit balances were showing on the bills for three reasons. First, some received payments lacked a designation to indicate which sub-account they belonged to. Second, some tenants of consolidated customers were paying their own bills with the Department of Finance (DOF) cashier and did not designate a sub-account. Third, DPW had not allocated all received payments to their proper sub-accounts before the bill was generated. The “Actual Balance” listed on consolidated bills is the amount owed once the credits have been applied to the sub-accounts. DPW has also discussed reconfiguring the bill with the Itineris to eliminate confusion between the “Actual Balance” and “Amount Due” totals.

*DPW Delinquent Accounts Collections*

The City’s Audits department issued a DPW Biennial Performance Audit in December 2021, that included a finding that the City does not take proactive measures to increase water revenue collections.<sup>3</sup> In a management response, DPW agreed with this finding and provided an action plan to establish procedures to maximize collections by December 31, 2023.

The DPW Executive stated DPW did not have a preexisting debt collection process and that the Fiscal Year 2024 approved budget includes funding for a new debt collection team. DPW’s new internal staffing team will engage with commercial, master account, State, and Federal customers with outstanding debt. DPW Leadership also explained that the new team will consist of eight to ten positions, have assigned account representatives for commercial and consolidated accounts, and will be operational by the end of 2023. Regarding overall delinquent water bill accounts for the City, a May 2023 *Delinquent Accounts by Amount Due Buckets* UMAX report listed 186,350 delinquent water bill accounts with a combined total amount due of \$319,195,078.68<sup>4</sup>.

**INVESTIGATIVE FINDINGS**

The OIG found evidence to support the complaint allegations in part. The investigation revealed that HABC’s June 2023 bill listed a due balance of \$7,869,019.46. The OIG recommends that DPW establish ongoing communication with HABC and consult with Law to settle the outstanding balance with HABC and develop procedures for managing delinquent bills. Furthermore, the OIG found it noteworthy that DPW is in the process of forming a debt collection team to address other outstanding balances and assign account representatives to customer accounts.

The investigation could not support the allegation that HABC stopped paying water bills in 2018. However, the review of HABC accounts in UMAX and the DOF portal indicates a disconnect between

<sup>3</sup> (<https://comptroller.baltimorecity.gov/audits/reports>)

<sup>4</sup> The OIG did not review all individual accounts contained in this UMAX *Delinquent Accounts* report and recommends further review by DPW’s new debt collection team to validate the true delinquent balance.

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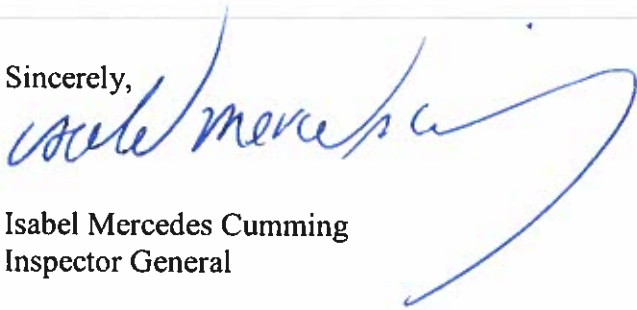
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DPW's internal records and the publicly available data in the DOF portal. The OIG suggests that DPW internally investigate and seek to correct the source of the disconnect between UMAX and the DOF portal.

During the investigation, UMAX accounts with unexplained or erroneous credits, and consolidated bills appearing to show sub-credit balances added to the Actual Balance were also observed. The OIG further suggests that DPW verify HABC's credits and concurs with DPW that reconfiguration of the consolidated bill format may avoid confusion regarding sub-credits and the amount due.

Additionally, the OIG learned the HABC master account contains 1,209 accounts but found that HABC owns over 7,000 residential addresses throughout the City. The OIG recommends DPW collaborate with HABC and the Department of Audits to verify that HABC's master account includes all properties owned by HABC.

Sincerely,



Isabel Mercedes Cumming  
Inspector General

CC: Hon. Brandon M. Scott, Mayor of Baltimore City  
Hon. Nick Mosby, Baltimore City Council President  
Hon. Bill Henry, Baltimore City Comptroller  
Honorable Members of the Baltimore City Council  
Hon. Ebony Thompson, Acting Baltimore City Solicitor

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**Department of Public Works**

**Response**

**Case # 23-0018-I**

## CITY OF BALTIMORE

BRANDON M. SCOTT, Mayor



## DEPARTMENT OF PUBLIC WORKS

Richard J. Luna, Interim Director  
Abel Wolman Municipal Building, 6th Floor  
200 N. Holliday Street  
Baltimore, Maryland 21202

September 5, 2023

Ms. Isabel Mercedes Cumming, Inspector General  
Office of the Inspector General  
100 North Holliday Street, Suite 640  
Baltimore, MD 21202

Dear Inspector General Cumming:

I am writing to provide comments on the investigative findings regarding Office of Inspector General (OIG) Report of Investigation case #23-0018-I, which details the investigative findings for a complaint received that alleged the Housing Authority of Baltimore City (HABC) has not paid water bills from City of Baltimore (City) since 2018 and owes millions of dollars to the City.

Based on the findings of your investigative assessment, the Department of Public Works (DPW) has taken the following steps:

- A meeting with HABC has been diligently arranged for September 11, 2023, involving Deputy Counsel [REDACTED] from the Department of Public Works Law Department. [REDACTED] leads our metered-water legal collections endeavors. The objective of this meeting is to engage in a comprehensive discussion concerning the prospect of reaching a mutually acceptable settlement agreement pertaining to the Housing Authority of the City of Baltimore City's outstanding balance.
- As stated in our Management Response to OIG case #24-0035 and our reply to the Biennial Audit Findings for FY 19 & 20, DPW has established robust internal reporting on accounts receivable. DPW is actively developing comprehensive collections and revenue management processes, including documented customer lifecycles, delinquency strategies, sustainable staffing models, and KPIs for program evaluation. Promise Pay, launched this year, aims to facilitate payments, and payment plans to Consolidated, Commercial, and Multi-Family accounts will be offered by the end of FY24, Q2.
- DPW has arranged an internal meeting for September 12, 2023, with the aim of delving into the variances between UMAX and the publicly available data in the Department of Finance's payment system. DPW believes this is attributed to unallocated sub-credits in UMAX. However, as part of our commitment to thoroughly investigate the findings, DPW will involve both BCIT and Itineris, DPW's utility billing support vendor, to conduct an in-depth examination of the discrepancies identified in this report.

- DPW's verification confirms the accuracy of sub-credits within HABC's account. As outlined in written correspondence submitted to OIG staff on August 10, 2023, it remains imperative to enact precise allocation of these sub-credits. To this end, DPW has convened a collaborative session involving HABC and the Department of Finance's Bureau of Review Collections (BRC) to chart the optimal course of action.

It's noteworthy that the BRC's protocol now necessitates comprehensive premise address documentation for processing customer payments, including account and address verification prior to applying payments. Concurrently, HABC is actively engaged in the process of identifying the specific accounts where unallocated sub-credits are currently residing within the master account framework to allow for proper crediting of payments.

In parallel, DPW and Itineris are diligently collaborating to engineer a mechanism that seamlessly integrates sub-credit visibility into billing statements. This strategic initiative is aimed at fostering clarity in payment tracking, ensuring unambiguous differentiation between settled amounts and outstanding obligations.

- An upgrade to the latest version of UMAX is currently slated for deployment in late October 2023. Notably, the forthcoming version promises enhanced automation for the Consolidated Billing process. Recognizing the significance of this matter, DPW has arranged specialized training sessions in collaboration with Itineris. This training initiative is designed to equip five designated employees with comprehensive proficiency in the consolidated billing procedures, thereby ensuring a seamless adoption of the new system's capabilities while ensuring that the current process is executed timely.
- A comprehensive audit of HABC properties within the UMAX system will be conducted by DPW, comparing them against the list of properties owned by HABC. This audit is scheduled for completion by December 1, 2023. In the event of any disparities identified, HABC will be promptly informed of the findings, and necessary corrections to the master account will be undertaken by December 29, 2023.

DPW is committed to enhancing the operational efficiency of our Customer Support and Services Division through ongoing process refinement, the implementation of standardized operating procedures (SOPs), and leveraging technological advancements. Should you require any additional support or information, please do not hesitate to notify me. I extend my gratitude to you and your team for apprising us of this inquiry.

Sincerely,



Richard J. Luna  
Interim Director

cc: Honorable Brandon M. Scott, Mayor  
Faith P. Leach, Chief Administrative Officer  
Simone C. Johnson, Deputy City Administrator  
Michael Moiseyev, Director of Finance  
Ebony Thompson, Acting City Solicitor