

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.¹ 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 portal² 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
Collective Past-due Total		\$603,399.16

¹ 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.

² <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	
		Amount Due \$9,734,425.04

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.³ 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 \$319,195,078.68⁴.

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

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

⁴ 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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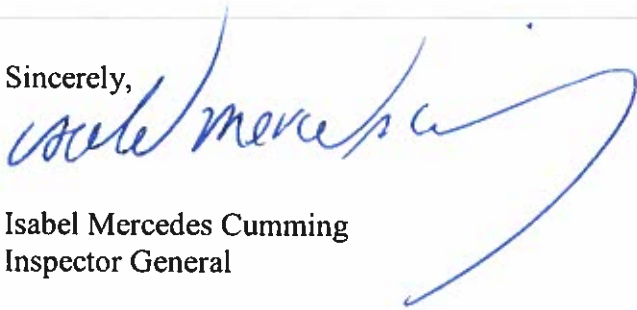
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DPW's internal records and the publicly available data in the DOF portal. The OIG suggests that DPW internally investigate and seek to correct the source of the disconnect between UMAX and the DOF portal.

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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