

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



**Isabel Mercedes Cumming**  
**Inspector General**

**Investigative**  
**Report Synopsis**

OIG Case # 24-0028-I

Issued: September 11, 2024



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



September 11, 2024

Dear Citizens of Baltimore City,

The mission of the Office of the Inspector General (OIG) is to promote accountability, efficiency, and integrity in City government, as well as to investigate complaints of fraud, financial waste, and abuse. The following synopsis is a condensed version of the full report provided to City management officials and does not contain all investigative information.

In December 2023, the OIG received a complaint alleging a meal service subcontractor (Meal Service Subcontractor) was owed close to \$300,000 for meals provided at a Shelter funded by the Mayor's Office of Homeless Services (MOHS).

### **Background**

MOHS runs multiple shelters for men, women, and families in the City. In April 2020, the City entered a contract with a company that owns a local hotel (Hotel Owner).<sup>1</sup> According to the agreement, the City rented 123 rooms from the Hotel Owner for the MOHS Shelter.<sup>2</sup> According to the contract, the Hotel Owner was responsible for submitting invoices that included an itemized list of unoccupied rooms, meal charges, and cleaning services. The contract states the Hotel Owner shall provide three box meals daily at \$6.00 per meal.

In July 2022, the City entered a contract with an additional vendor (Shelter Vendor) that provided mental health treatment and prescription management services at the Shelter. A MOHS Emergency Services Manager (MOHS Manager) stated they held a meeting with the Hotel Owner and Shelter Vendor before the contract began to discuss the proper invoicing process. The MOHS Manager advised both that the Meal Services Subcontractor should submit invoices to the Hotel Owner. The Hotel Owner would then submit the meal services invoices to the City for reimbursement.

The Shelter Vendor also had a budget line for food in their City contract. When the Shelter Vendor began providing services in August 2022, they decided to change meal service providers. The Shelter Vendor reached an agreement with the Meal Services Subcontractor. The Meal Services Subcontractor began providing meals that same month and would send invoices to the Shelter Vendor. The Shelter Vendor would pay the Subcontractor's invoices upfront and then send invoices with itemized receipts to the City to be reimbursed.

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<sup>1</sup> For report purposes, Hotel Owner encompasses the property owner and their property management company.

<sup>2</sup> This agreement occurred approximately one month after the Covid-19 pandemic began.

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Table 1 below displays each entity’s role at the Shelter.

Table 1: Entities and Roles at HIE from August 2022 to 2024

Entity	Role at HIE Men’s Shelter
Hotel Owner	Listed property owner and their property management company submitted invoices on behalf of them.
Shelter Vendor	Provides services such as mental health treatment and prescription management.
Meal Services Subcontractor	Provides meals to residents.

**OIG INVESTIGATION**

*Double Payments*

The Meal Services Subcontractor was the only meal vendor at the Shelter since August 2022. Between August 2022 and June 2023, the Meal Services Subcontractor reported sending invoices for payment to the Shelter Vendor only and not the Hotel Owner.

The OIG reviewed invoices submitted to the City by the Hotel Owner and the Shelter Vendor between August 2022 and June 2023. Both entity’s invoices included costs for the same meals. The Shelter Vendor submitted supporting documents for the meal costs, while the Hotel Owner did not.

The Workday invoice records reviewed support that the City paid the Shelter Vendor \$643,220.10 and the Hotel Owner \$460,920 for the same meals at the Shelter between August 2022 and June 2023 (Table 2). The Hotel Owner received less than the Shelter Vendor because they were billing meals at a lower rate than the Shelter Vendor during this period.

Table 2: Amount Paid by the City for Meals at the Men’s Shelter Between August 1, 2022, and June 30, 2023

Entity	Invoiced Meal Costs to the City Aug. 2022 to June 2023
Shelter Vendor	\$643,220.10
Hotel Owner	\$460,920.00
<b>Total Amount Paid by City</b>	<b>\$ 1,084,820.10</b>

The Hotel Owner did not provide supporting documentation for payments to the Meal Services Subcontractor. The OIG subpoenaed bank records for the entities involved. A review of the financial records found no record of payment from the Hotel Owner to the Meal Services Subcontractor between August 2022 and June 2023. The records did show evidence to support that the Shelter Vendor issued

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payment to the Meal Services Subcontractor during that same period.

The Hotel Owner claimed they were not notified of the new Meal Services Subcontractor in August 2022 and continued to invoice the City without receiving invoices from the Meal Services Subcontractor. In May 2023, the MOHS Manager alerted the former MOHS Director and MOHS fiscal that the Shelter Vendor was paying the Meal Services Subcontractor.

According to MOHS' Fiscal Administrator (Fiscal Administrator), two different accounting employees processed the Hotel Owner's and Shelter Vendor's invoices separately. The Fiscal Administrator acknowledged this potentially led to miscommunication and may have contributed to meal costs being paid to the Hotel Owner and the Shelter Vendor.

In July 2023, the Meal Services Subcontractor began sending invoices to the Hotel Owner. Around the same time, the Shelter Vendor stopped making payments to the Meal Services Subcontractor since the Hotel Owner would pay them going forward.

### **Late Payments**

Evidence reviewed supported that the Meal Services Subcontractor was not paid timely by the Hotel Owner and was owed \$247,826.80 in December 2023. The Hotel Owner explained that the delay resulted from the City owing them more than \$2 million. In January 2024, the City made multiple payments to the Hotel Owner that totaled approximately \$1.9 million to decrease the balance owed. As of July 2024, the Meal Service Subcontractor reported an outstanding balance for meal services of \$10,512.

The investigation revealed multiple factors that potentially contributed to the late payments. Several employees reported constant turnover at MOHS, often leading to unclear communication and heavy workloads. Some witnesses noted that the recent arrival of the new MOHS Director has been beneficial, and invoices have been processed quickly with prompt payments to vendors.<sup>3</sup> The Hotel Owner noted their lack of Workday access to upload invoices. A MOHS employee reported problems with some Hotel Owner's invoices, such as line-items not matching.

### **Findings and Current Status**

The investigation found evidence to support that the City paid the Hotel Owner and the Shelter Vendor for the same meal services at the Shelter. The City paid the Hotel Owner approximately \$460,920 for meals they never provided. According to MOHS' response, MOHS met with Hotel Owner to discuss the overpayment of approximately \$460,920 and is working with the vendor to determine the amount the vendor must pay back to MOHS.

The OIG recommended routine collaboration between MOHS staff, especially involving City contracts with multiple vendors to ensure duplicate payments are not sent. MOHS has since implemented additional internal policies and procedures to ensure procurement contracts are managed effectively and efficiently. The Hotel Owner is no longer a contracted vendor with MOHS.

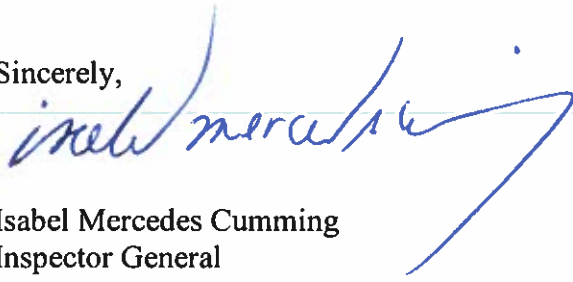
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<sup>3</sup> The MOHS Director's employment with the City began in October 2023.

The investigation substantiated that the Meal Services Subcontractor was not paid timely by the Hotel Owner and was owed \$247,826.80 in December 2023. The OIG also learned that the City owed the Hotel Owner payment for numerous invoices, and paid them approximately \$1.9 million in January 2024. However, as of August 2024, the Meal Services Subcontractor reports that the Hotel Owner owes them \$10,512.

The OIG is turning the evidence gathered over to the City's Law Department for further review and collection.

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, Baltimore City Solicitor

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**Mayor's Office of Homeless Services  
Response  
Case # 24-0028-I**



CITY OF BALTIMORE  
MAYOR BRANDON M. SCOTT

## MEMORANDUM

<b>TO</b>	Isabel Mercedes Cumming, Inspector General, Office of the Inspector General
<b>FROM</b>	Ernestina Simmons, Executive Director, Mayor's Office of Homeless Services (MOHS)
<b>DATE</b>	August 8, 2024 <b>Revised 9/5/2024</b>
<b>SUBJECT</b>	ROI 24-0028-I

I have had the opportunity to review the OIG Management alert and appreciate both your time and effort to understand the factors that resulted in our agency remitting payment twice for the same food service to two separate vendors. Over the past several months, I have worked closely with our teams to gain a greater understanding of the contracting process as it relates to sub-recipient contracts, emergency procurement request and vendor contracts. We are committed to improving our systems and process and are focused on ensuring efficient and effective practices that includes collaboration amongst our teams who are responsible for monitoring our sub-recipient providers and contracted vendors and processing monthly invoices.

Please see below for additional updates as it relates to the investigation:

### CONTRACTS

In April 2020, the City entered a contractual relationship with [REDACTED] via the emergency procurement process to provide 123 rooms as well as meals to ensure the health and safety of men during the pandemic. Throughout this agreement, [REDACTED] was contractually responsible for paying their food vendor and seeking reimbursement through MOHS as they submitted their invoices for rooms and additional items as specified in their contract. ***This contract was approved via the emergency procurement process and assigned to an accountant assistant to process monthly invoices for services rendered.***

In August 2022, the city contracted with [REDACTED] to provide 24-hour supportive services at the men's shelter. This contract was approved through the standardized process that includes approval by MOHS leadership, the approval of the scope of work, budget line items, legal review, audit review and BOE approval. Upon approval, service provider contracts are assigned a program compliance officer who reviews monthly expenditures to ensure eligibility for services rendered under the contact which includes approved budget line items, and an account assistant who processes monthly invoices. ***This contract was approved by a former employee who included food as an eligible line item which resulted in the both the program compliance***

*and fiscal accountant approving the monthly invoices for [REDACTED]. This contract should not have included food services as [REDACTED] was already contracted to provide food services.*

## **SYSTEMS IMPROVEMENT**

MOHS remains committed to implementing policies, procedures and practices that ensure effective and efficient practices. As such, we have implemented additional process as it relates to procurement contracts, This includes:

- Prior to submitting any request for vendor contracts, the fiscal administrator or designee will meet with the Program Compliance Supervisor or designee to ensure there is no duplication of services for the requested vendor.
- The Fiscal administrator will conduct monthly meetings with the assigned fiscal staff to ensure timely processing of invoices.
- If applicable, any vendor whose contract includes third party vendors, MOHS will require supporting documentation to support the reimbursement request. MOHS will also require for the vendor to provide proof that they have paid their third-party vendor the amount they have requested from MOHS for the services rendered.

MOHS met with [REDACTED] on July 31, 2024 and August 6, 2024 to discuss the over payment. We continue to have a small outstanding balance with approximately \$100,000 owed to [REDACTED] and have informed them we would not remit any additional payments until they reconcile the account with MOHS. [REDACTED] **is no longer a contracted vendor with MOHS.**

If you have any questions or require any additional information, please do not hesitate to let us know.