

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



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

**Investigative**  
**Report Synopsis**

**OIG Case #24-0048-I**

**Issued: May 22, 2024**



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



May 22, 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 March 2024, the OIG received a complaint alleging that a Baltimore City Department of General Services (DGS) janitorial vendor (Vendor 1) was failing to compensate employees in a timely manner for all hours worked in a pay period. According to the contract, Vendor 1 was responsible for cleaning 13 City buildings, including City Hall, and began performing services in February 2024. The investigation found evidence to support the complaint allegations and the OIG issued an interim report to City management.

### **Employee Wage Concerns**

The OIG reviewed documents showing that Vendor 1's first paychecks issued on Feb. 23, 2024, were not cleared by employees' financial institutions, or check cashing locations, resulting in overdraft fees. On Feb. 29, 2024, Vendor 1 informed DGS that the check issues resulted from their failure to sign an affidavit with Vendor 1's new payroll vendor. Vendor 1 reported to DGS that they had reimbursed three employees for overdraft charges they incurred. The investigation revealed Vendor 1 paid some employees through different checking accounts and money-transfer apps.

Information reviewed showed that Vendor 1 issued checks for employees approximately three weeks after the pay period ended despite listing a biweekly pay schedule. The last compensated pay period for Vendor 1 was from March 3 to 16, 2024, with paychecks issued on April 5, 2024. Witnesses also reported other compensation concerns, including alleged failure to pay overtime, questionable tax deductions, reduced work hours, and no information provided regarding sick or vacation leave accruals.

### **City Code and Other Labor Regulations**

According to Baltimore City Code Article 5, §26-1, *Living Wages for Work Under Service Contracts*, service contractors are defined as those awarded a City service contract. Vendor 1's contract award document notes the contract is a Goods and Services Contract. Service workers are defined as any non-professional employee of a service contractor.

Article 5 §26-5 states that service workers shall be paid at a frequency no less than biweekly with the full amount due at the time of payment. Article 5, §26-6(a) requires a City contractor to pay service workers at the overtime rates established by the Board of Estimates (BOE), which is at least 1.5 times the regular rate of pay for all hours worked more than 8 hours in any work day, or 40 hours in any work week. Article 5, §26-7 states that if any service worker is paid less than the compensation to which the worker is entitled under this subtitle, the contractor shall make restitution to the worker for the amount due and shall pay the City \$50 per day for each employee so underpaid. Each day's violation is considered a separate offense.

#### **REPORT FRAUD, WASTE AND ABUSE**

HOTLINE: 443-984-3476/800-417-0430 EMAIL: [OIG@BALTIMORECITY.GOV](mailto:OIG@BALTIMORECITY.GOV) WEBSITE: [OIG.BALTIMORECITY.GOV](http://OIG.BALTIMORECITY.GOV)

*This public synopsis is only a summary of a more comprehensive report of investigation submitted to the appropriate City management official*

In addition to the City Code, these payment issues may violate the Fair Labor Standards Act and State of Maryland regulations.

### **Findings and Current Status**

The investigation revealed that Vendor 1 did not compensate employees in a timely manner. The evidence reviewed indicated that payments were executed several weeks after the pay date. The lack of proper compensation may violate the City Code and other Federal or State regulations. The OIG recommended DGS partner with the City's Wage Commission and Law Department for further review and resolution.

According to DGS' response, Vendor 1 reported financial distress and inability to continue operations on the contract. The City acted swiftly after Vendor 1's disclosure and terminated Vendor 1's contract on April 17, 2024, reassigning Vendor 1's work to a second vendor on the contract (Vendor 2). Vendor 2 also hired Vendor 1's employees.

The OIG received information that Vendor 2 has compensated the employees since they were hired, and they are receiving payment for the April pay periods. However, witnesses report they are still waiting for further compensation, including the pay period for the last two weeks of March 2024. The OIG recommends DGS continue to work with the Law Department and the affected employees so they can be made whole.

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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**Department of General Services**

**Response**

**Case # 24-0048-I**

<b>FROM</b>	NAME & TITLE	Berke Attila, Director	CITY of BALTIMORE  <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Department of General Services 200 N. Holliday St., Suite 800		
	SUBJECT	DGS Contractor Payment Issues Case #24-0048-I		

DATE:

**TO**

Office of the Inspector General  
 100 N. Holliday St., Suite 635  
 Baltimore, MD 21202

May 3<sup>rd</sup>, 2024

This correspondence will serve as the Department of General Services' (DGS) official response to the Office of the Inspector General's (OIG) Management Alert for Case #24-0048-I.

DGS appreciates the OIG's efforts to ensure that City vendors compensate their employees in a timely manner for all hours worked. DGS agrees with the OIG's investigative findings regarding [REDACTED].

On **Monday, April 15th**, [REDACTED], the owner of [REDACTED] informed the City that the company was facing financial distress due to wage garnishments from the Internal Revenue Service and would be unable to meet payroll for the prior pay period. Despite our inquiries about continuing services through the week, [REDACTED] confirmed on **Tuesday, April 16th**, via email to Chief Procurement Officer Adam Manne, that they would not be able to continue operations and had notified their employees accordingly.

Following discussions between DGS, the Bureau of Procurement, the Law Department, and the City Administrator, we took immediate action to reassign the buildings within [REDACTED] portfolio to [REDACTED], another custodial contract holder, via a walk-on item at the Board of Estimates (BOE). On **Wednesday, April 17th**, the BOE formally terminated the contract with [REDACTED] and reassigned the award solely to [REDACTED]. At DGS' request, [REDACTED] also agreed to hire [REDACTED] former employees to provide them continuity of employment.

On **Wednesday, April 24th**, DGS met with the Wage Commission and Law Department and concluded that the Wage Commission would further investigate the overtime pay and compensation concerns on behalf of the former [REDACTED] employees. This investigation is currently underway.

DGS remains committed to ensuring continuity of critical vendor services while partnering with the Law Department and Wage Commission to identify a resolution to the investigative findings outlined in the OIG's report.

Again, we thank you for your attention to this matter. Please do not hesitate to contact DGS with any further questions.

Sincerely,



Berke Attila, DGS Director