

OFFICE OF THE INSPECTOR GENERAL CITY OF BALTIMORE

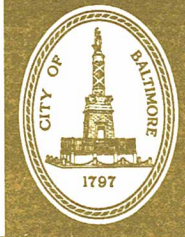


Isabel Mercedes Cumming
Inspector General

Investigative Report Synopsis

OIG Case # 19-0004-I

Issued: October 19, 2018



October 19, 2018

Dear Citizens of Baltimore City,

The Office of the Inspector General (OIG) received a complaint regarding a high-ranking employee of the Traffic Division for the Department of Transportation (DOT). The complaint alleged this employee misappropriated funds and engaged in conflicts of interest. As set forth below, the OIG found no evidence of misappropriation, but it did identify evidence that amounted to an appearance of a conflict of interest.

The mission of the OIG is to promote accountability, efficiency, and integrity in City government, as well as the investigation of complaints of fraud, financial waste, and abuse in City government. According to the complaint, the DOT employee misappropriated certain inspection fees paid by contractors who perform construction using cranes. The OIG found no evidence to substantiate this claim, as all permitting fees are paid to a separate DOT division.

The complaint also alleged the employee engaged in conflicts of interest by giving preferential treatment to a City contractor with whom his father is employed. The OIG determined the complainant believed, incorrectly, that the employee's father is employed by a major utility company with contractual ties to the City. In fact, the employee's father is employed by another company which performs subcontracting work for the aforementioned utility, and also has direct contractual ties with the City.

The complaint alleged that the employee improperly gave his father's employer blanket permits, which allowed that company and its subcontractors to obstruct City streets without purchasing individual permits in advance of the work. The OIG determined that the utility company properly paid \$500,000 annually to purchase blanket permits from the City, in addition to spending \$1.8 million to purchase more than 3,000 individual permits.

Additionally, the complaint alleged the DOT employee prevented his subordinates from issuing Stop Work Orders and assessing fines to certain contractors when they exceeded the scope of their permits. The OIG determined that two Traffic Division employees are currently responsible for performing inspections to ensure that contractors are complying with the restrictions contained in their permits. These employees are authorized to shut down a construction site if there is an egregious violation of the permitting regulations. However, the OIG determined the Traffic Division does not currently have a policy whereby fines can be assessed for permit violations.

Finally, the complainant alleged that, when particular contractors' permit applications were denied, the high-ranking employee overrode the denial, enabling the company to receive its permit. The OIG was unable to independently substantiate whether this had occurred, due



insufficient safeguards in the computer program used by the City to process permit applications. Because multiple Traffic Division employees used a single generic login and password to access the program, no audit trail was created to establish which user took a particular action in the system. During his interview with the OIG, the employee admitted that he has approved permit applications, possibly including those submitted by his father's employer, which had been previously denied by other Traffic employees. The employee reported that this was done only after the contractor corrected whatever deficiency caused the initial denial. In light of this admission, the OIG determined that the appearance of a conflict of interest exists.

Following the OIG's investigation, management concurred with the OIG's findings. Based on the OIG's recommendation, DOT plans to review the process by which it ensures that contractors adhere to permit restrictions, and impose policies and procedures that best achieve compliance with permitting regulations. Additionally, DOT is working with the permit processing software company to ensure all permit approvers utilize an individual login that creates an audit trail for all transactions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Isabel Mercedes Cumming".

Isabel Mercedes Cumming, Inspector General
Office of the Inspector General

Cc: Hon. Catherine E. Pugh, Mayor of Baltimore City
Hon. Bernard C. Young, President, City Council
Hon. Joan M. Pratt, Baltimore City Comptroller
Honorable Members of the Baltimore City Council
Hon. Andre M. Davis, City Solicitor