

OFFICE OF THE INSPECTOR GENERAL CITY OF BALTIMORE



**Isabel Mercedes Cumming
Inspector General**

Investigative Report Synopsis

OIG Case # 19-0013-I

Issued: November 14, 2018

CITY OF BALTIMORE

CATHERINE E. PUGH, Mayor



OFFICE OF INSPECTOR GENERAL

640 City Hall
100 N. Holliday Street
Baltimore, Maryland 21202

November 14, 2018

Dear Citizens of Baltimore City,

The Office of the Inspector General (OIG) initiated an investigation regarding financial waste in the Office of Chronic Disease Prevention (OCDP) within the Baltimore City Health Department (BCHD). The complaint alleged that management routinely engaged in wasteful spending of Baltimore City funds and cited management's inability to manage the program.

First, it was alleged that managers engaged in the wasteful spending of lead revenue funds generated from subpoenas for environmental and medical records, public information requests, and fines assessed against landlords in Baltimore City. Second, it was alleged that a manager, against the advice from the Baltimore City Law Department, did not enact updated policies to govern the program effectively, efficiently and within the guidelines of the law.

The OIG investigation confirmed wasteful spending of City funds by OCDP managers. From FY17 through FY18, the OIG estimates managers wasted \$170,000 of the \$345,955.52 spent from the lead revenue accounts. The wasteful spending included the purchasing of gifts for staff, the ordering of excessive promotional items, the funding of conferences, and the purchasing of snacks for the OCDP. The OIG investigation found a lack of internal controls for both the purchasing process and the use of promotional items.

The investigation further revealed that OCDP management did not manage the environmental and medical records room in accordance with the Maryland Public Information Act (MPIA), and the Health Insurance Portability and Accountability Act (HIPAA). Customers were billed incorrectly for records requests because of the OCDP management team's failure to act on the advice from Baltimore City's Law Department.

Sincerely,

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



Cost of Promotional Items

The OCDP engages in significant community outreach and participates in a number of health fairs in Baltimore City. The outreach activities include educational workshops or “gatherings” at childcare centers, schools and churches, and large-scale events such as AFRAM and the Back to School event. As part of community outreach, the OCDP distributes educational, programmatic and promotional items. In FY17 and FY18, the OIG found purchase requisitions totaling approximately \$120,000 for promotional items. Most of these items were paid for with funds from lead revenue accounts.

On July 3, 2018, the OIG conducted an inventory of promotional items in the OCDP. In part, the OIG counted more than 1,100 earphones, 1,200 water bottles, 1,500 nail files, 860 Frisbees, 4,500 ink pens, and more than 55 other types of promotional items ranging in quantities from 12 to over 4,000. OCDP management informed the OIG that prior to the investigation they had not conducted an official inventory of promotional items for years. Management confirmed the absence of inventory policies governing the use, distribution and storage of promotional items. OCDP management admitted that too much inventory was maintained as a result of the over-purchasing of promotional items.

Examples of mismanagement include excessive purchasing of umbrellas. In November 2017, the OCDP purchased 250 umbrellas as holiday gifts for the OCDP and Office of Youth Violence Prevention (OYVP) staff, totaling \$2,987.50. There was an additional order in December 2017 for 100 umbrellas totaling \$1,595. During the OIG inventory, 210 of the 350 umbrellas ordered were still in the storage room.

Excessive Inventory of Promotional Items

After the OIG conducted the inventory of promotional items, the inventory list was shared with BCHD executives. BCHD executives immediately halted ordering any additional promotional items until the current inventory was depleted. BCHD executives also began developing inventory policies agency-wide.

The OCDP offers several important services to the citizens of Baltimore. Some programs conduct home visits providing families with programmatic items to include mop buckets, cleaning supplies and on occasion, vacuum cleaners in an effort to help citizens establish and maintain a “healthy home.” The programmatic items within the OCDP are inventoried and stored in secure areas, unlike the promotional items. The mission of the Childhood Lead Poisoning Prevention program (CLPP) is to reduce lead poisoning in the City of Baltimore through primary prevention, lead testing, home visits and case management, advocacy, and aggressive enforcement of the City’s lead laws. A former BCHD executive told the OIG that the children of Baltimore City are the first priority of the CLPP.

The majority of OCDP supervisors and staff interviewed by OIG were alarmed by the quantity of promotional items in the office. Staff confirmed that they were given aluminum water bottles as well as other promotional items for personal use. Some staff considered the items gifts, but management contended that the items be used when the staff conducts community outreach. The OIG investigation determined that all staff received promotional items, regardless of their participation in community outreach.

Excessive Spending

The lead revenue accounts were used to fund holiday parties and meetings costing thousands of dollars. The OIG investigation found OCDP management used money from the lead revenue accounts to purchase office furniture for staff members, snacks, coffee and tea for the office. A few examples of approved purchases include \$200 for tea, \$150 for honey and a \$466.40 chair for a member of the management team.

A program that falls under the OCDP but does not assist in the generation of revenue, used the revenue funds to purchase 1,000 change purses and three tablecloths totaling \$1,300. Additionally, the OIG found OCDP management used the revenue funds to make multiple purchases for the Billion Step Challenge. In March 2018, purchases for Billion Step Challenge t-shirts totaling \$2,000 were charged to the lead revenue accounts. Furthermore, a Billion Step Challenge WBAL commercial costing \$27,000 was funded by the lead revenue accounts.

Costly Travel

The Baltimore City Travel Policy, AM-420-1, encourages economic travel when on official City business. The OIG investigation revealed OCDP management used funds from the lead revenue accounts to pay for the OCDP staff to attend conferences. For the past two years, two OCDP Directors attended the National Association of County and City Health Officials (NACCHO) conference together using funds from the lead revenue accounts. This year the two Directors attended the three-day National Environmental Health Association (NEHA) conference in California in June 2018 and the two-day NACCHO conference in New Orleans in July 2018. The total cost for both conferences was \$10,685.69, all funded with monies from the lead revenue account.

The OIG investigation determined there was no prior approval for travel to the NEHA conference from the Board of Estimates (BOE), mandated by Travel Policy AM-240-3. According to the policy, BOE does not grant travel for more than one person from an agency per event without justification. One of the Directors traveled to the NEHA conference on a Sunday without justification for weekend travel, per the travel policy. The City of Baltimore incurred additional costs of \$237 to cover the additional day for the Directors. During the booking process, OCDP management purchased a Southwest Airlines ticket classified as an "anytime" fare, which cost \$441 more than the lower cost option, the "wanna get away" fare, a violation of the travel policy. All expenses associated with travel to the NEHA conference were paid for with funds from the lead revenue accounts.

The same two OCDP Directors who attended the NEHA conference attended the NACCHO conference a few weeks later. The NACCHO conference concluded at 4:30 p.m. on a Thursday. The Directors stayed in New Orleans until late Friday evening. They opted to stay an extra night, costing the City of Baltimore an additional \$426, increasing the total cost for both Directors to attend the conference to \$5,250.06. For the NACCHO conference, both Directors chose to purchase "anytime" tickets, costing the City an additional \$358 per ticket. The NACCHO conference travel expenses were paid with funds from the lead revenue accounts.

Compromised Procurement Card

Upon further examination of the aforementioned travel expenses, the OIG investigation revealed in May 2018, an accountant in the BCHD compromised a senior BCHD official's procurement card. The BCHD accountant emailed the procurement card number, expiration date and three-digit security code to an OCDP Director without authorization and in violation of the procurement card policy. The BCHD accountant told the OIG that the procurement card information was sent to the Director after the Director requested the information in order to book travel. The BCHD accountant did not question the request because the requesting Director is a manager within the BCHD. After the information was improperly sent to the Director, the procurement card was used to pay for additional expenses associated with the NEHA and NACCHO conferences.

Revenue Accounts Controls

A member of OCDP management believed there is a separate procedure and budget outside of the normal Baltimore City process for the lead revenue accounts. The same individual contended that the OCDP had authorization from the Bureau of Budget Management and Research (BBMR) in the Finance Department and BCHD executives to utilize the lead revenue funds to not only further the mission of the CLPP, but also the entire OCDP. The BCHD could not provide the OIG with approved documents or policies that govern how the lead revenue accounts can be used. A former BCHD executive informed the OIG that he was perplexed as to why the funds in revenue accounts were not put into the General Fund. Previously, there were discussions with BCHD executives regarding the elimination of all revenue accounts within the BCHD due to lack of fiscal and programmatic controls.

A member of OCDP management informed the OIG that they believed the funds generated from the records room fees and legal fines are supposed to be used by the CLPP to further the mission of serving children exposed to lead in Baltimore City. A former accountant supervisor told the OIG that all purchases that use funds from the CLPP revenue accounts should be "programmatically justified," meaning the funds should be used for the benefit of the CLPP only.

A former BCHD executive informed the OIG that they believed the funds from the lead revenue accounts are private dollars from "bad landlords; it is not City money." The OIG found in October 2017, that same former BCHD executive used \$1,930.32 funds from the lead revenue accounts in order to speak at the American Public Health Association Conference (APHA) about public health, crime and violence prevention in Georgia.

The OIG found that all payments to the lead revenue accounts are made payable to the Baltimore City's Director of Finance. BBMR responded to the OIG's investigation concerning the allegation that lead revenue is not "City money." The response of BBMR is attached. In summary, BBMR stated, some agency personnel perpetuate a belief that if their agency takes a lead role in producing the revenues, they in turn should be able to spend those funds as they see fit. BBMR informed the OIG that those mistaken mindsets create an environment where an agency believes revenues collected are not City money. The recommendation of the BBMR Chief was to close down the lead revenue accounts and transfer the funds to the General Fund to insure maximum oversight.

Records Room Fee Schedule and Policies

In March 2009, the BCHD issued the *Uniform Guidelines for Complying with Processing Requests for Records*, a directive complying with the Maryland Public Information Act (MPIA). In 2011, a former BCHD attorney instructed the records room staff to modify the charges associated with the CLPP fee schedule. That directive did not comply with the MPIA.

In 2015, a new manager was given oversight of the Medical Records component of the CLPP. Since that time, at least one member of OCDP management was informed multiple times by the Law Department to implement an updated records room policy and fee schedule that complies with the MPIA. At the time this investigation began, the OCDP had not updated any policies governing the CLPP records room nor had the fee schedule been updated.

In July 2018, prior to the conclusion of this investigation, the OIG informed the former Health Commissioner of the compliance concerns relating to the CLPP records room fee schedule. One week later, at the direction of the former Health Commissioner, the CLPP records room staff were instructed to stop billing clients for records requests until the fee schedule could be brought into compliance. BCHD executives have since sought advice from the Law Department in this matter.

Continuing with the investigation into the OCDP, complaints focused on the lack of records room policies. Staff alleged that the records room was not properly secured, as the lock on the door was broken. During the OIG's inspection of the OCDP, the door to the records room was observed to be wide-open, allowing unauthorized staff access to confidential health records in direct violation of HIPAA. When the OIG informed BCHD management of these violations, corrective action was taken immediately to ensure the records room complied with HIPAA.

INVESTIGATIVE FINDINGS

The OIG investigation revealed significant waste and mismanagement of City funds within OCDP. The lack of internal controls, as well as the mindset of OCDP management were found to be contributing factors. Some BCHD management saw the revenue accounts as "private money" and not "City money."

The OIG investigation found the CLPP was in violation of various laws with regard to charging record fees and the management of health information records. There were no controls regarding access to the records room. The OIG investigation found OCDP management was previously advised of these shortcomings by the Law Department and failed to act accordingly. The lack of internal controls regarding access to protected health records puts the City of Baltimore at significant risk.

The OIG referred the operational issues to management. In a subsequent response, the former Baltimore City Health Commissioner concurred with most of the findings but questioned the amount of waste estimated by the OIG since she believed the promotional items would eventually be used. The OIG determined that some of the materials were unusable or damaged. The former Baltimore City Health Commissioner also failed to respond to the OIG's finding that the BCHD's Director of Finance's procurement card was compromised. The OIG informed the Acting Baltimore City Health Commissioner that at the time of the investigation, the abundance of promotional items, some dating back to 2016, was waste due to lack of inventory policy and internal control.

Robert Cennamo

FROM	NAME & TITLE	Robert Cennamo, Chief	CITY OF BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall (410) 396-4774		
	SUBJECT	Health Department Response		

TO

DATE

Office of the Inspector General
Attn: Inspector General, Isabel Cumming
100 Holliday St., Suite 635

October 17, 2018

Dear Inspector General Cumming:

The Finance Department has reviewed this OIG report and has the following comments and recommendations:

The City's budget separates funds that are restricted for a particular purpose into the following accounts: 4000 (Federal grants), 5000 (State grants), and 6000 (Private Grants and Special Revenue). The City's policy follows governmental accounting rules, which specify that special funds are to be used for general government financial resources that are restricted by law or contractual arrangement to specific purposes. All other revenues are to be deposited in the City's General Fund.

Finance has learned, over many years, that some Special Funds were set up incorrectly without a valid legal or contractual reason to restrict the funds. This leads to a mistaken impression among agency personnel that the funds are only to be used for that particular program. In addition, we have found that some agency personnel perpetuate a belief that if their agency takes a lead role in producing the revenue (by performing an inspection, issuing a permit, or imposing a fine, for example), that they in turn should be able to spend those funds as they see fit. Those mistaken mindsets create an environment where an agency believes that revenues collected are "not City money," as described in the OIG report.

The City's budget relies on a variety of revenue sources including taxes, fines, and fees, among others. Some revenue sources that are the result of agency effort more than cover the cost of the service and thus provide additional revenue for the City, such as TV franchise fees (Cable), traffic camera fines (Transportation), and parking fines (Parking Authority). Other revenue sources don't cover the full cost of the service and require additional General Fund support, such as landfill tipping fees (Public Works) and EMS transport fees (Fire), among others. It is in the City's overall best financial interest to restrict revenue in Special Funds only when absolutely necessary, so that the City's General Fund has enough flexibility to meet service demands across many agencies and programs.

Given the OIG's findings, we recommend that the Lead Special Fund account be closed down and the balance transferred to the General Fund. Going forward, revenue generated by these programs should be deposited directly to the General Fund. Any funds needed to support the Lead program should be requested as part of Health's annual General Fund budget request in service 305 (Healthy Homes).

cc: Henry Raymond
Gerry D'Angelo