

Comptroller Response

Case # 20-0058-I



Office of the Comptroller

Bill Henry

Department of Audits | Department of Real Estate
Municipal Post Office | Municipal Telephone
Exchange

January 25, 2021

Ms. Isabel Mercedes Cumming
Inspector General
Office of the Inspector General
City Hall, Suite 635
100 N. Holliday Street
Baltimore, MD 21202

Dear Inspector General Cumming:

Thank you for your letter of January 11, 2021 to Mayor Brandon Scott and the attached Confidential Report of Investigation for Office of Inspector General (OIG) Case #20-0058-1. The Confidential Report of Investigation includes a recommendation that the Department of Audits complete a full audit of all City programs that received grant awards from the Customer Investment Fund (CIF) administered by the Maryland Public Service Commission (PSC). After reviewing the Confidential Report, I was deeply concerned by your findings relating to \$50,000 that "went missing" from the Department of Planning's Urban Heat Island Mitigation program; the significant underutilization of funds by the Department of General Services (DGS) for its Cogeneration program; the improper hiring of a consultant using CIF funds; and the overall lack of uniform expenditure reporting and recordkeeping by the Bureau of the Budget and Management Research (BBMR) of the data submitted by the City's CIF program liaison.

The CIF grant awards were made by the PSC to the City beginning in Fiscal Year 2014 and continuing through FY 2018. The CIF funds were allocated to and spent by four different agencies: the Department of Housing and Community Development (DHCD), the Department of Planning, the Mayor's Office of Human Services (MOHS), and the Office of Sustainable Energy, which was housed in the Department of Public Works (DPW). In addition, the Department of Finance (DOF) played a key role in tracking the use of CIF funds. Any audit of CIF funding therefore potentially encompasses five City agencies.

Until 2017, the Department of Audits conducted financial and performance audits of all agencies on a quadrennial basis. On December 30, 2016 the Department of Audits conducted a quadrennial performance audit of DPW, but none of the performance measures selected for review related to the Office of Sustainable Energy. Similarly, none of the subsequent biennial audits of DPW, DHCD, MOSH, or DOF reviewed any aspect of CIF funding. However, a Financial Audit of the Department of Planning issued on October 14, 2020 contained a control deficiency finding relating to weaknesses in internal controls over review and approval of grant expenditures. The finding was directly related to \$18,000 grant funds for the Baltimore Energy Challenge Program, which was one of the programs funded under CIF.¹ This audit finding

¹ The entire Audit Report can be found here:

https://comptroller.baltimorecity.gov/sites/default/files/DOP_%20FIN_Audit%20Report.pdf.

The internal control finding is detailed on page 20 of the Audit and the agency's response is on page 23.

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could provide a starting point, at least for the Department of Planning, for the more thorough review you recommended in your Confidential Report of Investigation.

As Baltimore City Comptroller, I am committed to supporting the Department of Audits in its work of independent, rigorous reviews of City agencies. I am also committed to ensuring agencies are held accountable for implementing meaningful, lasting measures to ensure tighter financial controls and more efficient management practices; the citizens whose taxes fund our agencies deserve no less. In this spirit, I have directed the Department of Audits to undertake the review you recommend in the Confidential Report of Investigation. Staff from the Department of Audits will be in touch with your staff within the next 3-4 weeks to discuss the details of your investigation as they prepare the scope of work for the audit.

In conclusion, I commend you and your staff for your outstanding work on this complex and multi-faceted investigation of apparent misuse and waste of CIF funds. Please consider the Comptroller's Office and the Department of Audits as partners in your efforts on this and future investigations.

Thank you again for the opportunity to respond in an official capacity to the Confidential Report of Investigation for OIG Case #20-0058-1. If you have any questions or would like to discuss this matter in greater detail, please contact me at 410-396-4577.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Henry", with a long horizontal flourish extending to the right.

Bill Henry, Comptroller

cc: Ms. Celeste Amato, Chief of Staff, Comptroller's Office
Mr. Michael Huber, Chief of Staff, Mayor's Office
Josh Pasch, CPA, City Auditor
James L. Shea, Esq, City Solicitor