

Office of the Inspector General



2014 Annual Report



Baltimore City – Federal Hill



OFFICE OF THE INSPECTOR GENERAL BALTIMORE CITY

100 N. Holliday Street, Suite 640
Baltimore, MD 21202



September 1, 2014

Honorable Mayor, Members of the City Council, and Citizens of Baltimore:

It is my privilege and honor to provide you with this Fiscal Year (FY) 2014 Annual Report for the Office of the Inspector General (OIG).

The OIG was created as an oversight authority that could effectively investigate at all levels of City government, while remaining autonomous, independent, and insulated from political influences. Mayor Stephanie Rawlings-Blake and her leadership team have fully respected the independence of the office and provided the necessary support. I am pleased to report that the City Council has also been supportive of the operations of the OIG during this reporting period.

The scope of authority and powers of inquiry vested in the OIG include conducting objective and independent audits, reviews, and investigations relating to Baltimore City government and, in some cases, those who do business with the City, in order to:

- promote efficiency, accountability, and integrity;
- detect and deter fraud, waste, and abuse; and
- promote a strong code of ethics.

The OIG is uniquely positioned to serve as a major contributor in the effort to strengthen and maintain trust in City government and to assist the City in achieving better results with limited resources. We are committed to working toward an open, honest, and accountable government and have continued our practice of publicly posting synopses of our investigations and findings. These public postings may be found on the [OIG Web Page](#). Additionally, those interested in our actions may follow the OIG on Twitter@OIG_BALTIMORE.

OIG efforts could not be successful without the support and assistance of the overwhelming majority of City employees, who do their jobs honestly and effectively every day, and the ever vigilant public who bring forward their concerns and observations. I encourage your continued support in our efforts to build a stronger, more efficient, and open City government.

Very Truly Yours,

Robert H. Pearre, Jr.

Overview

The Office of Inspector General's (OIG's) Annual Report is intended to serve three purposes:

- 1) To set forth the OIG's mission and focus, and to explain its currently defined core functions;
- 2) To summarize the OIG's activities during the past reporting period and present certain findings and recommendations; and
- 3) To outline the OIG's objectives for the coming year.

During Fiscal Year (FY) 2014, the OIG focus was largely dedicated to its rebuilding. Upon arriving just prior to the start of the FY, the new Inspector General (IG) was faced with a diminished staff of one Agent and one Evaluator who were struggling to address an overwhelming backlog of cases while continuing to log new complaints. Also, a number of well-conceived initiatives were being held in abeyance pending staffing increases and a new direction. The OIG advertised for new hires in the summer of 2013 and brought on four new Agents beginning in September 2013. Two Agents were funded directly from the OIG budget and one was funded by, and dedicated to, the Department of Transportation (DOT). A fourth new Agent was brought on from the Law Department on a temporary detail pending the location of a funding source. A fifth new Agent, funded by and dedicated to the Department of Public Works (DPW), was brought on in February 2014.

The policy of entering into Memoranda of Understanding (MOUs) with City departments and agencies to dedicate Agents to cases in the funding entity was started in FY 2012 when the OIG entered into an MOU with DPW. Based on the success of the relationship, the DPW MOU has been extended through FY 2015. During FY 2013, this concept was expanded and similar partnerships were initiated with DOT and the Department of General Services (DGS). The DOT agreement was completed in the second quarter of FY 2013 but the position was not filled until the second quarter of FY 2014. The DGS agreement was initiated in FY 2013 but was later modified to include the Department of Recreation and Parks (DRP) as a co-sponsor of the position. As of the date of this Report, the DGS/DRP MOU remains unsigned although DGS has budgeted the funds for its half of an Agent. Given the target-rich environment in these departments, the OIG remains committed to getting this MOU signed in the near future.

During the second quarter of FY 2014, the OIG identified Police and Fire Worker's Compensation and Pension Disability fraud as an area worthy of investigative attention. One Agent was dedicated to this area of "Uniform Fraud." MOUs were drafted with the Baltimore Police Department (BPD) and the Baltimore City Fire Department (BCFD). Funding for one position was negotiated and secured with the two departments beginning in FY 2015. The OIG expects this relationship to bear significant fruit. Overall, the OIG hopes to expand on the MOU concept in

future years to acquire additional funding sources from other departments that may benefit from focused oversight efforts.

New Agent arrivals occurred across the first three quarters of FY 2014. After orientation and training, the process began of assigning and addressing the significant backlog of cases that had accrued during FY 2013. A number of these cases were closed out administratively due to prior termination of the subject employee or declined by the State's Attorney's Office due to stale evidence, expiration of the Statute of Limitations, or ambiguous internal City policies. However, several cases have been pursued and are producing results in early FY 2015.

Instrumental in managing the sizeable OIG caseload is the "Legal Files" case management software, implemented during the third quarter of FY 2012. It continued to perform well during FY 2014 and the OIG began to utilize more of its robust capability. Since its implementation, the Legal Files system has helped OIG staff successfully document, track, and refer over 330 cases.

Reporting Period

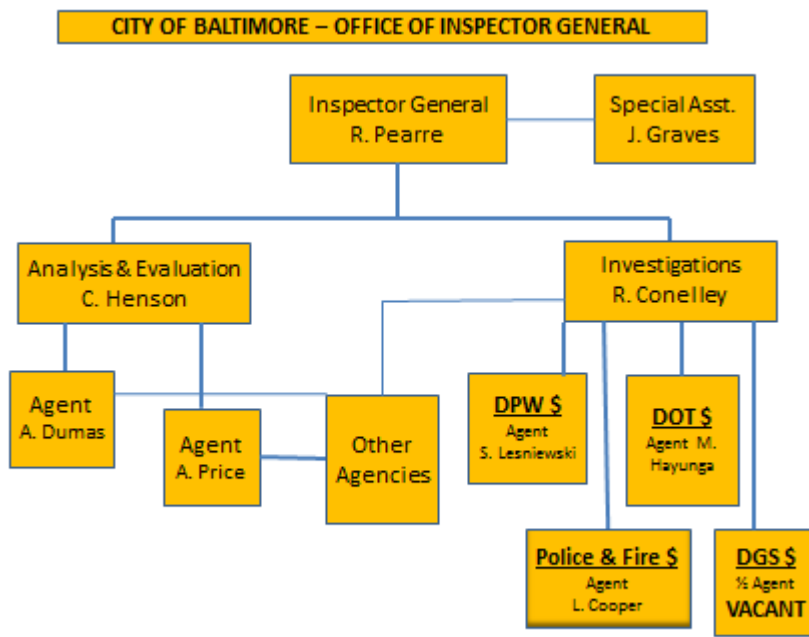
By Executive Order, the OIG Annual Report is due by September 1st of each year. Previous reports through 2011/12 adhered to the reporting period of August 21st through August 20th. For the 2012/13 annual report, approval was granted to shift the reporting period to coincide with the fiscal year ending June 30th. Because the Inspector General position was vacant for three months during FY 2013, and there were significant vacancies at the Agent position, the year-over-year comparability of most metrics was already compromised. With the new Inspector General arriving on June 17th, it was seen as a good opportunity to shift the reporting period for FY 2013 and future annual reports to June 30th to coincide with the City fiscal year and align with the budget. As a result of this shift, the 2012/13 reporting period reflects only 10.33 months of activity which should be taken into consideration when looking at year-over-year comparisons with the current and future reporting periods.

Institutional Authority

The Baltimore OIG was created by an Executive Order dated July 27, 2005, signed by former Mayor Martin O'Malley. The Executive Order established specific responsibilities, duties, processes, and authorities for the OIG as well as duties of City employees and persons doing business with the City.

Office Organization

As of June 30, 2014, the OIG had nine funded positions: The Inspector General, a Manager of Forensic Evaluation, one Lead Agent, five Investigative Agents, and one Special Assistant. Of the five Agents, three are currently dedicated to specific agencies and are funded by those agencies. The remaining two Agents support evaluations as well as investigations in all of the remaining departments and agencies. The OIG will continue to pursue opportunities to partner with other departments and agencies to increase staff and capabilities as well as entertain temporary assignments from other investigative agencies such as the BPD. The OIG organization is depicted in the following chart:



Office Budget

The OIG Budget during FY 2014 was \$739,998 which included \$50,000 for investigative rewards payments and \$75,000 for data analytics and technology upgrades. The hiring of new Agents required the additional purchases of software licenses, usage fees, and training as well as standard operating equipment such as desktop computers, cameras and mobile phones. The remaining balance in data analytics and technology in the amount of \$50,000 has been carried forward to FY 2015 as the OIG continues its search for an all-inclusive yet affordable data analysis package.

OIG Budget by Fiscal Year					
	2011	2012	2013	2014	2015
Transfers	0	0	0	0	(\$155,878)
Salaries	\$297,197	\$394,657	\$358,401	\$453,140	\$657,349
Other Personnel Costs	37,615	39,954	127,512	164,742	\$224,696
Contractual Services	45,537	95,970	95,451	88,409	\$85,062
Materials and Supplies	9,164	9,247	9,716	7,051	\$7,123
Grants, Subsidies, and Contributions	4,346	4,263	8,587	26,656	0
Equipment - \$4,999 or Less	-	-	-	-	\$3,288
Equipment - \$5,000 and Over	-	-	75,000	-	-
OIG Funded Positions	3	4	5	6	9
Total	\$393,859	\$544,091	\$674,667	\$739,998	\$821,640

Office Development

To deliver as fully as possible on its responsibilities, the OIG focuses on building a team that has the collective capacity to perform across various skill sets. These include investigation, auditing, program evaluation, and technical support. Traditionally, the OIG's role has been one that was founded on investigative efforts. Incorporating additional disciplines provides the capability to fully address the intended duties and responsibilities as outlined by the Executive Order. The five new Agents brought on in FY 2014 included two Certified Fraud Examiners (CFE), one attorney, one Certified Inspector General Investigator, and one CFE candidate who successfully achieved CFE certification in August 2014.

Despite the severe fiscal restraints faced by the City, the OIG continues to work with Mayor Rawlings-Blake and the various offices, departments and boards, to further build staffing to levels more properly able to address the range of issues presented. The issue of scope as it pertains to staffing involves building a team that possesses the requisite core skill sets and equipment to independently address the incredibly diverse issues presented across City operations.

One core area that remains a significant unaddressed priority for the OIG is the development of in-house technical support. The OIG must have the ability to competently develop and/or retrieve relevant electronic data and analyze it in a timely and effective manner. This capability goes well beyond that of most auditors

and investigators and has become a specialty in its own right. The OIG currently remains dependent upon the City's technology support services and has developed a good relationship with the Mayor's Office of Information Technology and its critically important Security Office. Although this relationship has improved, it presents questions of independence and confidentiality.

The OIG intends to develop and implement a data analytics capability and to leverage information from across various City databases to identify indicators of fraud, waste, and abuse. This will help the OIG move towards a more proactive effort designed to increase the probability of detection and reduce the duration of illicit activity. This function will be developed and overseen by the OIG Evaluator(s). As previously discussed, the OIG received a \$75,000 one-time funding initiative for this capability in the FY 2013 budget. This funding was carried forward into FY 2014 and a portion was used for technology purchases necessary for newly hired Agents. The balance of \$50,000 remains unencumbered.

The OIG will continue to work toward responsibly growing the Office to include functional and appropriate staffing levels across all relevant skill sets. Sufficient staffing levels and realistic position development is critical to ensuring effective operations that are both independent and confidential.

Intake, Review and Report Issuance Process

Matters alleging fraud, waste, abuse, and corruption within or impacting the City are considered tips or leads. Incoming tips or leads, regardless of source, are logged into an electronic database and assigned a case tracking number. Our goal is to review each tip or lead within seven days. During this review period, jurisdiction, sufficiency of information, and potential impact on the City are assessed.

If a case merits further action, it will be assigned for a preliminary inquiry designed to determine whether a formal investigation is warranted. This period should not exceed 45 days. The preliminary inquiry period permits the OIG to gather the sufficient level of information needed to establish case direction. During this period, efforts include, but are not limited to: securing evidence, conducting limited interviews, reviewing documents, requesting additional information, monitoring of electronic data, and occasionally, the issuance of subpoenas.

Once the preliminary inquiry is complete, one or more of the following actions may be taken:

- Referral or Informal Resolution – If it is determined that a case does not indicate criminal activity; significant or institutional fraud, waste, or abuse; corruption; or is a matter unrelated to the public trust, it may be referred to another agency for internal processing.

- Administrative Investigation – When the IG determines that a formal agency investigation, procedural review, and/or audit are warranted.
- Criminal Investigation - If it is determined that violations of criminal law may have occurred, the case may be worked jointly with the proper authority or referred to prosecutorial authorities upon completion.
- Unfounded or Closure – When it is determined that there is insufficient evidence to support the complaint. If the complainant is known, a written response and status will be provided. Any involved agency, vendor, or contractor will also be advised of the case status and any relevant recommendations made. Cases in this category may be placed in monitoring status for periodic review.

Upon completion of a full investigation, the OIG Agent will prepare a Draft Report of Investigation which includes any recommended policy or program enhancements resulting from the investigation. The draft report is forwarded to the affected department head, if any, for review and response. During this period the relevant department head may also present additional factual information that may have bearing on the findings and comment on any recommendations.

When the draft phase and any additional investigation are completed, the OIG issues a Final Report of Investigation to the Mayor, City Solicitor, and affected department heads. This final report serves as a foundation for the public synopsis, which is published on the OIG webpage and is available in hard copy upon request. During FY 2014, one final report was completed and a public synopsis was published. In addition, twenty memorandum reports and other products were disseminated to agency heads, the Mayor and the City Council.

Case Statistics

The OIG has continued to track data in a consistent fashion since the 2009/10 reporting cycle. As such, we are able to provide meaningful data comparisons over multi-year cycles. In past years, a three-year cycle was utilized. However, because the 2011/12 and 2012/13 cycles were non-representative, we have presented four years of data in this year's FY 2014 analysis. We will most likely return to three-year cycle comparisons for the FY 2015 annual report and that will remain the operating norm for future annual reports. Table #1, below shows commonly used acronyms that will be used throughout the data comparisons in this report.

Table #1. List of Common Acronyms Used

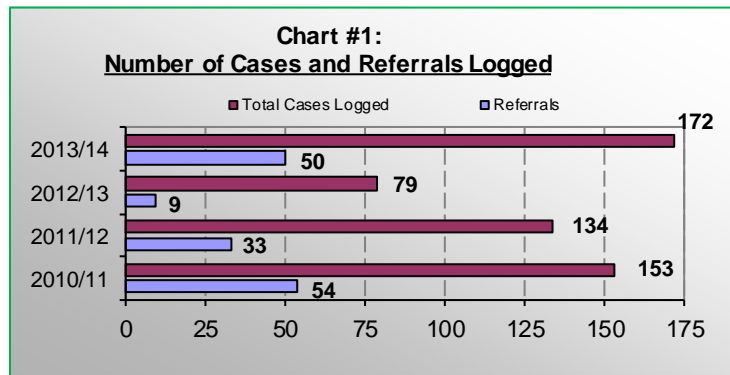
DOT	<u>Dept. of Transportation</u>	DHCD	<u>Dept. of Housing and Community Development</u>
HABC	<u>Housing Authority of Baltimore City</u>	DHR	<u>Dept. of Human Resources</u>
DPW	<u>Dept. of Public Works</u>	DRP	<u>Dept. of Recreation and Parks</u>
BPD	<u>Baltimore Police Dept.</u>	MOIT	<u>Mayor's Office of Information Technology</u>
BCFD	<u>Baltimore City Fire Dept.</u>	FIN	<u>Dept. of Finance</u>
DGS	<u>Dept. of General Services</u>	OIG	<u>Office of Inspector General</u>
MTE	<u>Municipal Telephone Exchange</u>	PABC	<u>Parking Authority of Baltimore City</u>

Also relevant to getting the most from the data below is recognizing the difference between a “case,” a “referral” and an “investigation.”

- **Case:** The general term for all matters logged by the OIG.
- **Referral:** A case that has been formally sent to an agency or department for handling internally.
- **Investigation:** A case that remains with the OIG for investigative purposes and represents the majority of the OIG Staff’s time and effort.

Number of Cases and Referrals Logged

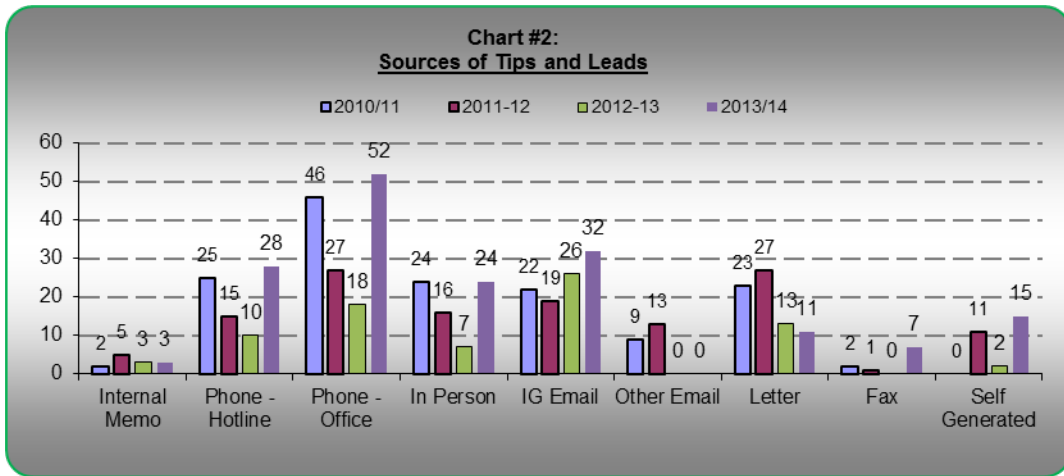
Chart #1 reflects an increase in both cases logged and referrals logged during FY 2014. New cases received increased by 118 percent and referrals grew by 456 percent over the previous period. These statistics returned to the range of activity achieved in 2010/11 prior to a period of declining staff, transition, and reduced visibility.



Number of Tips or Leads Developed From all Sources

The OIG understands that the ability to be effective is directly tied to the ability to generate information. The OIG has increased outreach efforts to City employees, vendors, and the public. The process of logging all incoming tips from these sources allows the OIG to track the information across several areas, including the method of communication.

Chart #2 reflects increases in Hotline, office phone, in-person, OIG e-mail, OIG fax and self-generated intakes of tips and leads. Only internal memo and letter complaints decreased. The general increase in tips and leads is a good indication of the increased visibility of the OIG and renewed awareness across City government.



The OIG Hotline consists of both a toll-free phone number and a local phone number. Both numbers are manned by OIG staff Monday through Friday from 8:30am to 4:30pm with phone calls going to voicemail after-hours and on weekends. In the coming year, the OIG plans to increase its available lines of communication and will continue efforts to increase awareness to better ensure that employees, citizens, and others are able to contact the OIG when needed.

New Cases by Source Department or Agency

Chart #3 reflects the allocation of new cases by source department, agency or office for the four most recent reporting cycles. The data reflects that most departments' representation among OIG cases increased during the current reporting period, reflecting a return to, and in many cases an increase above, the level of activity of the 2010/11 reporting period. DPW and DOT continued to represent a significant presence among OIG cases. During FY 2014, DHCD cases

increased considerably, more than 300 percent, after a marked decrease in the 2012/13 reporting period. Together, DOT, DPW and DHCD represent 45 percent of new cases received during FY 2014. The “Other” category includes city-wide evaluations such as the effectiveness of Asset Management, Circuit Court, Public Schools, Convention Center, Employee Retirement System, Municipal Telephone Exchange, Sheriff’s Office, various Mayoral Offices to include Information Technology, Employment Development, Homeless Services, and Cable and Communications.

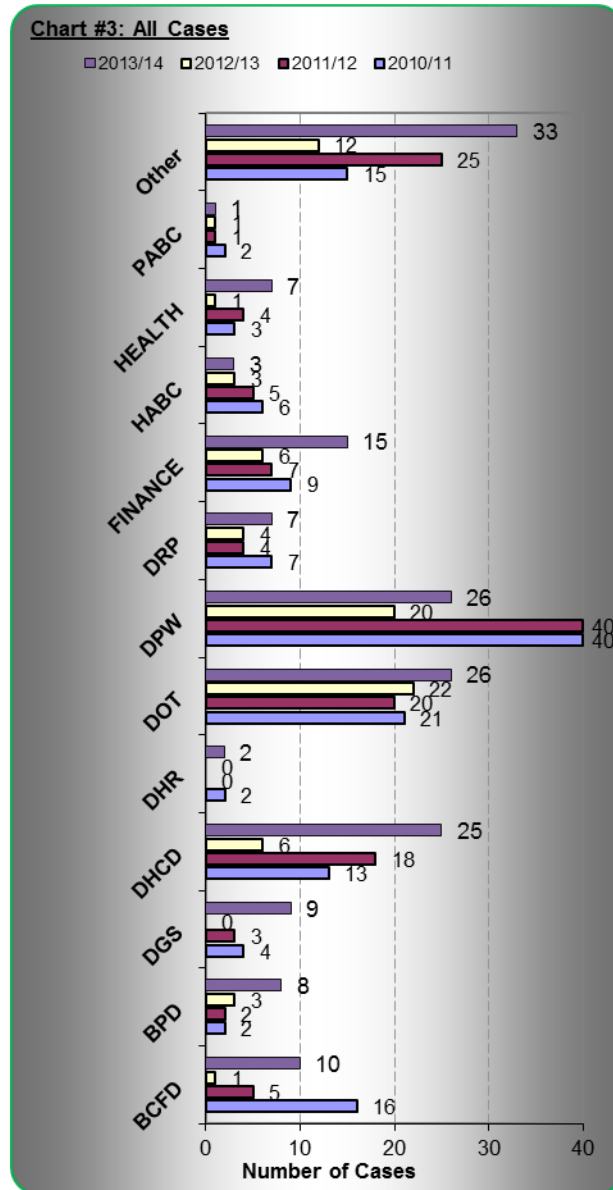
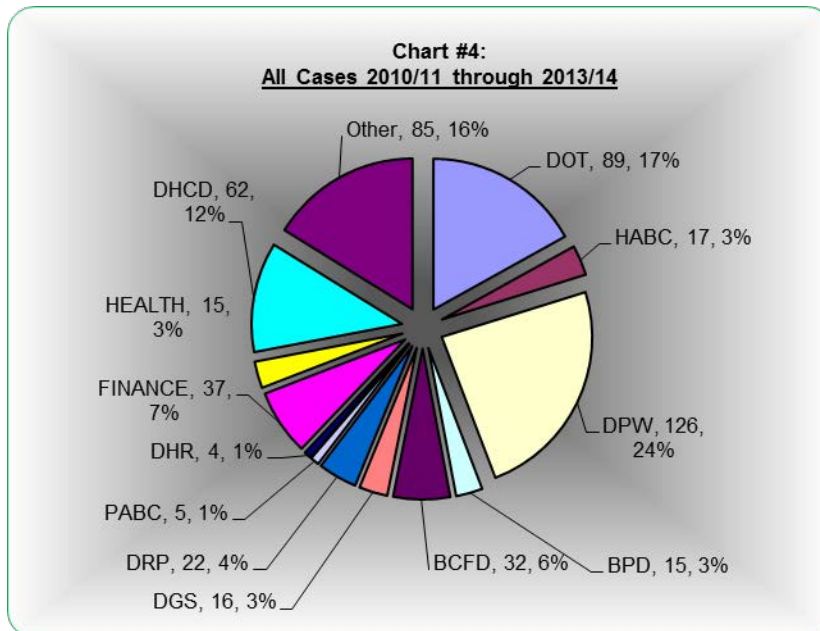


Chart #4 examines the percentage of cases by department across the combined four-year reporting cycle. This metric softens short-term spikes in activity and provides a more reliable data set. DPW remains the largest source of cases at 24 percent with DOT second at 17 percent. DHCD is third with 12 percent of cases. Those three departments made up 53 percent of all OIG cases over the four-year period.



The OIG recognizes that outside factors can influence the number of cases and referrals related to a specific agency. DPW and DOT have each funded one OIG position, so significant effort is dedicated to their operations and some proactive efforts have been initiated. This increased level of engagement is expected to lead to increased case statistics. It is anticipated that, as additional MOU positions are filled, those participating agencies' statistics will also increase.

Select Cases and Information

The following synopses reflect examples of the work the OIG has completed during this reporting cycle.

2013-0151

This investigation involved the action of a City manager within DOT who engaged in a fraudulent disbursement scheme. The scheme involved modifying vehicle owner information within the City's inventory database for impounded vehicles that had been sold at auction by the City. The vehicles involved had been sold at

auction in excess of the fees and expenses owed to the City, thereby creating an amount refundable to the titled owner. The City Manager changed the vehicle's owner information to the names of his friends and family and was able to obtain auction refund requests for seven vehicles. Five of these refunds were disbursed to various associates of the City manager resulting in a loss to the City of \$22,507. His associates negotiated the checks at various locations and provided the City manager with the funds. Two refunds, totaling \$9,770, were discovered prior to disbursement and cancelled at the request of the OIG.

The City manager pled guilty to one count of theft between \$10,000 and \$100,000, and one count of attempted theft between \$1,000 and \$10,000. The City manager was also ordered to make restitution to the City in the amount of \$22,507. Internal controls have since been tightened to prevent reoccurrences of this scheme.

2013-0172

This investigation, worked jointly with the Baltimore City State's Attorney's Office, the United States' Attorney's Office for the District of Maryland, and the Baltimore Police Department, was based on information obtained through M&T Bank's Corporate Security Division regarding suspicious transactions involving two City-issued checks. The value of these two checks totaled \$73,227. The OIG believed that benefits checks for two retired City employees had been re-issued from a City supplemental payroll account, fraudulently endorsed and negotiated to a third party prior to being deposited at area ATMs. The third party account holder then attempted to make a series of withdrawals and transfers of funds to a different bank.

The investigation caused the OIG to believe that an Accountant in the Bureau of Accounting and Payroll Services' Central Payroll Division (CPD) had colluded with the third party to fraudulently re-issue the two benefits checks, forge the payees' signatures, and specially endorse the checks over to the third party. The OIG also noted that significant internal control weaknesses at CPD gave the Accountant significant authority over the check re-issuance process. In the view of the OIG, the Accountant exploited this control weakness both through execution of the fraudulent check re-issuance scheme and also through attempts to conceal evidence of the scheme from investigators after the fact. The Accountant in question resigned from City employment during the investigation. On May 7, 2014, a federal grand jury indicted the former City Accountant and the third party on charges of conspiracy, wire fraud, and aggravated identity theft. An indictment is not a finding of guilt. An individual charged by indictment is presumed innocent unless and until proven guilty at some later criminal proceedings.

2014-0237

This investigation began with information provided from DOT management and involved concerns that an office supervisor had engaged in the deliberate miscoding of overtime and compensatory time entries. The office supervisor submitted authorization forms to her supervisor for compensatory time. Once

approved for compensatory time, the OIG believes the office supervisor then entered her own time into the payroll system as paid overtime. These actions resulted in a loss to the City of \$13,726. The manager's employment was terminated and the OIG made substantial recommendations for a restructuring of time-keeping protocols to enhance accountability. Although criminal prosecution was declined by the State's Attorney's Office due to ambiguous payroll procedures, the matter is currently under review by the City Department of Law for possible civil recovery.

Self-Reporting Program & Rewards Policy

The OIG Self-Reporting Program provides meaningful incentives to those who do business with the City to self-report illegal conduct and preserve their positive business relationship. The OIG did not record any cases pursuant to the Self-Reporting Policy during FY 2014.

During FY 2014, the OIG paid its first complainant reward. This payment amounted to 10 percent of funds recovered in the subject case. Additionally, there are cases pending that will likely result in future rewards. Frequently, there are timing differences between case resolution and reward payout that can span multiple reporting periods.

It should be noted that pursuant to City policy, complainants bringing new information forward that results in a monetary recovery may be eligible for rewards up to 10 percent of all funds recovered, with no cap. Please contact the OIG for further details.

How We Measure Performance

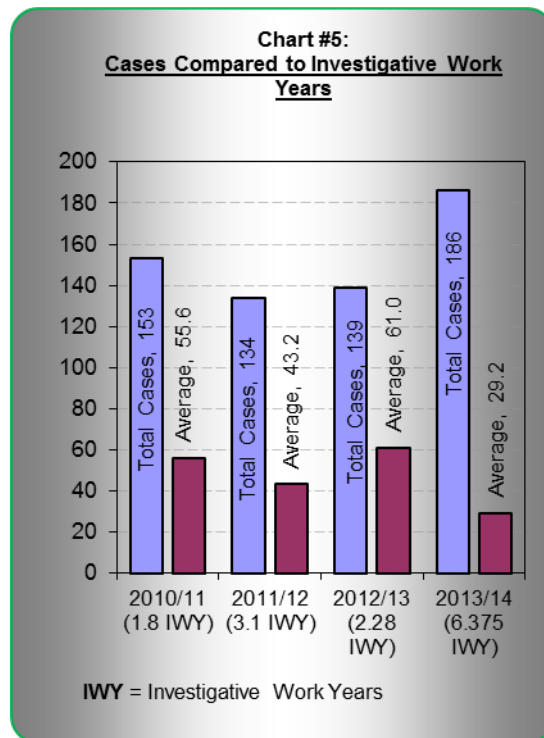
The City is now in its fourth year of "Outcome Budgeting," which serves as a framework for evaluating the performance metrics of each operating area. Outcome Budgeting focuses on measurements of efficiency, effectiveness, outcomes, and outputs. The shift in the OIG annual reporting period enables it to better align with Outcome Budgeting.

As part of the FY 2011 process, the OIG developed performance measures in several areas and instituted internal systems to capture the data necessary to track information. These performance measures include:

1. Number of Cases per Investigative Work Year;
2. Number of Vendor Background Screenings completed;
3. Percent of Recommendations Accepted;
4. OIG Savings and Recoveries; and
5. Number of Employees Briefed or Trained by OIG Staff.

Number of Cases per Investigative Work Year

This measure is designed as a broad efficiency assessment comparing the available Investigative Work Years (IWY) to the total cases processed. Chart #5 reflects the average number of cases processed per IWY across the most recent four reporting periods.



Note: The 2012/2013 reporting period comprised 314 days or 86 percent of a full work year. The reduced work year is factored into the calculation of IWY.

Chart #5 reflects a 34 percent increase in cases from 2012/13 to FY 2014. However, as a result of staffing increases during FY 2014, the average caseload decreased by 52 percent to 29.2 cases per Investigative Work Year.

The OIG caseload has returned to a manageable level but still remains slightly high. The current IG and former IG both hold the view that

case loads in excess of 25 per IWY are an unhealthy level. Many of the cases the OIG investigates are complex matters involving multiple interviews, the review of numerous documents, and time consuming analysis. If the case is of a criminal nature and prosecution is pursued, these cases can frequently take over a year to complete. Excessive case load results in either a reduction in thoroughness or an inordinate investigative time period. Nevertheless, the OIG is appreciative of the

staffing increases it has received thanks to support from the Mayor and her leadership team as well as the City Council. The acquisition of additional staff should return this metric to levels more conducive to efficient processing of incoming tips and the resulting referrals, investigations and audits.

Number of Vendor Background Screenings Completed

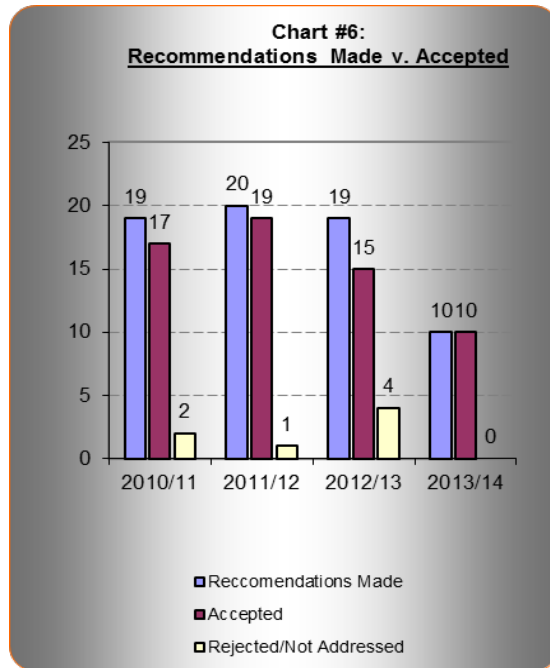
The Vendor Background Screening program will provide a timely and extensive background screening of potential contractors and vendors in an effort to ensure that only responsible parties and businesses have the opportunity to provide goods and services to the City. This program will be coordinated with the Department of Finance and its Bureau of Purchases.

The OIG has developed program guidelines, secured access to associated electronic databases and worked with the Department of Law to assess how information could be effectively used by the City to support better quality contractual relationships. The advancement of this program in earnest remains tied closely to funding and staff availability. The OIG has not attained the necessary resources to engage this effort to date.

Percent of Recommendations Accepted

This measure is intended to help assess the effectiveness of the OIG in adding value to City operations. At the conclusion of many reports of investigation, and investigative memoranda, the OIG will make program-based recommendations to the departments or agencies reviewed. The OIG does not make direct recommendations on personnel actions or disciplinary decisions but makes sure to provide sufficient basis upon which agency management can make those decisions.

Chart #6 reflects that OIG recommendations have continued to experience a high degree of acceptance with a rate of 100 percent during FY 2014. Although the absolute number of recommendations was down, several investigations were nearing conclusion that were expected to generate recommendations in FY 2015.



The receiving entities ordinarily provide written comments concerning the report and/or their intent to accept, modify or reject any recommendations that were made. This information serves as a useful performance measure. The recommendation process is among the most significant tool the OIG possesses. For the purposes of this metric, a recommendation is considered “accepted” if the recipient department either accepts the recommendation in writing or alternatively modifies business practices or policies in a manner that significantly accomplishes the same outcome. A recommendation is considered “rejected” if the recipient department either does so in writing or does not alter business practices or policies to substantially address the area of concern.

OIG Savings and Recoveries

The meaningful calculation of savings to the City is one of the more difficult tasks for any OIG. Often the true financial impact is not known for several years after the corrective action was taken and the legitimate cost of efficient operations are known. In addition, the OIG will also note those matters where efforts are ongoing to make recoveries from individuals who have been identified. During FY 2014, savings and recoveries aggregated \$65,141, down significantly from the \$538,592 reported during the FY 2011/12 reporting period. This metric will vary from year to year and the more complex multi-year cases could result in significant timing differences between the investigative phase and final resolution. The following cases represent the most significant savings and recoveries concluded during this reporting period.

2013-0172

This investigation involved a City employee in the Bureau of Accounting and Payroll Services' Central Payroll Division (CPD) who the OIG believes fraudulently re-issued two benefits checks totaling \$73,227. The two checks were then specially endorsed to a third party who deposited the checks into area ATMs prior to making a series of withdrawals and transfers of funds to a different bank. In conjunction with M&T Bank's Corporate Security Division, the transactions were reversed, and the full amount of the \$73,227 was recovered and re-deposited back into the City's bank account. The City employee and third party are currently being prosecuted by the Baltimore City State's Attorney's Office and the United States' Attorney for the District of Maryland.

2013-0151

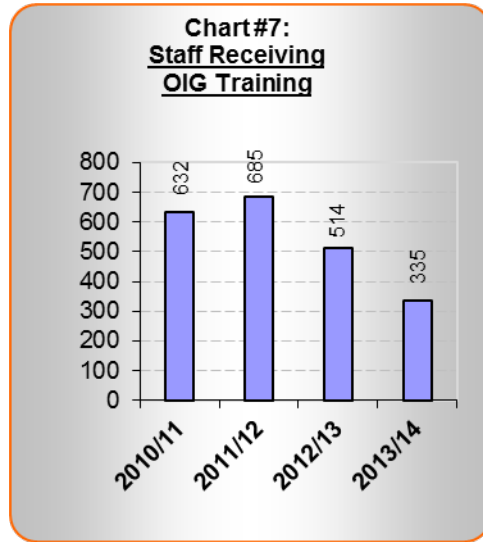
This investigation revealed a fraudulent disbursement scheme perpetrated by a City manager within DOT. The investigation resulted in the City manager being ordered to pay restitution to the City in the amount of \$22,507.

At the close of FY 2014, several cases were underway that will result in significant savings and recoveries when these cases are concluded later in FY 2015.

Number of Employees Briefed or Trained by OIG Staff

Pursuant to the 2005 Executive Order, the IG is tasked with "providing information to City employees about the identification and prevention of fraud, waste and abuse of office in City government." In past years, in partnership with the City's Human Resources Department, the OIG provided training and guidance to City employees on fraud, waste and abuse of resources as well as the underlying ethics needed to report such behaviors. Instruction was given to all new employees upon hire, and existing employees that had been promoted to supervisory positions. The goal was to help employees identify possible violations within City Government, and be comfortable with reporting it to the OIG (either openly or confidentially). Although these regularly scheduled talks ceased in early 2013 with the departure of the previous IG, and attrition within the office, it is hoped that these efforts will be resumed in FY 2015. In the interim, the OIG has conducted *ad hoc* talks and training when the opportunity has arisen. For example, the IG was the keynote speaker at the April 2014 Maryland Fraud Conference that was attended by 42 City employees. OIG personnel presented at a Department of Recreation and Parks In-Service training session attended by 85 personnel and plan to speak at additional sessions in the future. The IG spoke at a DHR management training session attended by 35 City managers. Additionally, OIG Agents with a particular department or subject matter focus, have presented to management and staff during a number of meetings and visits to facilities.

Chart #7 reflects the number of staff receiving OIG training over the four most recent reporting periods.



During FY 2014, the OIG provided training/orientation to 335 employees, in various formats. This 35 percent decrease from the previous reporting period, is purely the result of the discontinuance of the regularly-scheduled DHR training presentations. This initiative is targeted for resumption during FY 2015.

Goals for the FY 2015 Reporting Period

Over the next reporting period, which will coincide with the City's fiscal year, the OIG will again attempt to move into Vendor Background Screening pending additional resources. The OIG will continue to focus on contract compliance reviews and contract management systems to increase accountability.

The Program Evaluation function under the Evaluator Manager, retained during the previous cycle, will continue to look at broader systems and program issues for potential management enhancements. The prevalence of repeat incidents of fraud, waste, and abuse has been an indicator of the presence of internal control weaknesses. Potentially vulnerable operations will be selected for intense review of processes and procedures with an emphasis on strengthening internal controls.

The OIG will move forward with the process of building a data analytics capability. Effective data analytics is a significant factor in the effectiveness of the OIG in the long term and in the ability to reduce the overall duration of fraudulent practices before discovery.

Staffing issues are the most significant element in the OIG's ability to advance its efforts and improve the results in a scalable sense. Efforts will continue to develop appropriate partnerships with other City departments and agencies to both supplement its staffing and provide increased levels of review where desired. Further, the OIG will continue to seek resources to support a technical position that is able to work more effectively and efficiently with the vast array of electronic data available in most every case. This area, especially the recovery of electronic data as evidence, has become increasingly complex and specialized.

A key ingredient for OIG success is public and employee awareness. The OIG will step up efforts to increase its profile to further its duty to promote efficiency, accountability, and integrity in City government. A number of outreach and awareness efforts are planned including increased efforts to visit, and distribute fraud Hotline posters to City offices and work spaces.

The OIG looks forward to working with the Mayor, the City Council, and the Law Department toward the development of an Inspector General's Office that provides an outstanding return on investment through saving and recoveries, as well as serving to reinforce the public's faith in government.

(June 30, 2014)

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