



Office of the Inspector General



**FY 2015
Annual Report**



Baltimore City Skyline



OFFICE OF THE INSPECTOR GENERAL BALTIMORE CITY

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



September 1, 2015

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) 2015 Annual Report for the Office of the Inspector General (OIG).

The OIG was created in 2005 as an oversight authority that could effectively investigate complaints of fraud, waste, and abuse 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 to continue to grow its capabilities. 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 evaluations 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 serves 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. Public synopses of our investigations and findings may be found on the [OIG Web Page](#). Additionally, those interested in OIG news may follow us 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 including summaries of significant findings and recommendations; and
- 3) To outline the OIG's focus of activities for the coming year.

During Fiscal Year (FY) 2015, the OIG continued to grow and increase its capabilities. The office is currently staffed with five Agents and two managers. The OIG is organized along its two key lines of responsibility. The first responsibility is the promotion of economy, efficiency and integrity in City government. In fulfillment of this responsibility, the Program Evaluation side conducts proactive reviews to strengthen policies, procedures, and internal controls. This side is headed by the Manager of Program Evaluation. The second responsibility is the investigation of complaints of fraud, waste, and abuse. The Investigations side, headed by the Lead Agent for Investigations, conducts reactive inquiries which can result in criminal prosecution, civil recovery by the City, administrative action by agency or department heads, or a combination of the above. The OIG has five Agents that are each responsible for both proactive evaluations and reactive investigations.

During the second quarter of FY 2014, the OIG identified Police and Fire Fighter Worker's Compensation and Pension Disability fraud as an area of risk warranting increased investigative attention. Memoranda of Understanding (MOUs) were drafted with the Baltimore Police Department (BPD) and the Baltimore City Fire Department (BCFD) to obtain funding for one agent position to investigate this area of "Uniform Fraud." The terms of the MOU's were negotiated and secured with both departments beginning in FY 2015. The OIG expects this relationship to be very productive.

Of key importance in managing the sizeable OIG caseload is the "Legal Files" case management system, implemented in FY 2012. The Legal Files system continued to perform well during FY 2015. The system provides the means to enter case data, manage workflow across multiple Agents, and generate reports and statistical data when needed. The Legal Files system automatically assigns a case number to each complaint with the first four digits representing the calendar year of receipt followed by a sequential case number. For example, case 2015-0440 was received in 2015 and was the 440th case received since the inception of Legal Files. Since its implementation, the Legal Files system has helped OIG staff successfully document, track, and refer over 550 cases.

Reporting Period

By Executive Order, the OIG Annual Report is due by September 1st of each year. The reporting period coincides with the City fiscal year ending June 30th for both OIG accomplishments and for Outcome Budgeting purposes.

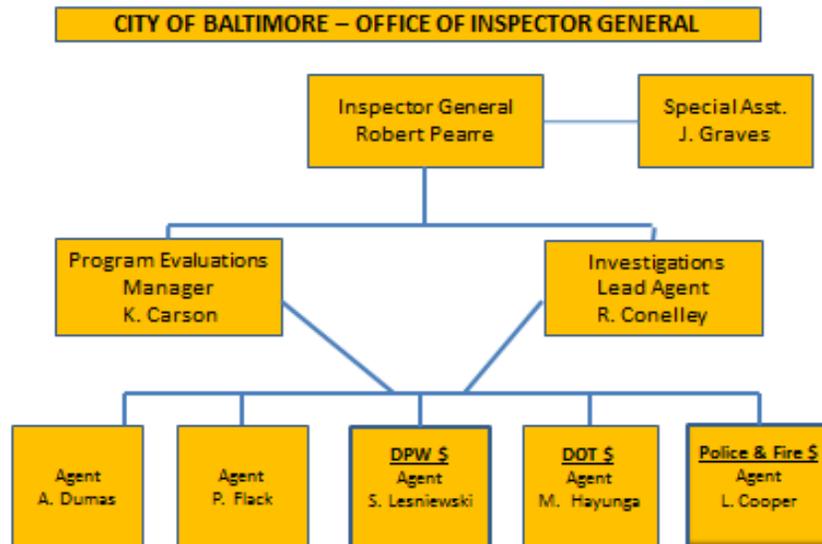
Institutional Authority

The Baltimore City OIG was created by an Executive Order dated July 27, 2005. The Executive Order established specific responsibilities, duties, processes, and authorities for the OIG as well as the duties of City employees and persons doing business with the City with respect to providing information to the OIG. The Executive Order also requires the OIG to take appropriate steps to build public awareness of the OIG and of all procedures established by the Inspector General for receiving complaints. This OIG annual report is one of the key steps used in building public awareness.

Office Organization

As of June 30, 2015, the OIG had a total of nine funded positions to include: (1) the Inspector General, (2) Manager of Program Evaluation, (3) Lead Agent for Investigation, (4) five Investigative Agents, and (5) Special Assistant. Two Agent positions are funded directly from the OIG budget while three Agent positions are funded by other City departments, through MOUs. The three Agents whose positions are funded through MOUs primarily conduct investigations and evaluations dedicated to the sponsoring City Departments. The policy of entering into MOUs with City departments and agencies to dedicate Agents to cases related to the funding entity was started in FY 2012 when the OIG entered into an MOU with the Department of Public Works (DPW). Based on the success of that relationship, the OIG's MOU with DPW to fund one Agent position has been extended through FY 2017. During FY 2013, this funding concept was expanded and a similar partnership was initiated with the Department of Transportation (DOT). The MOU with DOT to fund one Agent position has been extended through FY 2016. The OIG hopes to further expand on the MOU concept in future years to acquire additional funding sources from other departments that may benefit from focused oversight efforts.

The OIG will continue to pursue opportunities to partner with other City departments and agencies to increase staff and capabilities as well as entertain temporary assignments of personnel from other investigative agencies such as the BPD. The current OIG organization is depicted in the following chart:



Office Budget

The OIG budget presentation is a bit confusing when making year to year comparisons. For FY 2015, it appeared that the budget increased by 11 percent over FY 2014, an increase from \$739,998 to \$821,640. However, the transfers from other agencies to fund the MOUs must be considered. The end of year transfer in the amount of \$155,878 increased the FY 2015 operating budget to \$977,518, resulting in a 32 percent increase over FY 2014. Likewise, for FY 2016, it appears that the OIG budget decreased by 9.8 percent from \$821,640 to \$741,280. However, when considering the end-of-year transfers from other agencies for both FY 2015 and FY 2016, it actually represents an increase of 9.4 percent to \$1,055,659. The OIG FY 2016 budget represents approximately four hundredths of one percent of the \$2.5 billion Operating Plan.

The overwhelming majority of the OIG budget, or approximately 95 percent for FY 2016, is personnel costs. The remaining costs are investigative support costs to include items such as software licenses, usage fees, and training as well as support equipment such as desktop computers, cameras and mobile phones.

OIG Budget by Fiscal Year					
	2012	2013	2014	2015	2016
Transfers	0	0	0	(\$155,878)	(\$328,468)
Salaries	\$394,657	\$358,401	\$453,140	\$657,349	\$727,191
Other Personnel Costs	39,954	127,512	164,742	\$224,696	\$268,763
Contractual Services	95,970	95,451	88,409	\$85,062	\$60,390
Materials and Supplies	9,247	9,716	7,051	\$7,123	\$4,943
Grants, Subsidies, and Contributions	4,263	8,587	26,656	0	\$1,953
Equipment - \$4,999 or Less	0	0	0	\$3,288	\$6,508
Equipment - \$5,000 and Over	0	75,000	0	0	0
OIG Funded Positions	4	5	6	9	9
Total Request	\$544,091	\$674,667	\$739,998	\$821,640	\$741,280
Total Budget Authority *	\$544,091	\$674,667	\$739,998	\$977,518	\$1,055,659

* includes reimbursements from DPW, DOT, BCFD, and BPD under MOUs

Office Development

The OIG is focused 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. For example, the five new Agents hired since FY 2014 possessed diverse professional backgrounds including two Certified Fraud Examiners (CFE), one attorney, and one Certified Inspector General Investigator. The current staff includes three Certified Public Accountants (CPAs), four CFEs, an attorney and one Certified Inspector General Investigator.

Despite the 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 appropriate for addressing the range of issues presented. The issue of scope as it pertains to staffing involves building a team of professionals that possesses the requisite core skill sets and equipment to independently address the diversity of 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 to provide this capability. The OIG has developed a good working relationship with the Mayor's Office of Information Technology, and specifically, its critically important Chief Information Security Officer (CISO). During FY 2016, the OIG received referral of six cases from the CISO. The CISO has also supported the OIG with digital forensic capabilities.

Further capitalizing on technology, 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 proactive effort will be overseen by the OIG Program Evaluation line of the organization.

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 the Legal Files case management system and assigned a case tracking number. Our goal is to review each tip or lead within seven days. During this initial review period, important factors such as jurisdiction, sufficiency of information, and potential impact on the City are assessed.

If a case merits further action after initial review, it will be assigned for a preliminary inquiry designed to determine whether a formal investigation is warranted. This period typically 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, and monitoring of electronic data.

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 responsible 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 2015, eight final reports were completed with associated public synopses published on the OIG website. In addition, 47 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. For FY 2015, a three-year cycle is utilized for comparison purposes. Table #1, below shows commonly used acronyms that will be used throughout the data comparisons in this report.

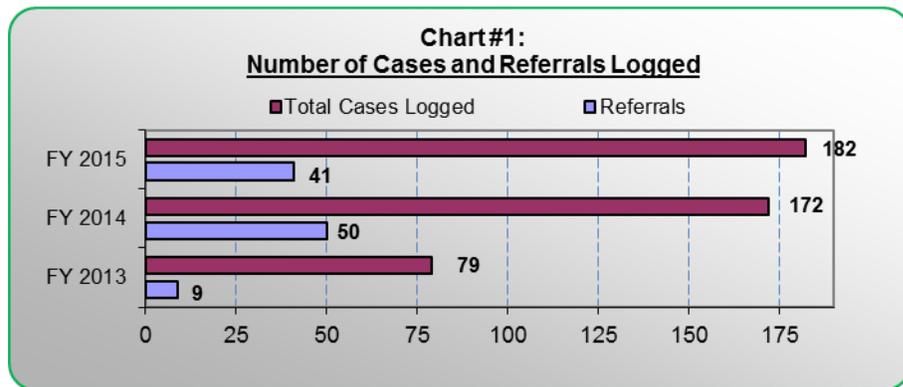
Table #1. List of Common Acronyms Used	
DOT - Dept. of Transportation	DHCD - Dept. of Housing and Community Development
HABC - Housing Authority of Baltimore City	DHR - Dept. of Human Resources
DPW - Dept. of Public Works	DRP - Dept. of Recreation and Parks
BPD - Baltimore Police Dept.	MOIT - Mayor's Office of Information Technology
BCFD - Baltimore City Fire Dept.	FIN - Dept. of Finance
DGS - Dept. of General Services	PABC - Parking Authority of Baltimore City
MTE - Municipal Telephone Exchange	MOCC - Mayor's Office of Cable and Communications

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 a 6 percent increase in cases logged during FY 2015 from 172 to 182. Referrals were down by 18 percent from 50 to 41. The decrease in referrals could be an indication of an increase in quality and relativity of incoming complaints.

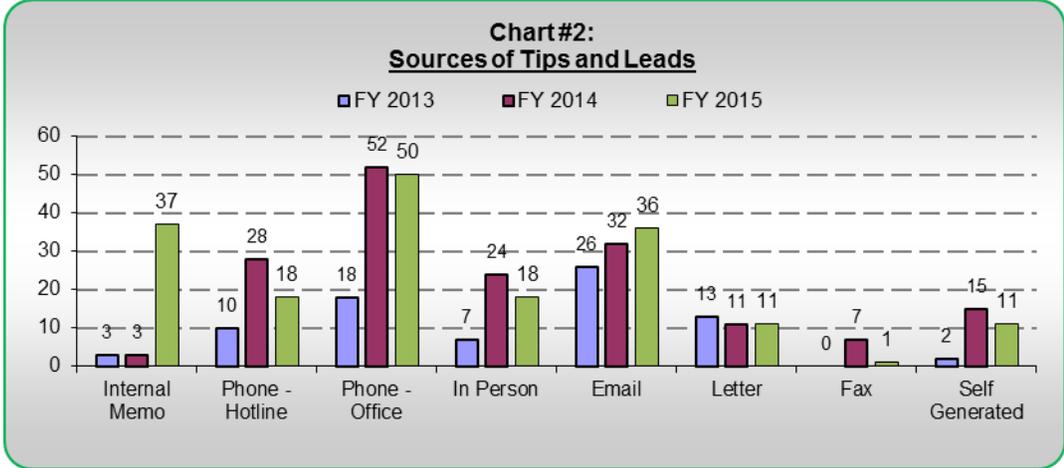


Number of Tips or Leads Developed From all Sources

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 shows that incoming office phone, letter, and self-generated tips were relatively constant while Hotline, in-person, and Fax tips were down. Most notable is the marked increase in internal memo complaints which is an

indication that departments and agencies are engaging in more internal oversight and self-policing. 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 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 three most recent reporting cycles. The data reflects marked increases in BPD and BCFD cases for FY 2015 as a result of the new emphasis on worker’s compensation and disability fraud. Thirteen of 23 BCFD cases and 14 of 21 BPD cases were worker’s compensation or disability fraud. DPW and DOT continued to represent a significant presence among OIG cases, with steady increases over the 3-year period. DPW and DOT combined represented 34 percent of new cases received during FY 2015. The “Other” category includes Convention Center, Environmental Control Board, Department of Planning, Municipal Telephone Exchange, Sheriff’s Office, and the Liquor License Board.

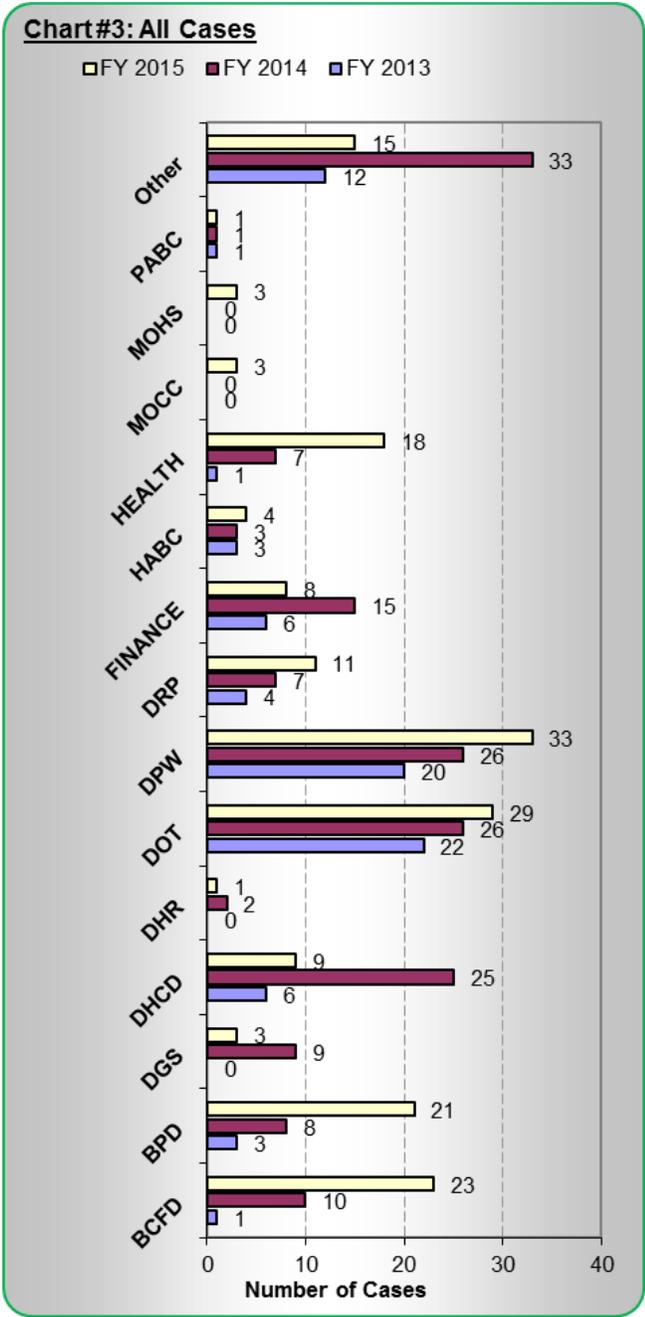
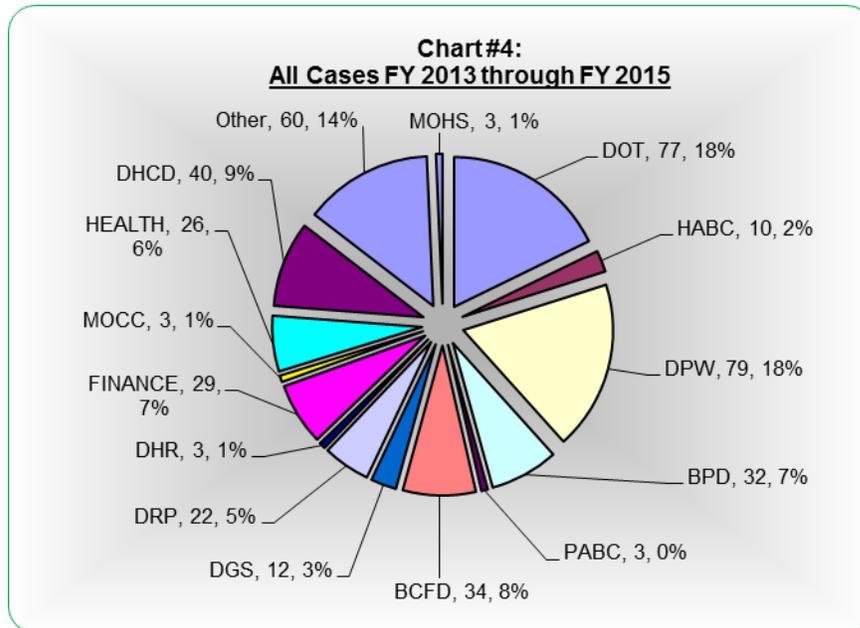


Chart #4 examines the percentage of cases by department across the combined three-year reporting cycle. This metric softens short-term spikes in activity and provides a more comparable data set. DPW and DOT are the largest source of cases at approximately 18 percent each. DHCD is third with nine percent of cases. Those three departments made up 45 percent of all OIG cases over the three-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 most significant work the OIG has completed during this reporting cycle.

2012-X001

This investigation, worked jointly with the U.S. Attorney's Office, Federal Bureau of Investigation, Internal Revenue Service, and Maryland State Police involved five DPW employees and six commercial trash haulers who allegedly conspired to defraud the City of Baltimore through two schemes involving the operations of DPW waste management services.

The first scheme involved trash haulers that allegedly paid bribes to landfill employees in exchange for not being charged dumping fees over a period of fourteen years. This scheme resulted in a loss to the City of approximately \$6,000,000. On May 28, 2015, a federal grand jury indicted three DPW employees and six private commercial haulers on 44 counts including conspiracy, bribery, and extortion.

The second scheme involved four DPW employees that over a period of nine years, allegedly used their positions to engage in a private enterprise for personal gain by selling scrap metal dumped at Baltimore City trash collection sites which the City of Baltimore would have sold, at a profit. This scheme resulted in a loss to the City of approximately \$1,000,000. On May 28, 2015, a federal grand jury indicted four DPW employees on 18 counts including conspiracy, wire fraud, and theft.

It should be noted that an individual charged by indictment is presumed innocent unless and until proven guilty at some later criminal proceedings.

2013-0149

This evaluation examined the management and oversight of the Automated Traffic Violation Enforcement System (ATVES) program from its inception in 1999 to suspension of the program in April 2013. The OIG determined that the ATVES program had not been effectively managed by the City. Specifically, the OIG identified issues pertaining to citation processing and review, camera site selection, performance evaluation, and general oversight. The OIG also uncovered what it believed to be inappropriate activity on the part of the then-Chief of Staff to the Mayor to benefit a specific ATVES contractor. The OIG is continuing to assist DOT to infuse accountability into its next generation ATVES program.

2013-0212

This investigation was based on a tip that a Baltimore City Fire Department Fire Lieutenant/Paramedic was seeking workers' compensation benefits, but was not really injured. The accidental injury was an alleged on-duty, unwitnessed trip-and-fall incident that occurred first thing on a Monday morning. The Lieutenant claimed right shoulder pain from the fall. After undergoing exploratory surgery, it was determined that there was no evidence of injury in her shoulder. The Lieutenant also told her doctor that the fall triggered her pre-existing migraines. She was diagnosed with post-traumatic migraine headache disorder based solely on her statements of pain to her doctor. She told the City's neurologist that she could not maintain an active lifestyle because of her migraines but could only participate in more sedentary hobbies, such as painting. However, she neglected to tell the doctor that she went skydiving the day before that appointment. The OIG obtained a copy of the video documenting the date, time and location of the skydiving event. With this evidence, the City's Fire and Police Employee Retirement System (F&P ERS) was successful in denying the Lieutenant's application for disability pension. The estimated savings over the Lieutenant's expected lifespan totals approximately \$1,219,401.

2013-0221

This investigation stemmed from a complaint by an anonymous City of Baltimore resident alleging their neighbor, a City employee, was at home with a City vehicle

during the normal workday. Physical surveillance was conducted on five separate days. In total, OIG personnel observed the employee in the vicinity of his residence during his scheduled work hours for 9 hours and 12 minutes. Electronic surveillance was conducted over 17 work days. In total, the employee's City issued vehicle was in the vicinity of his residence during his scheduled work hours for 32 hours and 20 minutes. The employee acknowledged during his target interview that what he did was wrong and admitted to stealing approximately two hours of time from the City per day over a period of years. At his hourly rate of \$29.89, the cost to the City as a result of his theft was approximately \$15,548 per year. The employee was terminated from his City employment. He appealed his termination with the Civil Service Commission. DPW allowed him to retire while acknowledging he would not be eligible for future employment with DPW.

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 into the City's payroll system. The office supervisor submitted authorization forms to her supervisor for compensatory time. Once approved for compensatory time, 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 supervisor's employment was terminated and the OIG made recommendations for a restructuring of time-keeping protocols to enhance accountability. Although criminal prosecution was declined by the State's Attorney's Office, the matter is currently under review by the City Department of Law for possible civil recovery.

2014-0328

An OIG investigation revealed that a Baltimore City Fire Department firefighter/paramedic intentionally prolonged his recovery from a line-of-duty injury. The paramedic was involved in an altercation with a co-worker on the job regarding a work-related matter. The paramedic did not want to return to work after the incident, so he made material misrepresentations to his treating physicians which resulted in him being diagnosed as being unable to return to work as a paramedic. The paramedic subsequently pursued a workers' compensation claim. His claim included both legitimate injuries and illegitimate injuries. The diagnosis of being unable to work was based on false statements he made to his doctors. He would have likely been diagnosed as fit for duty as a paramedic if he had not made the false statements. After being diagnosed as unable to work as a paramedic, he applied for disability pension benefits with F&PERS. The OIG notified F&PERS about the results of its investigation. With this evidence, F&PERS was successful in getting the paramedic's application denied. The estimated savings associated with this denial over his expected lifespan have a present value of approximately \$883,043.

2014-0333

This investigation revealed that a former Baltimore Police Department (BPD) officer falsely testified under oath at a September 2008 workers' compensation hearing. The officer testified that he was not employed at the time, nor had he been employed since retiring from the BPD, when he in fact was then employed on a full time basis as a sworn Police Officer at Towson University. As a result of this fraudulent misrepresentation, he received just over \$30,000.00 in worker's compensation payments to which he was not entitled. The former BPD officer pled guilty to perjury and felony workers' compensation fraud. He was also ordered to make restitution to the City in the amount of \$30,009.17 and was further ordered to perform 300 hours of community service. The OIG referred the case to the Office of the State Prosecutor, which prosecuted the case.

2014-0350

This investigation, worked jointly with the Baltimore City State's Attorney's Office, was based on information provided by DOT management regarding concerns that a DOT employee had engaged in a fraudulent payroll scheme. The scheme involved the DOT employee forging their supervisor's signature on overtime authorization forms and then submitting these fraudulent forms to payroll in order to receive pay for hours that were never worked. Over an eighteen month period this employee submitted 406 fraudulent overtime authorization forms resulting in a direct loss to the City of \$72,823.40. An additional 14 overtime authorization forms, totaling \$3,149.91, were discovered prior to disbursement and held at the request of the OIG. The DOT employee pled guilty to one count of theft between \$10,000 and \$100,000. The DOT employee was ordered to make restitution to the City in the amount of \$72,823.40.

2014-0362

This investigation stemmed from an anonymous complaint that a DPW supervisor was continually viewing pornographic material on his City computer. The employee's computer was monitored for a two week period. During the 82 hour monitored work period, the employee viewed 39:00:22 hours of pornographic material on his City-owned computer. At an hourly rate of \$29.90, the employee was paid \$1,166 for 39 hours for which no work was performed. By annualizing the data gathered during the two-week monitoring, based on a 2000 hour work year, pornographic material could have been visible on the employee's computer for 951 hours which would have cost the City approximately \$28,400 during the year. The employee was suspended without pay, and advised he was being recommended for termination. The employee was ultimately terminated from City employment.

2014-0383

This investigation, worked jointly with the U.S. Attorney's Office, Federal Bureau of Investigation, and the Internal Revenue Service, involved the actions of a City manager within DOT who accepted bribes and allowed the theft of City property.

The Manager accepted four bribe payments totaling \$20,000 in return for providing a letter stating that a local advertising firm's \$60,000 debt to the City had been paid in full. This City Manager further allowed the theft of City property worth approximately \$250,000 in exchange for a payment of \$75,000. The DOT Manager pled guilty to two counts of bribery and one count of money laundering. The employee also received a sentence of one year and one day.

Self-Reporting Program & Rewards Policy

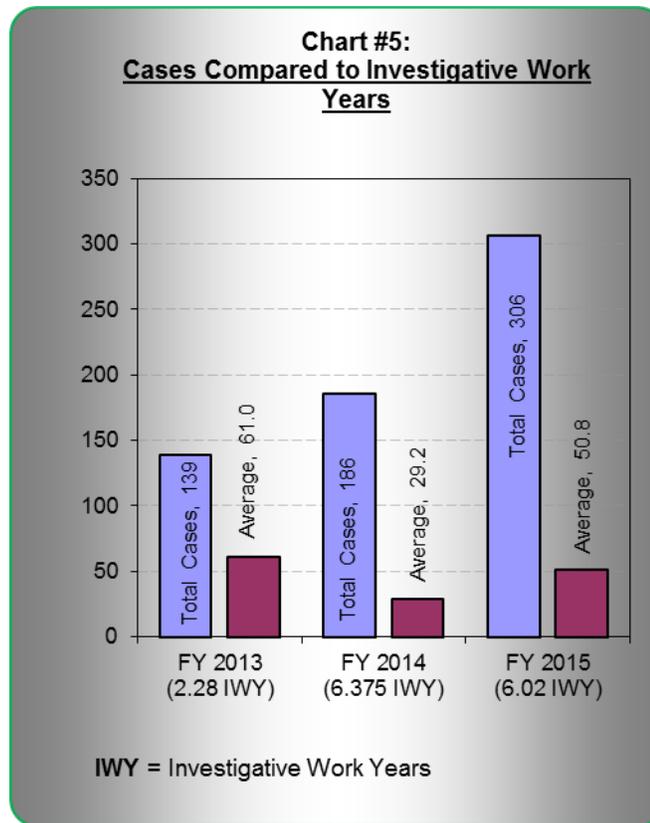
The OIG Self-Reporting Program provides meaningful incentives to those who do business with the City to self-report illegal conduct and preserve their positive business relationship. The OIG did not record any cases pursuant to the Self-Reporting Policy during FY 2015.

The Rewards Program is designed to encourage the reporting of actionable information with monetary rewards to those who are willing to come forward. Pursuant to City policy, complainants bringing new information forward that results in a monetary recovery and/or prosecution may be eligible for rewards up to 10 percent of all funds recovered, with no cap. In the event of a successful prosecution where there is no associated recovery, any reward assessed is limited to no more than \$5,000.

During FY 2015, the OIG paid complainant rewards to two City employees totaling \$2,250. These payments 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.

Investigative Caseload

This workload assessment compares the available Investigative Work Years (IWY) to the total cases processed. Chart #5 reflects the average number of cases processed per IWY annually across the three most recent reporting periods.



Note: The FY 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 that cases processed grew from 186 cases in FY 2014 to 306 cases in FY 2015, a 65 percent increase. This increase in workload combined with a slight decrease in IWY due to two part-year position vacancies resulted in an increase in Agent workload from 29.2 cases to 50.8 cases per IWY. The OIG continues to hold that caseloads in excess of 25 per IWY are at 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 more than a year to complete. Excessive case load may result in either a reduction in thoroughness or an inordinate investigative time period.

During FY 2015, significant Agent time was dedicated to two notable cases that involved criminal prosecution. The first case, 2013-0172 involved the fraudulent reissuance of employee benefits payout checks totaling \$73,227 by a City employee. On May 7, 2014, a federal grand jury indicted the former City Accountant and an accomplice on charges of conspiracy, wire fraud, and aggravated identity theft and the case was reported in the FY 2014 Annual Report. The accomplice entered into a plea agreement with the United States Attorney's Office however, the City Accountant went to trial and was convicted on

March 4, 2015. Approximately four Agent-months effort in FY 2015 was dedicated to supporting the prosecution with trial preparation.

The second case, 2012-X001, involving corruption at the Quarantine Road Landfill, was worked jointly with federal agencies and the United States Attorney's office. The case culminated in May 2015 with a multi-agency operation resulting in the arrest of five City employees, six trash haulers, and the execution of several search warrants. The employees and trash haulers were subsequently indicted in June 2015. A number of these subjects have entered guilty pleas in FY 2016. Due to the overwhelming amount of evidence, it is questionable whether any of these subjects will go to trial.

A significant driver behind the increased OIG caseload is the relatively new initiative into Police and Fire Fighter worker's compensation and disability cases. The OIG currently has over 40 of these cases underway. Although they are document intensive, the potential payoff in savings and recoveries is substantial. Each disability pension denied as a result of discovered fraud can save as much as \$1 million in future year's payouts. Although only one Agent is dedicated to this initiative at the current time, the OIG plans to bring on a temporary Paralegal in fall 2015 to assist with document review and will request an additional Agent position in the FY 2017 budget request.

Notwithstanding the large caseload, 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 OIG filled two vacancies at the end of FY 2015 and the start of FY 2016. As a result, the available IWYs for FY 2016 will increase by a factor of two. If the overall caseload remains level through FY 2016, it is anticipated that the number of cases per IWY will improve.

Performance Measures

The City is now in its fifth 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. The OIG performance measures have evolved over the past few years in an attempt to provide meaningful outcomes rather than outputs. These performance measures include:

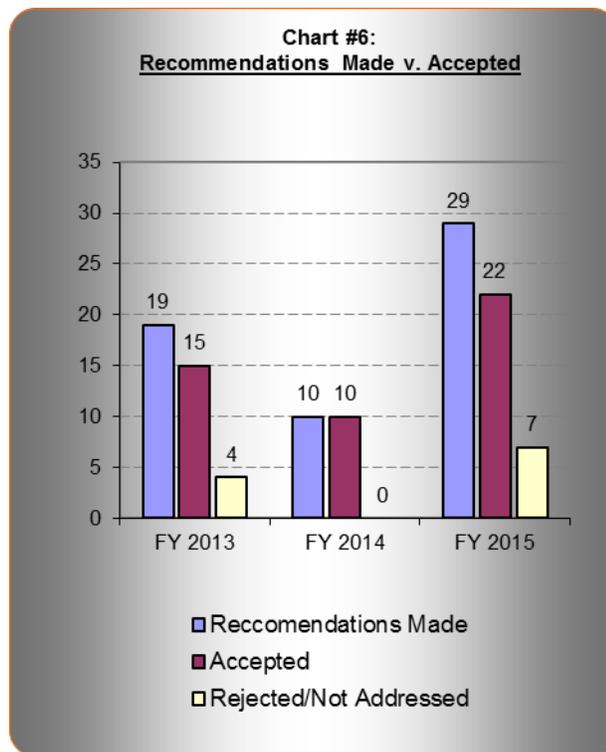
1. Percent of Recommendations Accepted;
2. Amount of Waste Identified;
3. Number of Prosecutorial Actions;
4. Amount of Savings and Recoveries;

5. Number of Staff Receiving OIG Training.

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. The OIG target for Percent of Recommendations Accepted was 95% for FY 2015.

Chart #6 reflects that OIG recommendations have continued to experience a relatively high degree of acceptance with a rate of 76 percent during FY 2015. Although the OIG did not achieve the target rate of 95 percent, the absolute number of recommendations was up almost 200 percent. The lower rate of acceptance may be a factor of the increased complexity of OIG recommendations on some cases such as the ATVES case, 2013-0149.



Departments and agencies receiving recommendations 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 tools 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.

Amount of Waste Identified

Waste is usually identified as a result of OIG Evaluations that assess City policies and procedures. However, reactive investigations also frequently identify losses due to misfeasance that are not recoverable. For FY 2015, the OIG target for Waste Identified was \$1,500,000. During FY 2015, the Evaluations side was largely inactive due to a vacancy at the Evaluations Manager position. A number of Evaluations have been revived and are expected to produce waste statistics in FY 2016.

Total waste identified during FY 2015 was \$380,497. This does not include the significant revenue lost by the City in connection with the Quarantine Road Landfill case which is estimated at \$7 million. This loss will be covered in detail during FY 2016 as landfill and other waste operations are evaluated. FY 2015 waste identified is displayed in the following table:

FY 2015 Waste Identified		
Case Number	Description	Amount of Waste
2013-0221	DPW time theft	\$ 15,548
2014-0237	DOT overtime fraud	13,726
2014-0350	DOT overtime fraud	72,823
2014-0362	DPW time theft	28,400
2014-0383	DOT property theft	250,000
Total Waste		\$380,497

Number of Prosecutorial Actions

Many OIG cases involve criminal activity that is brought to the Office of State’s Attorney or United States Attorney for prosecution. Successful prosecutions act as a deterrent to other City employees or contractors who may have considered similar behavior. Prosecution can also result in recovery of funds when court-ordered restitution is included at sentencing. During FY 2015, a number of cases came to resolution with prosecutorial actions. The Quarantine Road Landfill case, 2012-X001, was a multi-year, multi-agency cooperative effort that resulted in 11 indictments toward the end of the fiscal year. A total of 18 prosecutorial actions occurred during FY 2015 and a number of actions were pending at year end which will come to fruition during FY 2016.

FY 2015 Prosecutorial Actions				
2012-X001	Tamara Washington	DPW employee	Indictment	Conspiracy, Bribery and Theft
2012-X001	William Nemece, Sr.	DPW Supervisor	Indictment	Conspiracy, Bribery, and Theft
2012-X001	Charles Bolden, Sr.	DPW employee	Indictment	Conspiracy, Bribery, and Theft
2012-X001	Jarrold Terrell Hazelton	DPW employee	Indictment	Conspiracy, Theft, Filing false Tax Returns
2012-X001	Michael Theodore Bennett	DPW employee	Indictment	Conspiracy, Theft, Filing false Tax Returns
2012-X001	Adam Williams, Jr.	Trash Hauler	Indictment	Conspiracy, Bribery, and Theft
2012-X001	Mustafa Sharif	Trash Hauler	Indictment	Conspiracy, Bribery, and Theft
2012-X001	Larry Lowry	Trash Hauler	Indictment	Conspiracy, Bribery, and Theft
2012-X001	Quentin Turgot Glenn	Trash Hauler	Indictment	Conspiracy, Bribery, and Theft
2012-X001	Jessie Lee Wilson	Truck Driver	Indictment	Conspiracy, Bribery and Theft
2012-X001	John Howard Brady	Trash Hauler	Indictment	Conspiracy, Bribery, and Theft
2013-0172	Robert Johnson	third party	Indictment and conviction	City Disbursement Fraud
2013-0172	Denita Hill	Finance employee	Indictment and conviction	City Disbursement Fraud
2014-0333	Gilbert Payne	Police Officer	Indictment and conviction	Worker's Compensation Fraud
2014-0350	Andrew Wilson	Contract Specialist	Indictment and conviction	Overtime Fraud
2015-0445	John Benton	Laborer	Criminal Summons	Theft
2015-0445	Glen Clark	Motor Vehicle Driver 1	Criminal Summons	Theft
2015-0445	Raymond Broadway	Motor Vehicle Driver 1	Criminal Summons	Theft

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 2015, the OIG savings and recoveries target was \$375,000. The OIG exceeded this target by over 500 percent with a total of \$2,359,800.72. Compared to its total budget with reimbursements of \$977,518, the OIG provided the City with a significant return on investment of over 140 percent. 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 table details the individual cases representing the savings and recoveries achieved during this reporting period.

FY 2015 Savings and Recoveries		
2012-0023	BCFD - Payroll Fraud	\$ 150,000.00
2012-0074	MOCC - Procurement Improperities	4,524.15
2013-0212	BCFD - Pension Fraud	1,219,401
2014-0328	BPD - Pension Fraud	883,043
2014-0333	BPD - Worker's Compensation Fraud	30,009.17
2014-0350	DOT - Overtime Fraud	72,823.40
TOTAL		\$2,359,800.72

It should be noted that the worker's compensation and disability pension area has the potential to reap substantial savings and recoveries going forward and the OIG will seek to increase its investment in this area.

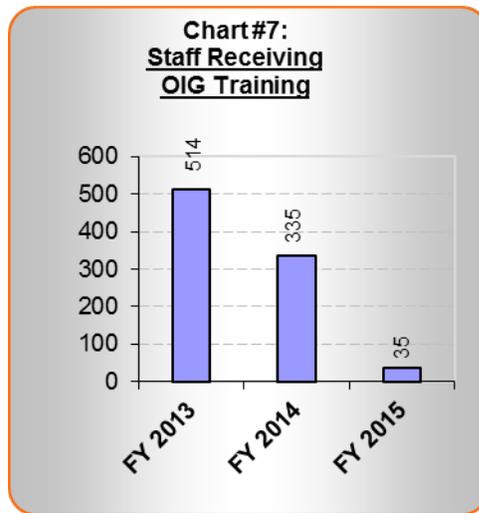
Number of Employees Briefed or Trained by OIG Staff

Pursuant to the 2005 Executive Order, the OIG 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 regularly scheduled training talks ceased in early 2013 with the departure of the previous Inspector General, and subsequent attrition within the office, the intent is to restore these efforts in the future. In the interim, the OIG has conducted *ad hoc* talks and training when the opportunity has arisen. 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 2015, the OIG provided training/orientation, in various formats, to a total of 35 employees. This decline from previous years is largely the result of the discontinuance of the regularly-scheduled Department of Human Resources (DHR) training presentations. This initiative is targeted for resumption during FY 2016.

Goals for the FY 2016 Reporting Period

During FY 2016, the Program Evaluation function will continue to look at broader systems and program issues to identify waste and implement management enhancements. The prevalence of repeat incidents of fraud, waste, and abuse has been an indicator of the presence of significant internal control weaknesses. Potentially vulnerable operations will be selected for intense review of processes and procedures with an emphasis on strengthening internal controls.

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.

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, 2015)

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