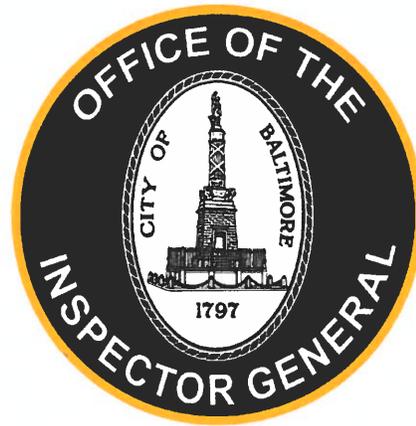

OFFICE OF THE INSPECTOR GENERAL
CITY OF BALTIMORE



Isabel Mercedes Cumming
Inspector General

Investigative
Report Synopsis

OIG Case # 20-0033-I

Issued: April 22, 2020



OFFICE OF THE INSPECTOR GENERAL
Isabel Mercedes Cumming, Inspector General
City Hall, Suite 635
100 N. Holliday Street
Baltimore, MD 21202



April 22, 2020

Dear Citizens of Baltimore City,

The Office of the Inspector General (OIG) received an allegation of embezzlement at the Shake and Bake Family Fun Center (S&B). It was alleged on November 23, 2019, an unauthorized adults-only party occurred at S&B and the proceeds from concession stands were never deposited into the S&B safe. The Baltimore City Department of Recreation and Parks (BCRP) Human Resources Department (HR) conducted an internal investigation and determined the S&B employees assigned to S&B hosted unauthorized parties at the facility. The HR investigation also revealed S&B employees advertised private parties on their personal social media sites and allegedly sold tickets for the events.

The OIG investigation confirmed that on November 23, 2019, a former S&B Recreation Activities Assistant held a late-night adults-only bowling party at S&B. BCRP did not charge the former employee a rental fee for the event and the event was not listed in S&B's Civic Rec¹ or Sync² operating systems. The OIG identified seven (7) additional late-night S&B events advertised on social media. Five (5) of the seven (7) events were not listed in Civic Rec or Sync, while the remaining two (2) events were listed without any verification of payment to BCRP.

The OIG found poor cash handling procedures and a lack of internal controls related to inventory that led to mismanagement and the opportunity for theft of City funds. Additionally, the OIG found the S&B Facility Director (facility director) abused his authority and violated City policies. The facility director allowed several organizations to have parties without collecting rental fees and escorted a Shift Manager off the S&B premises without authorization from management or HR. It should be noted BCRP did self-report this situation to the OIG in late December, however the delay in reporting the incident resulted in the loss of key video footage and other evidence. Consequently, the OIG was not able to definitively determine who was responsible for the missing S&B funds.

BCRP requested an emergency meeting with the OIG to report an alleged theft of cash during an unsanctioned adult late-night bowling party at S&B. BCRP HR conducted an internal investigation prior to meeting with the OIG. They found S&B employees advertised tickets for various unauthorized late-night adult events on social media. BCRP requested assistance from the OIG after they completed their internal investigation.

¹ Civic Rec is the recreation management software containing all records related to the skating rink at Shake & Bake

² Sync is the recreation management software containing all records related to the bowling alley at Shake & Bake

REPORT FRAUD, WASTE AND ABUSE

HOTLINE: 443-984-3476/800-417-0430 **EMAIL:** OIG@BALTIMORECITY.GOV **WEBSITE:** OIG.BALTIMORECITY.GOV

Shake and Bake Family Fun Center (S&B)

BCRP is the City’s leading provider of affordable, year-round leisure and recreational events for residents of all ages and abilities. BCRP owns and operates S&B in the historic Upton Community. S&B has been a local, iconic staple since 1982. There was a \$1.6 million-dollar renovation to the S&B that was completed in April 2019. S&B offers state of the art roller-skating and bowling, along with private bookings for events.

S&B is comprised of both permanent and temporary City employees the facility director oversees the staff and facility operations as illustrated in Figure 1.

Figure 1: Shake and Bake Organizational Chart



S&B has a fee scale for private parties that are collected prior to an event as shown in Table 1. S&B offers the general public the opportunity to reserve the facility for private events.

Table 1: Shake and Bake Rental Fees

Roller Skating Rink: \$220/hour	Billie Holiday Room: \$120/hour plus security
Shake & Bake Lobby: \$120/hour	VIP Bowling Lounge: \$170/hour
Game Room: \$120/hour	Billiard Room: \$120/hour

Late-Night Adults-Only Bowling Event

BCRP’s internal investigation revealed an unauthorized event took place at the S&B facility on November 23, 2019. The event was described as a “promotor” event, charging \$20 per person for admission. The event was advertised to the public as having a cash bar with access to purchase items from the S&B concession stands. BCRP determined S&B staff did not collect a rental fee for the event. Funds collected from the concession stands were alleged to be deposited in the S&B safe, however the funds were not accounted for after review by the facility director. The facility director led an internal investigation and accused the S&B Shift Manager at the time, of stealing the deposit. Ultimately, the facility director confiscated the employee’s keys and escorted the employee from the building. The employee has not been back to work since.

REPORT FRAUD, WASTE AND ABUSE

The OIG investigation determined on September 26, 2019, the facility director received a reservation confirmation for a Bowling Party, scheduled for November 23, 2019. The reservation included the rental of the VIP Billiard room from 10:00 p.m. – 2:00 a.m. The OIG investigation identified the party promotor as a former S&B Recreation Activities Assistant (former employee). The facility director admitted he allowed the former employee to host the late-night event without paying any rental fees. Additionally, S&B resident Disc Jockey (DJ) informed the OIG he worked as a promotor for the unauthorized event and was paid by the former employee directly. When asked how much S&B charges to rent the skate rink or bowling alley the facility director said the fees can range from \$2,000 to \$5,000. Considering the \$680.00³ rental fee for the VIP Billiard room potentially loss revenue is estimated between \$2,680 to \$5,680.

Additional Late-Night Events Advertised on Social Media

The OIG identified seven (7) additional late-night S&B events advertised on social media. Five (5) of the events were not listed in Civic Rec or Sync, while the remaining two (2) were listed without any record of payment. The OIG showed event flyers to the facility director and he initially claimed the flyers were advertising the 1st Saturday⁴ promotion at S&B and did not represent private events. After confirming the admission prices were not in agreement with S&B and discovering the dates were not all on the first Saturday of the month, the facility director requested time to conduct additional research. On February 15, 2020, the facility director confirmed poor judgement by S&B management in regard to event contracts, reservations and private parties.

The facility director admitted to allowing a former employee to host an event without paying rental fees. The facility director also admitted to allowing a local DJ, who is not an employee of S&B, host a free late-night Rock N Bowl without approval from R&P executives. When asked why he would not obtain prior authorization, the facility director responded by telling the OIG, “he thought it was ok.” Additionally, the facility director allowed a local Baltimore small company to host a fee launch party at S&B and offered to provide soda and water for the event from the concession stand at no charge. Lastly, the facility director was unable to produce proof of payment for a third late-night event promoted on social media.

Missing Deposit

According to the BCRP HR report, on Friday, November 29, 2019 the facility director presented the previous week’s deposit to the BCRP accountant supervisor. The facility director is responsible for making all S&B deposits to BCRP fiscal. The accountant supervisor reviewed the deposit information and informed BCRP management the deposit for S&B was missing \$1,085. The facility director conducted his own investigation and stated he was unable to locate \$736.50 of the deposit that should have been deposited in the S&B safe.

The OIG interviewed several staff members and reviewed the cash handling, inventory and deposit protocols. The OIG found there are very little cash handling and inventory procedures and deposit processes are not always followed. Due to surveillance retention issues the OIG was unable to review pertinent footage of the days in questions.

³ 4 hours times 120 an hour rental fee would equal \$680.

⁴ Shake and Bake has a late-night adult skate session on the first Saturday of each month

The facility director purported that he relies heavily on his managers and does not always know about events that occur at the S&B facility. Additionally, he is unaware of who stole the missing deposit and how they were able to steal the funds.

INVESTIGATIVE FINDINGS

The OIG was unable to obtain enough evidence to determine who was responsible for the missing deposit. The OIG investigation revealed the facility director was responsible for transporting the weekly deposit. The facility director was not truthful when asked about when he discovered the missing deposit. There were several inconsistencies in the facility director's statements and his lack of effective management and communication resulted in questionable practices.

The OIG determined the facility director exceeded his authority by allowing select organizations to have parties without collecting rental fees on several occasions. The facility director failed to follow standard procedures for the rental of the facility resulting in loss of revenue to the City.

The OIG investigation did not find a formal inventory process in place for S&B. The lack of internal controls and procedures resulted in inconsistent inventory levels during S&B operations.

Additionally, the facility director again exceeded his authority by improperly confronting an employee and escorting the employee off premises without advisement or authorization of HR.

Sincerely,



Isabel Mercedes Cumming, Inspector General
Office of the Inspector General

Cc: Hon. Bernard C. "Jack" Young, Mayor of Baltimore City
Hon. Dana P. Moore, Acting City Solicitor
Brandon Scott, President, City Council
Hon. Joan M. Pratt, Baltimore City Comptroller
Honorable Members of the Baltimore City Council

**Department of Recreation & Parks
Executive Director Response**

Case # 20-0033-I

<p style="text-align: center;">CITY OF BALTIMORE</p> <p style="text-align: center;">BERNARD C. "JACK" YOUNG, MAYOR</p>		<p style="text-align: center;">DEPARTMENT OF RECREATION AND PARKS</p> <p style="text-align: center;">REGINALD MOORE, <i>Executive Director</i> Dr. Ralph W. E. Jones, Jr. Building 3001 East Drive - Druid Hill Park Baltimore, Maryland 21217 410-396-7900</p>
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Tuesday, April 14, 2020

Attn: Isabel Mercedes Cumming, *Inspector General*
Office of the Inspector General (OIG)
100 North Holliday Street, Suite# 635
Baltimore, MD 21202

RE: OIG Management Alert Case # 20-0033-I (Shake & Bake)

Dear Inspector General Cumming,

The City of Baltimore, Department of Recreation and Parks (BCRP) has received and reviewed the March 9, 2020 memo and related documentation pertaining to the Office of the Inspector General (OIG) Management Alert Case # 20-0033-I. As noted in the management alert, BCRP self-reported this incident once BCRP understood the scope of the investigation included matters best addressed by the OIG. The management alert found poor cash handling procedures and lack of internal controls related to inventory at Shake & Bake ("S&B") that led to the mismanagement and the opportunity for theft of City funds. Additionally, the OIG found that the Facility Director abused his authority and violated City policy.

In response to the alert, management terminated the Facility Director effective Tuesday, March 17, 2020. The BCRP-Fiscal Services team retrained the staff at S&B on proper cash handling procedures. Additionally, management has identified and is working to procure a standardized inventory and point of sale system.¹ Once the procurement is complete the entire building will operate on the SYNC² system. As a part of the purchase, the vendor will provide on-site training for S&B staff and on-going customer support.

Current S&B leadership has been counseled on the expectations of adherence to all cash handling procedures and overall management of staff and business operations. Since the incident, immediate changes were made to centralize the venue booking process. Namely, all events held at S&B now require the approval of the Chief of Special Facilities. Also, to ensure more oversight of the staff, the Chief has changed his work schedule to ensure his presence over the weekend, when most events occur.

Additional remediation measures will occur at S&B following the COVID crisis including: (1) review of management and organizational structure of S&B to include executive reporting lines; (2) addition

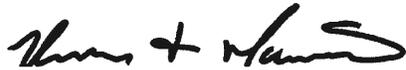
¹ At the time of this incident, the bowling alley and skating rink were operating on two different inventory and accounting systems.

² SYNC is the system currently used by the bowling alley and when utilized properly provides robust inventory and reporting capabilities.

of a dedicated fiscal agent to S&B, and; (3) consultation with a business consultant to evaluate the current business operation and strategy for S&B. It is anticipated that these efforts will be completed within 90-days of S&B reopening.³ BCRP is committed to ensuring that staff are aware of the obligations and restrictions contained in our cash handling procedures and will continue to ensure that regular training occurs.⁴

Thank you for your time and consideration.

Respectfully,

A handwritten signature in black ink, appearing to read "Reginald Moore".

Reginald Moore, *Executive Director*
City of Baltimore, Department of Recreation and Parks (BCRP)

³ As a result of COVID, S&B has been closed since Monday, March 16, 2020.

⁴ Bi-annual fiscal training will occur for all special facilities including S&B.