

OFFICE OF THE INSPECTOR GENERAL
CITY OF BALTIMORE



Isabel Mercedes Cumming
Inspector General

Investigative
Report Synopsis

OIG Case # 21-0028-I
Issued: January 12, 2021



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



January 12, 2021

Dear Citizens of Baltimore City,

The Mission of the Office of the Inspector General (OIG) is to promote accountability, efficiency and integrity in City government, as well as to investigate complaints of fraud, financial waste and abuse. At times the lack of appropriate policies and procedures, effective communication, transparency and accountability lead to fraud, financial waste and abuse that could have been avoided. This public synopsis is a follow-up to OIG public synopsis 20-0017-I, released September 2020.

Vendor Contractual Issues

On November 30, 2020, the OIG received a complaint alleging a Baltimore City Vendor (Vendor) was being used for out-of-contract work despite the OIG and the Law Department previously finding the Vendor overcharged the City by over \$129,000 and was non-compliant with the Minority and Women's Business Opportunity Office (MWBOO). After the Vendor's contract expired on March 31, 2020, the Bureau of Procurement (BOP) failed to rebid a new towing contract. Instead, the Department of General Services (DGS) Fleet Management Division requested the Vendor perform work out-of-contract.¹

On December 2014, the Board of Estimates awarded a towing contract (the Contract) at the request of DGS. The Vendor was determined to be the lowest bidder and selected as the City's first call option for tow service requests. The Contract award performance period was for two years, with two one-year renewal options. On July 12, 2019 DGS submitted a requisition in CitiBuy to request BOP to solicit a new towing contract. Subsequently, on October 19, 2019, BOP created a new solicitation for the Contract but failed to put it out for bid. The Contract was set to expire on December 31, 2019, but the City extended it via a change order to March 31, 2020. The change order advised that new service requests should not be billed to the original purchase order.

Under the Contract, the Vendor's participation goal for the Minority Business Enterprise (MBE) was set at 10% and the Women's Business Enterprise (WBE) participation goal was set at 3%. These goals are applied to the gross revenue of the towing companies. The Vendor was required to provide the City with documentary evidence to support payments made to subcontractors with revenue generated from the Contract. On September 2020, the MWBOO compliance review for April 15, 2015 to January 20, 2020 found the Vendor non-compliant due to not meeting the Contract's MBE and WBE goals.

¹ At the time of this Management Alert, the OIG has discovered five purchase orders for out-of-contract work since the Contract expired in March 2020

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The OIG initiated an investigation into the Vendor's billing practices and released its findings to the public September 2020. The OIG's analysis of invoices revealed that the Vendor overcharged the City for items and services not authorized under the Contract or disclosed on the Vendor's bid price sheet. In total, the OIG calculated that the Vendor overbilled the City \$129,521.95 over a five-year period. The OIG referred its findings to the Baltimore City Law Department for further action. As of the date of this report the Law Department is finalizing the amount for civil recovery.

Despite the Vendor overbilling the City and being found non-compliant by MWBOO, on November 11, 2020, the DGS submitted an Unauthorized Justification Procurement form to the BOP requesting that the Vendor be paid a total of \$96,096.56 to continue providing towing services without an active contract.

Sincerely,



Isabel Mercedes Cumming, Inspector General
Office of the Inspector General

Cc: Hon. Brandon Scott, Mayor of Baltimore City
Hon. Nick Mosby, President, City Council
Hon. Bill Henry, Baltimore City Comptroller
Honorable Members of the Baltimore City Council
Hon. Dana P. Moore, Acting City Solicitor

REPORT FRAUD, WASTE AND ABUSE

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Mayor's Response

Case # 21-0028-I

CITY OF BALTIMORE

BRANDON M. SCOTT, Mayor



OFFICE OF THE MAYOR

100 Holliday Street, Rm 250
Baltimore, Maryland 21202

December 21, 2020

Ms. Isabel Mercedes Cumming
Inspector General, Baltimore City
100 North Holliday Street, Suite 635
Baltimore, MD 21202

Dear Inspector General Cumming,

I am responding to a Management Alert (case number 21-0028-I) from your office regarding a towing operator, [REDACTED], on behalf of Mayor Brandon Scott.

In regard to the use of a vendor whose contract has expired, I have spoken with the Director of the Department of General Services (DGS) and it is my understanding that DGS has been working with the Bureau of Procurement (BOP) over the past several months to initiate the solicitation of a new contract. In the meantime, however, DGS made an operational decision to continue using the services of the current vendor to ensure the continuity of operations on behalf of City agencies. The City lacks the resources (equipment and personnel) to be able to perform all the towing services provided by contracted vendors and without these services not only would the operations of agencies such as Fire, Police, DPW and DOT be significantly hampered, the risk to equipment being damaged due to not being quickly retrieved from break-down locations also had to be weighed.

DGS and BOP have finalized the crafting of a new bid solicitation and that is anticipated to be advertised within the next few weeks. The scope of the solicitation has been revised to remedy issues identified over the course of the OIG's investigation and to better allow for the City's flexibility in selection of vendors and in the towing operations.

Sincerely,

A handwritten signature in black ink, appearing to read "D Ramos", with a long horizontal line extending to the right.

Daniel Ramos
Deputy Chief Administrative Officer
Baltimore City