

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

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