

Minutes
Biennial Audits Oversight Commission

Wednesday, February 15, 2017
5:00 PM thru 6:15 PM

Board Members

In Attendance

Eric T. Costello, Chairman
Joan Pratt, Comptroller
Bernard C. "Jack" Young, City Council President
Leon Pinkett, Councilmember
Bill Henry, Councilmember
Henry Raymond, Director of Finance
Stephen Lesniewski, Inspector General's Office

Speakers

Robert McCarty, Department of Audits
Kimberly Clarke, BDC

Chairman Costello began the meeting by introducing board members. He informed the attendees about the purpose of the meeting and legislation.

Robert McCarty, Department of Audits talked about the status of the audits; to include a brief overview of the auditing process. Some other areas of his discussion included:

- Discussed audit schedules moving forward and how soon the Department would begin conducting audits.
- Explained the changes to take place when completing the Financial Audits.

Kimberly Clark, Baltimore Development Corporation (BDC) explained BDC's financial audit process and that BDC undergoes an annual financial audit conducting by an external auditing firm.

- Mr. McCarty suggested that BDC audits be submitted to the Board of Estimates (BOE)

Members of the Board asked Mr. McCarty several questions, stated some concerns and made recommendations for upcoming audits. Some highlighted topics of discussion were:

- Filling the required positions needed for audits – very pertinent
- Group A – Where will the Department of Audits be at the end of this year as it pertains to the 8 Performance and 8 Financial Audits?
- Funding for the Audits – very pertinent (Finance Director responded to same)
- Group B – Time range for those audits
- **Vote #1 Taken – "Schedule Range for Both Financial and Performance Audits"**
Phasing audits in different waves
 - Group A audits to cover FY2015-2016 (July 1, 2014 – June 30, 2016, and to be conducted in CY2017)
 - Group B audits to cover FY2016-2017 (July 1, 2015 – June 30, 2017, and to be conducted in CY2018)

- **Vote #2 Taken – “Phasing of Group A Financial and Performance Audits”**
 - Finance, HCD, and MOHS will be audited in first wave of CY2017
 - Fire, DGS, and MOIT will be audited in second wave of CY2017
 - DPW and BDC will be audited in third and final wave of CY2017
- Informed the attendees and listening audience where the audit findings could be found online
- Suggestion and/or comments about “agency waivers”
- The Finance Director stated that “no financial frauds” were found doing the Quadrennial Audits.
- **Vote #3 Taken – “Waiver for Financial Audits”**
 - Since BDC undergoes a financial audit annually as part of its legal requirements as a 501 C 3 organization, a waiver was provided
 - In addition, the Commission asked for a copy of BDC’s annual financial audit be sent to the BOE
- Proper Documentation – What happens when an agency does not have proper documentation for an audit?
- Talked about Group A’s Findings and Recommendations – **SEE HANDOUT**
- Ideas, Concerns and Recommendations for Next Round of Audits; as follows:
 - **Department of General Services**
 - Concern – Upkeep of Buildings
 - Securing Vacant Buildings (adequately maintained inside and outside of Building)
 - Leasing Buildings
 - 21st Century School Buildings – becoming vacant (is of concern)
 - **Fire Department**
 - Suggestion: more Fire regulations are needed
 - Response Time
 - ❖ Are crews expected to call-in after getting to a scene?
 - ❖ How does the Department calculate response time?
 - ❖ How efficient is the Department with completing data for same?
 - **Mayor’s Office of Information Technology (MOIT)**
 - Concern: that MOIT has the tools and infrastructure needed to move into the 21st Century
 - What is the status of the fiber network map out throughout the City?
 - Is the MOIT tracking and using the “up time” and internet service as a performance measure?
 - **Department of Housing and Community Development**—no comments at this time
 - **Department of Finance**
 - Commercial Driver Licenses (CDL)
 - ❖ Asked that all drivers be properly licensed and documented
 - Billing Integrity Unit
 - ❖ Comments regarding outside investigations
 - ❖ Would like to know the extent of collection, such as tax fraud; to include the ground work used to capture loss revenue
 - Comment: The City Council (we) are looking for money to close some gaps
 - **Department of Public Works (DPW)**

- Comments regarding boarding up property
- Rat Abatement concerns
 - ❖ Discussion regarding the permission to go onto property
 - ❖ Comments regarding what other jurisdictions do to address no responses to go/not to go onto property
 - ❖ In the future could you look at the possibility of moving this service back to the Health Department; the power of a public health emergency!
 - ❖ The possibility of creating legislation for rat abatement procedures
- Recycling/Bulk and Regular Trash Collection
 - ❖ Bulk trash – How effective are we? We need to look at other opportunities for same
 - ❖ Recycling vs. Regular trash pick-up: more strategies for outreach are needed
- Comment regarding “Sectors” being created within DPW throughout the City

➤ **Baltimore Development Corporation (BDC)**

- Small Business Resource Center
 - ❖ Correlation for Visits – visiting pro-actively
 - ❖ How often does BDC visit small businesses?
 - ❖ How often does someone call BDC to make a visit and/or are asked back for a visit?
 - ❖ Is there a potential profit-sharing agreement? If so, it is monitored at least annually?
- Tracking Matrixes around larger projects (such a TIFS)
 - ❖ Such as:
 - # of employees
 - # of jobs created
 - Success of projects
 - Collecting hard data
 - Would hope that the Department of Finance would help obtain the data

➤ **Mayor’s Office of Human Services (MOHS)**

- Want to make sure that grants are closed out properly and monitored
- What is the timeframe for going from temporary to permanent status?
- Would like to see more numbers in the budget books – An example: Head Start – would like to see the number of children entering same as opposed to percentages.

The Chairman of the Board asked Mr. McCarty to submit a report to the Commission by Friday, February 24, 2017 to include:

- Bullet list for Performance Measures
- Inform Commission members of anything they said that he doesn’t agree with and/or do not understand
- Narrow down scope of performance audits to 3-4, objectives, per agency, after information is received
- **Vote #4 Taken** – City Auditor to respond to Commission by February 24, 2017

Summation:

The Chairman asked the representative from the Department of Audits to, "if any big comes out as a result of the Audits, please let the Commission know of same." He called the hearing to recessed and stated that it would reconvene later this year around late Summer or early Fall.

Prepared by: Marguerite M. Currie

Date: _____

Reviewed and approved by: Eric Costello / m.m.c

Date: _____