Minutes
Biennial Audits Oversight Commission

Thursday, December 21, 2017
4:05 PM thru 6:00 PM

Board Members

In Attendance	Speakers
Eric T. Costello, Chairman	Robert McCarty, Department of Audits
Joan Pratt, Comptroller	Kim Trueheart, City Resident
Stephen Lesniewski, Inspector General's Office	David Troy, City Resident
Leon Pinkett, Councilmember	
Bill Henry, Councilmember	
Michael Huber, Development Specialist, on behalf of Bernard C. "Jack" Young, City Council President	
Steven Kraus, Deputy Director of Finance, on behalf of Henry Raymond, Director of Finance	

Chairman Costello began the meeting by introducing board members.

Vote #1 - Chairman Costello asked, "Is there a motion to vote on the February 15th minutes." Vote was motioned by Member Pinkett and seconded by Member Pratt. Vote favorable! ***Mr. Steve Kraus voted on behalf of Henry Raymond. A copy of the voting record is attached.***

The chairman also stated that some audit findings would be delivered within the next one to two months to the Board of Estimates (BOE); eight (8) agencies – **Group A**. ***A list of those agencies is included in the handout submitted by the Department of Audits***. He expressed to the board members that, "he hopes that they would wait until the next scheduled board meeting to asked questions pertaining to those upcoming audit findings - Group A- Financial and Performance Audits."

Robert McCarty, Department of Audits, submitted copies of his presentation to the board members and copies of same were made available to the other attendees. ***A copy of that handout is attached to these minutes.***

His presentation included:

- Follow-up of previous findings
- Selected performance measures for fiscal years 2015 and 2016

Chairman Costello asked Mr. McCarty to discuss the situation associated with the Baltimore Development Corporation (BDC)

Chairman Costello asked Mr. McCarty if all of the financial and performance audits scheduled to go to the BOE would be completed by the January 10th date. Mr. McCarty replied, "Yes."

Located on page fourteen (14) of the handout is a list of city agencies that were up for discussion during the meeting- [Group B's Performance Audits). Members of the Board asked Mr. McCarty several questions pertaining to those city agencies, stated some concerns and made recommendations for upcoming audits. Some highlighted topics of discussion were:

1. Department of Law
    - Are there any measures in place for the number of lawsuits the City is engaged in?
    - Concern: how many lawsuits were won versus how many were lost
    - Concern: how many lawsuits were settled?
    - **Mr. McCarty is to prepare recommendations for Group B
    - We should be increasing our efforts to hire minority contracts
2. Department of Human Resources
    - Concern: the number of city employees who were denied employment
        - Is there a record of it and/or follow up for same?
    - Concern: the timeframe associated with completing an application to actual hiring
        - the efficiency thereof
        - background checks (more specifically in this area)
        - delays
3. Department of Transportation
    - Circulator Buses – concern
        - How efficient is the current fleet?
        - Are they running to capacity?
        - Revenue
    - Dockmaster – is this functionality being utilized adequately?
    - Street lighting – concern
        - How long does it take to complete a repair(s) after a complaint is received?
        - Public safety situation (a concern) – the period that the street lights are on; lights out, vandalism, and etc.
        - Coordination issues and/or efforts – between the City and the BGE
            - utility repairs and the resurfacing of same
            - efficiently coordinating the right of way utility work – a concern
            - Comments made regarding "so many requests for right of way issues"
    - Special Events
        - Can we look at the processes associated with the "Special events application process?"

        - Street closing for same
            - No notice to public within 72 hours beforehand (a concern)
            - Use to provide community notices
            - Would like to know more about this process as well as track complaints!

4. <u>Department of Recreation and Parks</u>
    - Pools
        - Is there a way to determine if effective internal controls are in place for managing the cash at the pools?
    - Grass Cutting
        - How frequently is the Department cutting grass? (would like to know)
    - RecPro
        - Would like to be able to measure attendance at the various recreation centers
        - Would like to measure the use of RecPro!
    - Would like to see measures in place for engaging seniors in Recreation Centers
5. <u>Department of Planning</u>
    - Community Liaisons within agencies versus Community Planners
        - Clarification between the two positions
        - Feasibility for serving the communities
        - Comments regarding same
6. <u>Health Department</u>
    - Has the Naloxone distribution process been successful?
    - Inspections
        - Percentage of mandate food service inspections (comments/concerns)
        - Are we required to inspect every food service facility on a yearly basis?
        - Are we meeting the inspection requirements?
        - Concern (consistent inspections)
        - Comments/concerns – the extend the Department is during inspections in compliance with State law
7. <u>Mayor's Office of Employment Development</u>
    - Are there any performance measures in the budget book to show how many people obtain employment through MOED? And, how many are city residents? And, is there is a way to expand on same?
    - How successful is MOED in hiring city residents?
    - Would like to be able to provide slots for every young person that applies!
    - Are measures available for:
        - What percentage of Youth Workers will be employed
        - A goal for how many they want to apply
        - A reasonable goal for the number of eligible Youth Workers to actually apply

- We would like for Audits to take a look at how many applicants are sent through the MOED training program. To include how many ex-offenders are sent through the program.
- Comments and concern – How much collaboration/efforts for expungement services (how many and is it a priority!)
- Local Hiring Law
    - Progress and success of the program (working with large employers)
    - Frequency and amount of waivers
    - Contracts subject to law
    - Of the contracts are all in compliance
    - How effective has the program been?
    - Would like as much data as possible regarding same

8. Police Department
    - Recruitment
        - Percentage of new recruits that are city residents
        - Percentage of city residents that applied but was rejected (and why rejected)
    - Determine how many classes are given for computer training
    - Overtime - Spending for deploying officers **versus** spending for just filling posts **versus** spending for other reasons
    - Comments/concerns – How many actual patrol officers are there on active duty?
    - Could a performance audit look to other cities for how our (the city's) Patrol Division is organized?
    - Concern: Shortage of patrol officers; skyrocketing overtime costs and special events – Is there a way to frame an objective if the Department accelerated filling positions? What impact would it have?
9. Other comments, concerns and/or etc.
    - Request – would like copies of all audit findings before the next scheduled meeting
    - Per the chairman – that electronic copies of audit findings be sent to all members before the next meeting
    - Office of the Inspector General (notifications received regarding)
        - policy lacking for storage distribution and/or storeroom policies and procedures
        - loss of equipment
        - large number of thefts

Chairman Costello talked about the legislative intent of the audits; to:

- improve performances and provide recommendations
- to discuss recommendation follow-up and oversight
- goal is to find ways to make agencies more efficient

PUBLIC TESTIMONY

Two city residents gave testimony. Some of their comments, concerns and etc. were:

Speaker #1

- I want to make sure that our tax dollars are being spent the way we want them to be spent!
- We as citizens feel our tax dollars should be spent in a way to meet the needs of neighborhoods
- Our tax dollars are not being spent to serve residents
- Audits should identity bad practices within agencies!
- Audits need to look at the disparities within the Department of Recreation and Parks
- Swimming pools should be open more throughout the year!
- Comments regarding disparity in capital funding spending
- Process for capital funding (where do you go?)
- Youth Fund
    - A database is need for demographics; about children and youth in the City to help validate spending!
- The citizens fought hard for audits and we want to stay informed about the audits findings!
- The city is lacking a comprehensive plan that should guide expenditures
- The goal should be improving the plight of every life in the City

Speaker #2

- Glad to see audits moving forward
- Asked for clarification and/or verification for the audit schedule and completion dates
- Would like the Auditors to look at other cities (benchmarks) to see what they are doing as a comparison and management tool
- Would like the time the Commission hold meetings change in order to have more public participation

Summation:

The Chairman stated he would like to hold a meeting sometime in early to mid-January to review the hearing notes with the Auditor. And, to hold the next meeting sometime in mid to late February to discuss the results of Group A audits. Meeting adjourned.

Minutes Approved by Commission Members: September 19, 2018 via members' vote **[Seven (7) Yeas)**

BALTIMORE CITY
BIENNIAL AUDITS OVERSIGHT COMMISSION
VOTING RECORD

APPROVAL OF DECEMBER 21, 2017 MINUTES

DATE: September 19, 2018

MOTION BY: Pratt **SECONDED BY:** Raymond

VOTE RECONSIDERED:

MOTION BY: Henry **SECONDED BY:** Pratt

☒ **FAVORABLE** ☐ **FAVORABLE WITH AMENDMENTS**

☐ **UNFAVORABLE** ☐ **WITHOUT RECOMMENDATION**

NAME	YEAS	NAYS	ABSENT	ABSTAIN
Costello, Eric - Chair	X			
Raymond, Henry	X			
Cumming, Isabel	X			
Pratt, Joan	X			
Young, Bernard C.	X			
Pinkett, Leon	X			
Henry, Bill	X			
TOTALS	7	—	—	—

CHAIRPERSON: [signature], Eric T. Costello, Chair

STAFF PERSON: Marguerite Currin, **Initials:** M.C.

Department of Audits
Biennial Financial Audits – Group A
Calendar Year 2017

Agency	Board of Estimates
Mayor's Office of Human Services	01/10/2018
Department of Finance	01/10/2018
Housing and Community Development	01/24/2018
Department of Public Works	01/31/2018
Department of General Services	02/07/2018
Mayor's Office of Information Technology	02/14/2018
Fire Department	02/21/2018
Baltimore Development Corporation	N/A

Department of Audits
Biennial Performance Audits – Group A
Calendar Year 2017

Agency	Board of Estimates
Mayor's Office of Human Services	01/10/2018
Department of Finance	01/10/2018
Housing and Community Development	01/24/2018
Department of Public Works	01/31/2018
Department of General Services	01/10/2018
Mayor's Office of Information Technology	02/07/2018
Fire Department	01/24/2018
Baltimore Development Corporation	01/24/2018

Department of Audits
Biennial Performance Audits – Group A
Calendar Year 2017

Mayor's Office of Human Services

Follow-up of previous findings:

- N/A – Initial audit

Performance Measures Selected for Fiscal Year 2015 and 2016:

- Percent of enrollment during Head Start contract period. (Service 605)
- Percent of households who received EP grants that remain housed for at least three months. (Service 893)
- Percent of persons moving from temporary to permanent housing. (Service 895)
- Number of eligible clients who maintain permanent housing for six months or longer, (Service 896)

Department of Audits
Biennial Performance Audits – Group A
Calendar Year 2017

Department of Finance

Follow-up of previous findings (of Department of Audits):

Bureau of Revenue Collections:

- The daily inspection visits are not scheduled and assigned to the inspectors in an efficient and effective manner.
- There were numerous discrepancies between the inspectors' time and attendance information included on the Daily Attendance Records (DARs) and the time and attendance information recorded on eTIME, the City's automated time-keeping system used as a basis to generate employees' pay checks.
- There were several discrepancies between the total number of monthly inspections recorded by the inspectors on the DARs and the total number of inspections included on the Monthly Statistical Summary Reports.
- Duties in the Inspection Unit were not adequately segregated.
- Records were not adequately maintained to support all of the inspectors' time and attendance information and number of daily inspections performed.

Office of Risk Management:

- Risk Management did not meet its target for the number of random employee drug and alcohol tests performed during fiscal years 2014 and 2015.
- Employees in non-CDL sensitive job classifications were not included in the data base used to select employees for random drug or alcohol testing.
- Risk Management did not adequately monitor billings for random drug or alcohol tests.
- The average cost per claim for employee injuries, the number of claims filed per 100 employees, and the amount of accident leave paid exceeded the established performance measure targets for fiscal years 2014 and 2015.

Performance Measures Selected for Fiscal Year 2015 and 2016:

- Percent of Purchase Orders issued meeting the benchmark timeframes. (Service 699)
- Percent of invoices paid in 30 days. (Service 702)

Department of Audits
Biennial Performance Audits – Group A
Calendar Year 2017

Department of Housing and Community Development

Follow-up of previous findings (of Hamilton Enterprise, LLC):

- Audit identified that the actual performance reported for FY 2012 was inconsistently calculated in that the service request type "HCD-Sanitation Occupied Private Property" was included in the FY 2012 calculation, but excluded in all other years. This service request type should have been excluded from the actual calculations for FY 2012, which would have made the FY 2012 metric 95% instead of the reported 89%, to be comparable with prior and future years.
- The wording of the measure does not reflect what is being measured. The measure is % of multi-family dwellings inspected without life/safety violations at time of annual inspection (CY); however life/safety violations are not separately tracked so the measure reports the % of multi-family dwellings inspected with no violations at the time of annual inspection (CY). There is no separate measurement of life/safety violations, so all violations are counted.
- The reported amounts for all years are meant to reflect the prior calendar year. For example, fiscal year 2011 is based on dwellings inspected during calendar year 2010. However, both FY 2012 and 2013 reflect the calendar year 2012 performance. For consistent reporting, FY 2012 should have reflected calendar year 2011, which was 64%, not 75%.
- Land Resource Division (LRD) refined the measurement methodology across the years under audit to better reflect the portion of the process under its control; however, these changes make the actual performance reported inconsistent for comparison across years prior to FY 2013. The audit identified three different methods used across the four year period within the scope of the audit. Additionally, as LRD refined the measure, it did not update the wording to reflect the calculation changes.
- The target performance measure has been consistently set at 90% since FY12, but FY14 is the only year the Service came close to meeting this target, and 19% of all settlements were excluded as outliers in that year.

Department of Audits
Biennial Performance Audits – Group A
Calendar Year 2017

Department of Housing and Community Development (Cont.)

- Audit identified the targets were not consistently calculated across the years reported to provide meaningful comparisons and HCD could not provide a method or supporting documentation for how the targets were developed.
- Support was not available to substantiate the actual amounts reported.
- The measure is intended to report the number of inspections performed within one business day of the customer's request through the interactive voice response system. The audit identified during FY2011 -2013, the measure was calculated as the number of inspections completed within 1 business day from the day they were scheduled to occur not from when they were requested. It also included unscheduled inspections (inspection performed based on a customer request while in the field) which are relevant to this measure. In FY 2014, HCD changed the calculation method to reflect what it is reported to measure (i.e. number of inspections performed within one business day of the customer's request, excluding unscheduled inspections.)
- The targets are not consistently calculated across the years reported to provide meaningful comparisons and HCD could not provide a method for how the targets were developed.

Performance Measures Selected for Fiscal Year 2015 and 2016:

- Number of new homeowners assisted. (Service 742)
- Number of vacant, unsafe structures in targeted areas made habitable or razed as a result of Code enforcement. (Service 745)

Department of Audits
Biennial Performance Audits – Group A
Calendar Year 2017

Department of Public Works

Follow-up of previous findings (of Department of Audits):

- DPW did not meet its targets for the number of rat burrows baited during fiscal years 2014 and 2015. However, because of missing data and discrepancies in data to support the actual reported amounts, we could not determine whether the reported performance measure amount were accurate and reliable.
- Parts 2 and 3 of the Inspection and Follow-up Action Checklist for Detecting and Preventing Rats were rarely completed by the inspectors for the four weeks that we tested.
- DPW did not meet its targets for the tonnage collected from household recycling for fiscal years 2014 and 2015 even though the reported tonnage collected was overstated because it included items that are considered as household recycling.
- We were unable to verify the accuracy of the reported amounts of recycling tonnage collected because even though DPW did not meet its performance measure targets, we were not given the recycling truck tickets that we requested for testing.
- DPW did not meet its targets for the linear feet of water distribution system rehabilitated/replaced in fiscal years 2014 and 2015. Also, we could not verify the reliability of the report linear feet of water distribution system rehabilitated/replaced in fiscal year 2014 because supporting documentation for those amounts was not available for audit testing.

Performance Measures Selected for Fiscal Year 2015 and 2016:

- Percent of water billing accounts estimated annually (will note in audit report that a new system is being out in place and this will be postponed until the CY 2019 audit). (Service 672)
- Distribution system water loss as percent of total water flow. (Service 675)
- Percent of MBE/WBE participation in engineering and construction projects. (Service 675)
- Percent of missed trash and recycling pickups. (Service 663)

Department of Audits
Biennial Performance Audits – Group A
Calendar Year 2017

Department of General Services

Follow-up of previous findings (of SB & Company, LLC):

- Although fuel consumption information is available for each vehicle, there is no specific process in place to monitor or review for unusual patterns, especially high consumption that could result from pilferage.
- Fire Department has over 370 vehicles, but no evidence that fuel consumption is monitored, reported or reviewed. Also no limits on the quantity of fuel per transaction or number of transactions per day, no limits on the quantity of fuel assigned to a specific vehicle or equipment by month or quarter.
- There is rigorous monitoring of fuel at each station, including use, and daily reconciliation of consumption with fuel receipts. No comparing of the daily physical inventory of fuel at each station (control sheets) with the ending inventory per Ward system. The ending inventory per perpetual system is not included on the daily reconciled inventory control sheet.
- No process for periodic fuel inventory count by independent 3rd party.
- Of the 160 items tested for fiscal years 11 thru 14, there were 15 instances of vehicles and 11 instances of equipment overdue by more than 3 months for preventive maintenance (PM). Also there is no consequence for agencies missing overdue PM.
- Overdue PM for vehicles are reported in bi-weekly CitiStat report, but not equipment. CitiStat reports were missing for May & June, 2012.
- Found for fiscal year 2014, 5 tenants and for fiscal year 2013, 10 tenants occupying buildings at various addresses without lease agreements.

Performance Measures Selected for Fiscal Year 2015 and 2016:

- Construction completed on time. (Service 734)
- Construction completed within budget. (Service 734)

Department of Audits
Biennial Performance Audits – Group A
Calendar Year 2017

Mayor's Office of Information Technology

Follow-up of previous findings (of CliftonLarsonAllen, LLC):

- CliftonLarsonAllen (CLA) was not able to recalculate the actual value of the performance measure due to unavailable data. There was no operational data transferred to BMC FootPrints from OTRS Business Solutions when the system was changed in FY 2014, and the OTR Business Solutions data could not be located.
- (The performance measure target reasonably represented past performance for FY 2012 and 2014, but not for FY 2013, in which the target was established at 0.5 days when the FY 2012 result was 3.0 days. Establishing unreasonable targets decreases the overall impact of outcome-based budgeting and limits the ability of MOIT to effectively improve performance.
- Mechanisms used to capture client satisfaction - according to management, current system settings automatically offer stakeholders a service satisfaction survey after each ticket is closed. The Division does not have formal policies and procedures in place to evaluate and report the survey results on a periodic basis, or to use the results in a structure manner for process improvement initiatives.
- The performance measure target established for FY 2014 reasonably represents the performance in FY 2013. However, the FY 2013 target (1.3M calls) is not reasonable since it is three times larger than the FY 2012 result (422K calls). Because of this, the FY 2013 target does not reasonably represent performance improvement expectations.
- The performance measure's actual results were accurate in the two of the three years CLA recalculated the value reported in the budget from One Call Center data and reports. The actual value reported in FY 2013 was inaccurate.
- Although performance data on call volume and percent of calls answered within 20 minutes for Non-Emergency calls is also available in the One Call Center database, the Division does not report that information. Non-Emergency calls typically represent between 35 and 44% of the total calls received and not reporting results in this area, depicts an incomplete picture of the Enterprise Unified Call Center operation.
- CLA completed a five-year analysis that showed that the average time to answer City Services and General Information calls increased 11 minutes between FY 2012 and FY 2016, approximately a 50% increase. Conversely, the average time to answer Non-Emergency calls decreased 3 minutes in between FY 2012 and FY 2016, approximately a 30 % decrease.

Department of Audits
Biennial Performance Audits – Group A
Calendar Year 2017

Mayor's Office of Information Technology (Cont.)

- CLA was able to reproduce the actual value of the performance measure directly from One Call Center data and performance reports. The performance measure's actual results were accurately reported in one of the three years where actual results were available. For two years, there was a difference of 9% and 10% between the actual value reported and CLA recalculation for FY 2012 and FY 2014, respectively.
- The One Call Center reports include two values, the Number of Calls Accepted and the Number of Calls Answered; the difference between the two, are the number of calls abandoned. The report also includes data on the number of calls answered within specific time ranges, which is calculated using the calls answered data. Even if the difference between the reported and the CLA recalculated value had been calculated using the Number of Calls Accepted (which would not have been appropriate based on the reason previously described), there would have been differences as well.
- Although the differences were not significant, the performance measure's actual results reported in the budget were generally different from the data summarized from the One Call Center reports for the three year where the data was available.
- CLA completed a three-year analysis that showed that the average time to answer 911 calls decreased 3 minutes between FY12 and FY14, which represents approximately a 50% reduction in the response time.

Department of Audits
Biennial Performance Audits – Group A
Calendar Year 2017

Mayor's Office of Information Technology (Cont.)

- CLA's assessment of the reliability, validity, and relevance of selected performance measures for the four FYs 2011 to 2014, including an evaluation of the mechanisms to track and generate performance data, was limited due to several factors and no measures were selected for testing. Limiting factors included: 1) Many target and actual data points were not reported from year to year; 2) Through inquiry of management, it was noted that supporting documentation for the target performance was generally not available. Consequently, CLA was not able to determine whether the performance measure targets reasonably represented the performance of the prior years, or the performance improvement the group planned to achieve; 3) That the data relating to actual performance measurements during the period evaluated was generally not available or complete; 4) Absence of internal controls, policies or procedures for recording, reviewing, maintaining or reporting performance measurement.

- **Performance Measures Selected for Fiscal Year 2015 and 2016:**
- Percent of applications moved off the mainframe. (Service 803)
- Number of cybersecurity awareness trainings. (Service 805)
- Percent of users who are able to complete a Baltimorecity.gov transaction.

Department of Audits
Biennial Performance Audits – Group A
Calendar Year 2017

Fire Department

Follow-up of previous findings (of SB & Company, LLC):

- There are no specific processes to identify new businesses in existing buildings to ensure that they are inspected for compliance with the Fire Code. When an incident occurs, the business may be identified as non-compliant. Also permit numbers did not follow a logical time sequence.
- There are no specific processes to follow-up after renewal notices have been sent and confirm whether all expired permits had been renewed.
- One instance of 160 permits tested, where the applicant was charged a higher rate to take effect months later than the current applicable rate.
- Three permits of 160 tested, where the payment information was recorded in COBOL and receipt could not be confirmed.
- The accounts receivable reports are not provided to Finance for inclusion in the financial records.
- Were not able to agree EMS response times provided for April 2011 to the Citistat report.
- Found three instances where the attendance per the Station records did not agree with Tele-Staff and Etime. Found first names or identification numbers are not included in attendance record. Attendance records were missing for May 2011, January 2012, April 2013 and June 2014.

Performance Measures Selected for Fiscal Year 2015 and 2016:

- Number of Smoke Alarms installed. (Service 602)
- Percent of City agencies with complete Continuity of Operations Plan (COOP). (Service 608)
- Percent reduction in 911 calls from Operation Care patients. (Service 610)
- Average time for completing fire inspections of commercial properties under the permit process (use and occupancy). How can the process be made more efficient.

Department of Audits
Biennial Performance Audits – Group A
Calendar Year 2017

Baltimore Development Corporation

Follow-up of previous findings (of Department of Audits):

- BDC did not meet its target for the number of companies assisted in staying in Baltimore City during fiscal year 2014. However, because of missing data and discrepancies in data to support the actual reported numbers, we could not determine whether the reported performance measure numbers were accurate and reliable for fiscal years 2014 and 2015.
- BDC reports the number of jobs retained or attracted to the City in the fiscal year when a project is presented to the City Council for approval, rather than reporting the actual number of jobs when different phases of the project are completed and the number of jobs are filled and verified.
- SBRC, an affiliate of BDC, did not meet BDC's target for the number of seminars and training sessions for fiscal year 2015; the reported number of seminars and training sessions was overstated because it included items that are not considered seminars and training sessions held during the reported fiscal year.

Performance Measures Selected for Fiscal Year 2015 and 2016:

- Number of Inner Harbor coordination initiatives. (Service 811)
- Number of outreach visits to small businesses. (Service 814)
- Number of MBE/WBE businesses assisted.

Department of Audits
Biennial Performance Audits – Group B
Calendar Year 2018

Department of Law

Department of Human Resources

Department of Transportation

Police Department

Department of Recreation and Parks

Department of Planning

Department of Health

Mayor's Office of Employment Development