

Biennial Financial Audit for the Fiscal Years Ended June 30 2018 and 2019. The audit revealed that the Department of Public Works - Solid Waste (“the Agency”) did not have a process to review the general ledger to validate account activities and balances, and as a result the Agency was unable to see what revenue was available to it. Possibly because of this inability to view revenue, \$5.6 million sat in the Agency’s coffers from 2007 to this year without the Agency’s knowledge. The revenue came from citations issued by the Sanitation and Enforcement Division prior to that Division’s transfer to the Department of Housing and Community Development. The \$5.6 million in revenue lingering in the Agency’s account had been noted during a previous audit by the Office of the Comptroller. The audit recommended that the Director of DPW: review the account to determine the source and accuracy of the fund balance; utilize or remit the funds to the appropriate fund; and perform periodic account analysis to appropriately identify and manage the corresponding financial activity. The funds have now been primarily assigned to bring the City’s Quarantine Road Landfill into compliance with State and City codes. The Landfill has received multiple violations for problems with erosion controls and stormwater management.

The audit also noted some smaller problems the Agency had. First, the landfill revenue collection duties were not properly segregated; segregating revenue collection duties helps to prevent fraud, waste, and abuse. Second, management oversight was lacking. Third, the camera systems were not operating, which could encourage theft of revenue, scrap metal, or other assets from the sites. Lastly, the Agency noted multiple internet outages at landfills that shut down weighing operations, precluded site access, and caused long waits for customers. The audit recommended that the Director of DPW segregate revenue collection duties, increase management oversight, and ensure that cameras and the internet function properly.

The Agency agreed with all of the audit’s findings and wrote short corrective action plans for the issues that needed to be addressed. The Agency identified that the funds had been sitting in the account, and transferred the funds to pay for compliance projects at the Quarantine Road Landfill and to the Capital Budget and the Landfill Development funds. In its response to the audit, the Agency did not identify why the funds had remained in the account when they had been previously identified in an earlier audit and did not identify how the Agency will change its procedures so it can ensure that all revenue will be viewable now and into the future. The Agency agreed with the smaller problems identified in the audit as well. The Agency promised to increase oversight on transactions and noted the creation of the Office of Support Services within the Bureau of Solid Waste and the establishment of Standard Operating Procedures for cash collection and deposit. The agency also plans to install cameras at the landfills soon, and will prepare Standard Operating Procedures to ensure a backup process if internet connections fail.

The City Council wants to know what DPW is doing to avoid problems identified in the audit in the future. It is of concern that DPW did not appropriate the \$5.6 million when an earlier audit noted that the revenue was sitting in the account. It is possibly more of a concern that, in response to the audit, DPW does not explain how it has changed its procedures and now it can view all of the revenue it collects. DPW fails to completely address this issue in its response. The City Council requests that representatives from DPW appear before the Council and provide an overview of how both Solid Waste, as well as Water and Wastewater, handle revenue and expenditures, and generally how DPW evaluates its procedures.

Now, therefore, be it resolved by the City Council of Baltimore, That the City Council invites representatives from DPW, the Department of Finance, and the Office of the Comptroller to explain how DPW evaluates its operating procedures and makes improvements.

And be it further resolved, That a copy of this Resolution be sent to the Mayor, the Director of DPW, the Head of the Bureau of Solid Waste of DPW, the Head of the Bureau of Water and Wastewater of DPW, the Chief of the Office of Asset Management of DPW, the Chief of the Office of Fiscal Management of DPW, the Director of the Department of Finance, and Comptroller, and the Mayor’s Legislative Liaison to the City Council.

