

**OFFICE OF THE INSPECTOR GENERAL  
CITY OF BALTIMORE**



**Isabel Mercedes Cumming  
Inspector General**

**Investigative  
Report Synopsis**

**OIG Case # 20-0011-I**

**Issued: February 25, 2020**



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



February 25, 2020

Dear Citizens of Baltimore City,

The Office of the Inspector General (OIG) investigated a complaint regarding a 2018 Baltimore Children & Youth Fund (BCYF) Grant Awardee (Grantee). The OIG confirmed the Grantee was awarded \$16,780 to be spent in accordance with the BCYF-approved budget, which outline staff expenses, facility operations, maintenance, advertisement among other things. The complaint alleged the Grantee misappropriated funds awarded by the BCYF, administered through Associated Black Charities (ABC). The allegations included: inadequate facilities lacking electricity, exposed wiring and an inoperable HVAC system. Additionally, the Grantee resides in the facility on the second floor potentially benefiting from the building upgrades.

ABC executives confirmed all grant recipients undergo an onboarding process that includes instructions on grant paperwork submissions, quarterly reports requirements and expense justifications (receipts). The OIG was informed Grantees could submit budget modifications about the initial budget was approved. According to ABC, most budget modifications were approved if they did not exceed the amount of the grant award.

The OIG learned the Grantee received two checks, from the BCYF. The initial check for \$1,656.25 was disbursed to cover insurance expenses for the Grantee<sup>1</sup>. On December 28, 2018 the second check for \$8,390 was disbursed. According to ABC, the BCYF grant is not a reimbursement grant the grant funds are disbursed if the initial budget is approved. The OIG found the Grantee submitted justification documentation that included receipts, cancelled checks, and proposals. However, ABC only approved \$7,023.91 of the initial disbursement of \$8,390.00, leaving a balance of \$1,366.09 unaccounted in that reporting period. The OIG found ABC did not require the Grantee to provide expense justification documents prior to requesting additional grant disbursements. Once ABC received expense documents, they properly vetted the expenses presented by the Grantee, but it had no bearing on the prior disbursement.

The OIG investigation confirmed as of January 16, 2020<sup>2</sup>, the Grantee was not issued a Use and Occupancy Permit<sup>3</sup> from the Department of Housing and Community Development (DHCD). The OIG found there is a lack of compliance protocols in place to ensure the grant funds are being spent according to the award.

<sup>1</sup> All grant recipients are required to purchase insurance for their programs and ABC has pool to cover insurance expense. The insurance expense was not deducted from the grant award

<sup>2</sup> As of February 24, 2020 DHCD still have not received a permit

<sup>3</sup> A Use and Occupancy Permit is required for anyone being physically present in the building.

**REPORT FRAUD, WASTE AND ABUSE**

**HOTLINE:** 443-984-3476/800-417-0430 **EMAIL:** [OIG@BALTIMORECITY.GOV](mailto:OIG@BALTIMORECITY.GOV)

**WEBSITE:** [OIG.BALTIMORECITY.GOV](http://OIG.BALTIMORECITY.GOV)

Maryland Department of Assessments & Taxation records revealed the Grantee is the owner of the facility described in the complaint. When asked by OIG, the Grantee admitted to living on the second floor of the facility. The BCYF grant funded the HVAC system upgrade and hot water heater that services the entire building. DHCD Deputy Commissioner for Permits & Litigation informed the OIG that a Use and occupancy Permit was applied for on August 7, 2019 but was not issued. DHCD also confirmed the Grantee failed the last building inspection for the facility, on November 14, 2019.

Sincerely,



Isabel Mercedes Cumming, Inspector General  
Office of the Inspector General

Cc: Hon. Bernard C. "Jack" Young, Mayor of Baltimore City  
Hon. Brandon Scott, President, City Council  
Hon. Joan M. Pratt, Baltimore City Comptroller  
Honorable Members of the Baltimore City Council  
Hon. Andre M. Davis, City Solicitor


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# **Finance Director Response**

Case # 20-0011-I

<b>FROM</b>	Name & Title	Henry J. Raymond, Director <i>HJR</i>	<b>City of Baltimore</b>  <b><i>MEMO</i></b>	
	Agency Name & Address	Department of Finance City Hall, Room 454		
	Subject	Management Alert 20-0011-I		

Date: February 14, 2020

Kim Morton, Chief of Staff  
Office of the Mayor

I have reviewed Management Alert 20-0011-I issued January 17, 2019 by the Office of the Inspector General.

Pursuant to the review of the Management Alert, certain recommendations were made to the Associated Black Charities (ABC) regarding this matter.

Additionally, I spoke with ABC and received verification of the grantee's suspension as of November 6, 2019; ABC did not provide the second half of the grant award to the grantee given the issues that arose. ABC considers this grantee as no longer eligible for additional grant funding. Please note prior to the IG investigation, upon learning that the grantee was using the space without an occupancy permit, ABC required that the grantee relocate to provide the services and followed up to verify the temporary site was in fact in use.

Finally, the grantee budget and modified budget was used to make decisions about what could and couldn't be funded. In recent discussion with ABC, they indicated that documentation is required and grantees know that any budgeted item without proper documentation is not an acceptable expense.