

OFFICE OF THE INSPECTOR GENERAL
CITY OF BALTIMORE



Isabel Mercedes Cumming
Inspector General

Investigative
Report Synopsis

OIG Case # 21-0031-I

Issued: December 9, 2021



OFFICE OF THE INSPECTOR GENERAL
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City Hall, Suite 635
100 N. Holliday Street
Baltimore, MD 21202



December 9, 2021

Dear Citizens of Baltimore,

This Office of the Inspector General (OIG) Public Synopsis relates to allegations of contract overbilling and a lack of contract oversight. The OIG received a complaint alleging that BCIT overpaid a vendor (Vendor) that assisted with the 2019 ransomware attack recovery efforts, resulting in financial waste. The complainant alleged the Vendor billed the City hourly for personnel provided to assist in ransomware recovery efforts without providing detailed justification for the work performed and that the City may have overpaid the Vendor due to this lack of invoice detail and itemization.

Methodology

The OIG interviewed BCIT's Chief of Staff and Director of Infrastructure to learn about Contract oversight, including performance and billing verification. The OIG also interviewed Bureau of Purchasing (BOP) employees, including the employee assigned to purchase goods and services on behalf of BCIT and a Procurement Operations Manager. Lastly, the OIG consulted with the Vendor's current Principal Account Delivery Executive regarding the consulting services performed by the Vendor.

In addition to interviews, the OIG reviewed copies of contract invoices provided by BCIT in February 2021. The OIG also reviewed documents provided by the BOP, including the Request to Purchase (RTP) pertaining to emergency use authorization.

Limitations

The Vendor invoices are used as time sheets for individual Vendor consultants and show the name of the individual consultant, the date work was performed, the hourly rate, the number of hours worked, and the total amount to be paid. The invoices do not contain any details regarding work performed. Accordingly, the OIG was unable to determine if the invoice payments were justified.

An additional limitation was the lack of contract-related information available from the Vendor. In July 2020, the Vendor assigned a new Principal Account Delivery Executive to the City's account; the executive could not provide any further details on the Vendor's performance under the Contract. For example, the executive could not provide details on the work or tasks completed between May 2019 and March 2020; could not explain why the Vendor invoiced the City in the middle of 2020 for work performed in 2019; and could not explain why the Vendor canceled several large invoices. The OIG attempts to contact the prior Principal Account Delivery Executive proved unsuccessful. Similarly, BCIT was unable to provide project plans to support the Vendor emergency work performed during or after the ransomware attack, or during the COVID-19 emergency. Therefore, the OIG could not verify that the services billed by the Vendor had actually been performed.

REPORT FRAUD, WASTE AND ABUSE

HOTLINE: 443-984-3476/800-417-0430 EMAIL: OIG@BALTIMORECITY.GOV WEBSITE: OIG.BALTIMORECITY.GOV

This public synopsis is only a summary of a more comprehensive report of investigation submitted to the appropriate City management official

BOP Emergency Use Procurement

In early May 2019, the Director of Finance signed an Emergency Use Authorization that permitted BCIT to procure additional resources to address the ransomware attack. Later that same month, the former BCIT Chief Information Officer (CIO) signed an RTP for Vendor consultant support services totaling \$3 million over 25 weeks. The Vendor's original Statement of Work (SOW) submitted in May 2019, in the amount of \$710,688, had a projected end date of August 8, 2019. Subsequently, in July 2019, BCIT amended the SOW to approve an additional \$1,304,063.20, bringing the new contract award to \$2,005,751.20. The contract was also extended through December 31, 2019.

In December 2020, BOP informed the OIG that all BCIT ransomware emergency use purchase orders (POs) were closed and sent a correction letter to the Board of Estimates (BOE). The correction letter covered all emergency purchase orders except the Vendor contract. After reviewing the Contract, the OIG learned that the PO pertaining to the contract had remained open and in use until at least February 19, 2021, which was 14 months after it had expired on December 31, 2019. According to a BOP Operations Manager, an expired PO can still be used if the agency does not request BOP to deactivate it.

On February 10, 2021, BCIT provided the OIG with invoices for services billed by the Vendor against the contract from July 2019 through February 2021. On August 30, 2021, BCIT informed the OIG that several invoices the Vendor billed against the ransomware emergency use contract were for unrelated services. As a result, BCIT has reconciled and removed the invoices that were unrelated to the ransomware work.

BCIT Invoice Approval Process

BCIT informed the OIG that the Vendor invoicing process was created internally. According to BCIT, staff would use information from email correspondence or meetings with Vendor staff to support the work billed by the Vendor. However, there was no clear policy governing if/when supporting documentation should be gathered to justify invoice approval.

According to BOP management, although every formal solicitation outlines contract responsibilities, there is no policy or procedure manual provided to contracting agencies that outlines agency responsibilities. Moreover, according to BCIT, although the agency had a project management unit at the time of the contract, the unit was not utilized. BCIT also informed the OIG that the agency did not have a project plan for either the ransomware-related emergency use work or the COVID-19-related emergency use work. However, according to BCIT, it has recently implemented a new process to create a project plan for all vendor-related work.

INVESTIGATIVE FINDINGS

The Vendor billed the City \$1,623,188.27 under the ransomware-related emergency use contract. The OIG did not substantiate the allegation of overbilling by the Vendor. The Vendor billed for less than the award amount. The lack of details on the invoices and the absence of project plans supporting the work performed by the Vendor is a limitation, therefore the OIG is unable to determine if the invoice payments were justified.

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The ransomware-related contract invoices did not display an itemization of work performed by Vendor personnel. BCIT's practice of accepting invoices that do not provide such detail raises questions about the effectiveness of the invoice approval process. Without these details, BCIT's ability to adequately review the invoices against the contract was severely hindered.

Further, BCIT and BOP acknowledged using an expired PO number in relation to the contract. Although there is no City policy that mandates an expired PO to be closed at a specific time, the practice of using expired POs is inconsistent with procurement and fiscal responsibility best practices

Lastly, the absence of uniform policies, trainings, or guidance for contract management at the agency level is a weakness in contract oversight processes. The lack of effective oversight and procedural guidance related to contract management, including adequate invoice approval processes, can lead to continued contract mismanagement which may result in waste. In the attached management response, BCIT outlined several personnel and process changes which should help with additional accountability in future contracts.

Sincerely,



Isabel Mercedes Cumming, Inspector General
Office of the Inspector General

Cc: Hon. Brandon M. 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. Jim Shea, City Solicitor

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