



**Department of Planning  
Biennial Financial Audit  
Fiscal Years Ended June 30, 2019 and 2018**

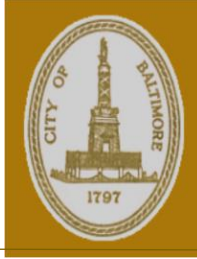
## Table of Contents

Independent Auditor's Report	1
<b>Basic Financial Statements</b>	
Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balance - Budget and Actual - Budgetary Basis - General Fund	4
Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balance - Budget and Actual - Budgetary Basis – Baltimore Casino Fund	5
Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balance - Budget and Actual - Budgetary Basis – State Video Lottery Fund	6
Statement of Revenues, Expenditures, and Changes in Capital Cash Balances	7
Statement of Revenues, Expenditures, and Changes in Grant Cash Balances	8
Notes to the Financial Statements	10
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	13
Schedule of Findings	15
APPENDIX I – Management's Response to the Audit Report	19

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## CITY OF BALTIMORE

JOAN M. PRATT, CPA  
Comptroller



## DEPARTMENT OF AUDITS

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### INDEPENDENT AUDITOR'S REPORT

Honorable Joan M. Pratt, Comptroller  
and Other Members of the  
Board of Estimates  
City of Baltimore, Maryland

#### ***Report on the Financial Statements***

We have audited the accompanying cash basis financial statements of the governmental activities, of the Department of Planning (Agency), an agency of the primary government of the City of Baltimore (City), Maryland, which comprise the *Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balance, Budget and Actual, Budgetary Basis, General Fund; Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balance, Budget and Actual, Budgetary Basis, Baltimore Casino Fund; Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balance, Budget and Actual, Budgetary Basis, State Video Lottery Fund; Statement of Revenues, Expenditures, and Changes in Capital Cash Balances; and Statement of Revenues, Expenditures, and Changes in Grant Cash Balances*, for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 3. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, except for peer review requirements. Those standards require that we plan and perform the audit to

obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenues collected and expenses paid for governmental activities, of the Agency, for the years ended June 30, 2019 and 2018 in accordance with the cash basis of accounting described in Note 3.

***Basis of Accounting***

The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Report on Other Requirements***

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 14, 2020, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters (see page 13). The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an

**Biennial Financial Audit Report on Department of Planning**

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opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Respectfully,



Josh Pasch, CPA  
City Auditor  
Baltimore, Maryland  
October 14, 2020

**CITY OF BALTIMORE**  
**Department of Planning**  
**Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balance**  
**Budget and Actual – Budgetary Basis – General Fund**  
**For Fiscal Year Ended June 30, 2019 and 2018**

	<b>Fiscal Year 2019</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
Appropriation revenues	\$5,751,570	\$5,582,549	\$169,021
<b>Expenditures and Encumbrances</b>			
Development Oversight and Project Support	1,022,357	1,348,327	(325,970)
Historic Preservation	667,453	696,871	(29,418)
Community Planning and Resource Management	1,680,382	1,407,807	272,575
Planning for a Sustainable Baltimore	1,042,562	1,017,251	25,311
Administration	1,338,816	1,112,293	226,523
<b>Total Expenditures and Encumbrances</b>	<b>5,751,570</b>	<b>5,582,549</b>	<b>169,021</b>
<b>Excess of Revenues over Expenditures</b>	-	-	-
<b>Beginning Budgetary Fund Balance</b>	-	-	-
<b>Ending Budgetary fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

	<b>Fiscal Year 2018</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>			
Appropriations revenues	\$5,693,422	\$5,395,990	\$297,432
<b>Expenditures and Encumbrances:</b>			
Development Oversight and Project Support	1,136,566	1,161,881	(25,315)
Historic Preservation	665,078	644,968	20,110
Community Planning and Resource Management	1,664,806	1,684,870	(20,064)
Planning for a Sustainable Baltimore	1,195,596	859,088	336,508
Administration	1,031,376	1,045,183	(13,807)
<b>Total Expenditures and Encumbrances</b>	<b>5,693,422</b>	<b>5,395,990</b>	<b>297,432</b>
<b>Excess of Revenues over Expenditures</b>	-	-	-
<b>Beginning Budgetary Fund Balance</b>	-	-	-
<b>Ending Budgetary fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF BALTIMORE**  
**Department of Planning**  
**Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balance**  
**Budget and Actual – Budgetary Basis –Baltimore Casino Fund**  
**For Fiscal Years Ended June 30, 2019 and 2018**

	<b>Fiscal Year 2019</b>		
<b>Revenues</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Appropriation revenues	<u>\$100,034</u>	<u>\$1,414,641</u>	<u>\$(1,314,607)</u>
<b>Expenditures and Encumbrances</b>			
Salaries and wages	-	7,285	(7,285)
Other personnel cost	-	532	(532)
Contractual services	100,034	235,754	(135,720)
Other	-	1,171,070	(1,171,070)
<b>Total Expenditures and Encumbrances</b>	<u>100,034</u>	<u>1,414,641</u>	<u>(1,314,607)</u>
<b>Excess of Revenues over Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	<b>Fiscal Year 2018</b>		
<b>Revenues</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Appropriation revenues	<u>\$ 94,799</u>	<u>\$5,315,318</u>	<u>\$(5,220,519)</u>
<b>Expenditures</b>			
Contractual services	77,259	19,814	57,445
Other	17,540	5,295,504	(5,277,964)
<b>Total Expenditures and Encumbrances</b>	<u>94,799</u>	<u>5,315,318</u>	<u>(5,220,519)</u>
<b>Excess of Revenues over Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF BALTIMORE**  
**Department of Planning**  
**Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balance**  
**Budget and Actual – Budgetary Basis – State Video Lottery Fund**  
**For Fiscal Years Ended June 30, 2019 and 2018**

	<b>Fiscal Year 2019</b>		
	<u><b>Final Budget</b></u>	<u><b>Actual</b></u>	<u><b>Variance</b></u>
<b>Revenues</b>			
Appropriation revenues	\$3,228,811	\$1,500,602	\$1,728,209
<b>Expenditures and Encumbrances:</b>			
Contractual services	3,228,811	1,500,602	1,728,209
<b>Excess of Revenues over Expenditures</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

	<b>Fiscal Year 2018</b>		
	<u><b>Final Budget</b></u>	<u><b>Actual</b></u>	<u><b>Variance</b></u>
<b>Revenues</b>			
Appropriation revenues	\$ -	\$2,698,175	\$(2,698,175)
<b>Expenditures and Encumbrances</b>			
Contractual services	\$ -	2,698,175	(2,698,175)
<b>Excess of Revenues over Expenditures</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



**CITY OF BALTIMORE**  
**Department of Planning**  
**Statement of Revenues, Expenditures, and Changes in Capital Cash Balances**  
**For Fiscal Years Ended June 30, 2019 and 2018**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Revenues</b>		
General fund	\$ 200,000	\$ 310,000
Other	977,450	248,249
<b>Total Revenues</b>	<u>1,177,450</u>	<u>558,249</u>
<b>Expenditures</b>		
Transfers to other agencies capital projects	421,815	353,000
Capital Outlay	307,284	390,508
<b>Total Expenditures</b>	<u>729,099</u>	<u>743,508</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	448,351	(185,259)
<b>Beginning Cash Balance</b>	<u>2,454,055</u>	<u>2,639,314</u>
<b>Ending Cash Balance</b>	<u>\$2,902,406</u>	<u>\$2,454,055</u>

**CITY OF BALTIMORE**  
**Department of Planning**  
**Statement of Revenues, Expenditures, and Changes in Grant Cash Balances**  
**For Fiscal Year Ended June 30, 2019**

	Cash Balance Fiscal Year 2018 (Deficit)	Receipts	Disbursements	Transfers to/from Other Funds	Cash Balance Fiscal Year 2019 (Deficit)
<b>Federal Grants</b>					
Development Oversight and Project Support					
Comprehensive Planning and Resource Management	(65,374)	1,099		19,400	(44,875)
Planning for a Sustainable Baltimore	(121,003)		101,228		(222,231)
Administration	(47,879)	14,000			(33,879)
<b>Total revenues, expenditures and change in grant balances - Federal</b>	(234,256)	15,099	101,228	19,400	(300,985)
<b>State Grants</b>					
Development Oversight and Project Support	-				-
Comprehensive Planning and Resource Management	-				-
Planning for a Sustainable Baltimore	(613,036)		36,133	(1,058,076)	(1,707,245)
Administration	-				-
<b>Total revenues, expenditures and change in grant balances - State</b>	(613,036)	-	36,133	(1,058,076)	(1,707,245)
<b>Other Grants</b>					
Development Oversight and Project Support	-				-
Comprehensive Planning and Resource Management	30,220		31,161		(941)
Planning for a Sustainable Baltimore	(762,842)		55,098		(817,940)
Administration	-				-
<b>Total revenues, expenditures and change in grant balances - Other</b>	(732,622)	-	86,259	-	(818,881)

**CITY OF BALTIMORE**  
**Department of Planning**  
**Statement of Revenues, Expenditures, and Changes in Grant Cash Balances**  
**For Fiscal Year Ended June 30, 2018**

	<b>Cash Balance Fiscal Year 2017 (Deficit)</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Transfers to/from Other Funds</b>	<b>Cash Balance Fiscal Year 2018 (Deficit)</b>
<b>Federal Grants</b>					
Development Oversight and Project Support	148,218			(148,218)	-
Comprehensive Planning and Resource Management	(5,858)	1,912	60,231	(1,197)	(65,374)
Planning for a Sustainable Baltimore	(32,098)	32,214	117,120	(3,998)	(121,003)
Administration	(89,879)	42,000			(47,879)
<b>Total revenues, expenditures and change in grant balances - Federal</b>	<b>20,382</b>	<b>76,126</b>	<b>177,351</b>	<b>(153,413)</b>	<b>(234,256)</b>
<b>State Grants</b>					
Development Oversight and Project Support	39,874			(39,874)	
Planning for a Sustainable Baltimore	(2,327,787)	2,530,195	815,200	(244)	(613,036)
Administration					
<b>Total revenues, expenditures and change in grant balances - State</b>	<b>(2,287,913)</b>	<b>2,530,195</b>	<b>815,200</b>	<b>(40,118)</b>	<b>(613,036)</b>
<b>Other Grants</b>					
Comprehensive Planning and Resource Management	30,220				30,220
Planning for a Sustainable Baltimore	25,615	30,000	818,456		(762,841)
Administration	-				-
<b>Total revenues, expenditures and change in grant balances - Other</b>	<b>55,835</b>	<b>30,000</b>	<b>818,456</b>	<b>-</b>	<b>(732,621)</b>

**CITY OF BALTIMORE**  
**Department of Planning**  
**Notes to the Financial Statements**

**1. Description of the Department of Planning**

The Agency provides services and leadership in urban and strategic planning, historical, and architectural preservation, zoning, design, development, and capital budgeting to promote the sustained economic, social, and community development of the City. The services provided by the Agency are mandated by Articles VI and VII of the Baltimore City Charter and the Zoning Code. The Planning Commission is the policy making authority for the Agency and consists of the Mayor or designee, the Director of Public Works, a member of the City Council, and six City residents appointed by the Mayor and confirmed by the City Council.

The Charter authorizes the Planning Commission to develop and update plans for the physical development of the City, review proposals for the subdivision of land, submit an annual capital budget and six-year Capital Improvement Program and make recommendations on proposed amendments to the City's Zoning Ordinance. The Comprehensive Master Plan guides future development and the capital budget.

The Planning Commission relies on department staff to develop plans, conduct permit reviews, conduct studies and make policy and zoning recommendations related to land use, economic development, housing, transportation, environmental and other planning issues. The Agency monitors the capital budget, serves as community liaisons and works closely with the Mayor's Office and other agencies.

The Agency also provides historical and architectural preservation services as mandated by Article VI of the City Code. The Commission on Historical and Architectural Preservation is the policymaking authority for these services and consists of eleven City residents appointed by the Mayor and confirmed by the City Council.

The Commission on Historical and Architectural Preservation designates historic districts and landmarks, reviews all proposed alterations to properties in historic districts and landmarks, and generally undertakes efforts to support and provide incentives for historic preservation. The Commission relies on department staff to make recommendations, conduct surveys, implement incentive programs and make policy and other recommendations related to historical and architectural preservation.

The Office of Sustainability, within the Agency, was created by ordinance in 2007 to develop and implement the City of Baltimore Sustainability Plan. The Office of Sustainability also manages environmental planning and regulatory functions, as well as staffing the Sustainability Commission.

**2. Fund Financial Statements**

These financial statements were prepared on the cash basis of accounting which is a basis other than accounting principles generally accepted in the United States of America. Accordingly, they do not represent the financial position of the City or the Agency. The Agency's services are reported in the City's general, special revenue, and capital projects funds. The Agency annually receives appropriations from the general, special revenue, and capital projects funds. General fund appropriations expire at year end. The special revenue

**CITY OF BALTIMORE**  
**Department of Planning**  
**Notes to the Financial Statements**

funds receive grants from Federal, State and other sources. Appropriations for special revenue, and capital projects funds do not expire at year end and continue until they are used for grant / capital related expenditures. Because of these differences, the financial statements of the Agency’s general fund activity are reported on a budgetary basis in the Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance. The financial statements of the special revenue and capital project funds are reported in the Statement of Revenues, Expenditures and Changes in Fund Balance.

**3. Summary of Significant Accounting Policies**

The financial statements of the Agency are prepared on a cash basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP). This basis of presentation differs from GAAP in that revenues are recognized when received rather than earned and expenses are recognized when paid rather than when the obligation is incurred. The accompanying financial statements are not intended to present the financial position and results of operations in conformity with GAAP.

**4. Budget Process**

The Agency participates in the City’s Outcome Based Budgeting process. Outcome Based Budgeting is a budget process that aligns resources with results produced. This budgeting tool integrates strategic planning, long-range financial planning and performance management, and is a recommended practice of the Government Finance Officers Association.

**5. Beginning Grant Balance Adjustment**

The FY 2018 beginning grant balances (federal, state, and other) were adjusted because certain cash adjustment related to FY 2017 (See note 6) were not included in the reported ending balances in the FY 2017 financial reports. The effect to the Agency’s beginning grant balances as of July 1, 2017 as follows:

Table I

**Summary of FY 2018 Grant Opening Adjustments**

Type	Previously Reported Balance	Adjustment	Adjusted Cash Balance
Federal	\$ 135,677	(\$115,295)	\$ 20,382
State	2,287,913	0	2,287,913
Other	25,615	30,220	55,835

**CITY OF BALTIMORE**  
**Department of Planning**  
**Notes to the Financial Statements**

**6. Cash Deficits**

Cash deficits represent cash advances by the City that have not been reimbursed by the grantor. Cash advances not reimbursed by the grantor will be the responsibility of the City. During the year, the City evaluates the cash surplus and deficits in the various grants to determine the actions needed to correct mis-postings, aged activity and where necessary, to transfer cash between grants and the general fund. This activity is reported in as transfers in the financial statements.

Advances from the City represent cash advances by the City that have not been reimbursed by the Grantor. Cash advances not reimbursed by the grantor will be the responsibility of the City.

**7. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and members of the public; and natural disasters. The Agency is a chartered agency within the City municipal government. Therefore, its exposure to various risks is managed by the City's Office of Risk Management.

**8. Subsequent Events**

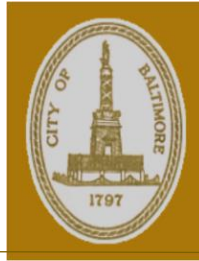
No subsequent events have occurred that would require recognition or disclosure in the financial statements.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

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## CITY OF BALTIMORE

JOAN M. PRATT, CPA  
Comptroller



## DEPARTMENT OF AUDITS JOSH PASCH, CPA

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### INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

In planning and performing our audit of the financial statements, we considered the Department of Planning's (Agency) internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of finding to be control deficiencies for Findings 1 through 3.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## The Agency's Response to Findings

The Agency's response to the findings identified in our audit are described in the accompanying Schedule of Finding. The Agency's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully,



Josh Pasch, CPA  
City Auditor  
Baltimore, Maryland  
October 14, 2020

**CITY OF BALTIMORE**  
**Department of Planning**  
**Schedule of Finding**  
**Fiscal Years Ended June 30, 2019 and 2018**

**Finding #1: Control Deficiency - Supporting documentation were missing for the selected payroll activities.**

The Agency was not able to provide documentation for the selected FY 2019 and 2018 payroll activities for testing (see Table I and Table II). As a result, management was not able to demonstrate whether the selected payroll activities were accurately recorded, which may result in financial losses including inaccurate payments, accruals and final payouts to employees.

**Table I**  
**Summary of Occurrences Noted for FY 2019 Selected Payroll Activities**

Payroll Descriptions	Occurrences	
	Number	Percent
Did not sign in and / or sign out on the daily sign-in sheet <sup>1</sup>	4 of 50	8
No timesheet provided <sup>1</sup>	4 of 50	8
No leave slip requests <sup>2</sup>	7 of 34	21
Compensatory time earned without prior approval <sup>3</sup>	25 of 25	100

**Notes:** <sup>1</sup> The occurrences denominator is based on testing of 25 City employees for two pay periods (50 transactions). The aggregate sample included payroll activity for five commissioners for two pay periods (ten transactions) that do not report time or receive benefits.

<sup>2</sup> Employee leave was reported for 34 of 50 transactions.

<sup>3</sup> Compensatory time was earned on 25 of 50 transactions.

**Table II**  
**Summary of Occurrences Noted for FY 2018 Selected Payroll Activities**

Payroll Descriptions	Occurrences	
	Number	Percent
Did not sign in and / or sign out on the daily sign-in sheet <sup>1</sup>	37 of 54	69
No leave slip requests <sup>2</sup>	6 of 40	15
Compensatory time earned without prior approval <sup>3</sup>	32 of 32	100

**Notes:** <sup>1</sup> The occurrences denominator is based on testing of 27 City employees for two pay periods (54 transactions). The aggregate sample included payroll activity for three commissioners for two pay periods (six transactions) that do not report time or receive benefits.

<sup>2</sup> Employee leave was reported for 40 of 54 transactions.

<sup>3</sup> Compensatory time was earned on 32 of 54 transactions.

**CITY OF BALTIMORE**  
**Department of Planning**  
**Schedule of Finding**  
**Fiscal Years Ended June 30, 2019 and 2018**

Missing documentation was mainly due to the lack of requirement and / or inconsistent use of forms. Additionally, segregation of duties for recording and approving payroll records, and the lack of upper management review were observed. Specifically, the Agency uses daily sign-in sheets (except for hours worked on weekends) where all employees (except the Director) are required to sign in and out daily. Employees must submit Request for Time off slips (except the Director) and bi-weekly timesheets to their immediate supervisor for approvals. However, supervisors do not review the daily sign-in sheets to make sure they agree with the bi-weekly timesheet. Approved slips and Timesheets are due on the Wednesday prior to the end of the pay period and must be submitted to the Human Resource (HR) Assistant II who inputs leave used and compensatory time (COMP) or Overtime (OT) earned into the ADP<sup>1</sup>. Comp time is only earned after one hour of additional work. Formal approval forms were not used to support the COMP time earned. Instead, employees verbally informed their supervisors and / or backup personnel. These supervisors and backup personnel can record the information in the timesheets. Also, they could record and approve their own time without upper management review.

Administrative Manual 205-10, *Payroll Systems* (effective February 20, 1989) requires each agency / bureau head to establish internal controls in administering payroll systems to provide reasonable protection against various payroll errors and fraud schemes. The policy requires using a positive documented system to determine the presence or absence of employees. In addition, supervisors are responsible for assuring the accuracy of time and attendance of individuals under their immediate supervision.

**Recommendation #1:** We recommend the Director of Agency implement the following payroll controls and maintain documentation:

- Documentation of weekend hours worked;
- Formal COMP time approval;
- All employees, including the Director, should subject to leave, COMP, time off requirements;
- Independent approval for the Director's leave, COMP, time off; and
- Supervisors should include the daily sign in sheet in their bi-weekly payroll review.

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<sup>1</sup> ADP is the time and attendance software utilized by all agencies within the City to record the number of hours worked and / or the amount of leave taken.

**CITY OF BALTIMORE**  
**Department of Planning**  
**Schedule of Finding**  
**Fiscal Years Ended June 30, 2019 and 2018**

**Finding 2: Control Deficiency - Internal controls over the review and approval of grant expenditures require strengthening.**

The Agency could not provide support to evidence the review, approval and monitoring of \$18K in expenditures associated with \$800K in grant funding submitted to the Baltimore Community Foundation to administer the Baltimore Energy Challenge Program. As a result, City resources may not be used for the intended purpose(s).

The cause of the issue is due to the individual that managed the program moved to the Department of Housing and Community Development (DHCD) and continued to oversee the activity. The responsibility was not reassigned within Agency nor was it transferred to DHCD. The Agency relied on DHCD to maintain custody of grant documentation.

According to the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States (Green Book), "Management clearly documents internal control and transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained."

**Recommendation #2:** We recommend that the Director of Agency improve monitoring and maintaining of documentation for grant expenditures.

**Finding # 3: Control Deficiency - Inventory controls over parking coupons issued to members of the various commissions and review panels are lacking.**

Documentation was not available to support the inventory, allocation and distribution of 337 daily parking coupons totaling \$6,734 and 521 daily parking coupons totaling \$10,424, which were purchased in FY2018 and 2019, respectively. Daily parking coupons are purchased and distributed to commission and panel members who attend scheduled meetings. As a result, parking coupons could be intentionally or unintentionally lost, misused, or stolen and not detected by management.

The inventory controls over parking coupons are lacking because the Agency did not establish controls and document them in formal (written, approved, and dated) policies, procedures to govern the parking coupon activity.

According to the Green Book, "Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained."

**CITY OF BALTIMORE**  
**Department of Planning**  
**Schedule of Finding**  
**Fiscal Years Ended June 30, 2019 and 2018**

**Recommendation #3:** We recommend the Director of Agency: (1) establish inventory controls, (2) document them in formal (written, approved, dated) policies and procedures; and (3) require responsible personnel to comply with these policies and procedures to properly account for, administer and control parking coupons.

**APPENDIX I**

**Management’s Response**

**Date:** October 9, 2020

**To:** Josh Pasch, City Auditor

**Subject:** Management Response to Audit Report:

Biennial Financial Audit Report on Department of Planning for the Fiscal Years Ended June 30, 2019 and 2018

Our responses to the audit report findings and recommendations are as follows:

**Recommendation # 1**

We recommend the Director of Agency implement the following payroll controls and maintain documentation:

- Documentation of weekend hours worked;
- Formal COMP time approval;
- All employees, including the Director, should subject to leave, COMP, time off requirements;
- Independent approval for the Director’s leave, COMP, time off; and
- Supervisors should include the daily sign in sheet in their bi-weekly payroll review.

**Management Response/Corrective Action Plan**

**Agree**   **Disagree**

Though we agree in general on better payroll controls, these are items that should be standardized across City agencies and not left to each agency to reinvent. It is our understanding that the new Workday system will handle these matters in a transparent, consistent and efficient matter.

We will fully follow the rules established by HR in implementing WORKDAY

**Implementation Date**

The implementation will be with WORKDAY and that is not in our control. We will follow all the rollout timelines HR gives us.

**Responsible Personnel**

Nordia Malcolm HR generalist II  
Laurie Feinberg Asst. Director

**Recommendation #2**

We recommend that the Director of Agency improve monitoring and maintaining of documentation for grant expenditures.

**Management Response/Corrective Action Plan**

Agree   Disagree

This was an extremely unusual one-time occurrence with a staff change mid-way through a grant. We are more carefully monitoring grants already.

**Implementation Date**

Done.

**Responsible Personnel**

Laurie Feinberg, Assistant. Director  
Courtney Barbour, Fiscal officer

**Recommendation #3**

We recommend the Director of Agency: (1) establish inventory controls, (2) document them in formal (written, approved, dated) policies and procedures; and (3) require responsible personnel to comply with these policies and procedures to properly account for, administer and control parking coupons.

**Management Response/Corrective Action Plan**

Agree  Disagree

We will follow the steps on the recommendation for administering Parking Coupons. Our Fiscal Officer will handle this.

**Implementation Date**

This will be done with the next order of Parking coupons. That will not begin until we have in-person meetings.

**Responsible Personnel**

Courtney Barbour, Fiscal Officer