



BIENNIAL PERFORMANCE AUDIT OF THE MAYOR'S OFFICE OF EMPLOYMENT DEVELOPMENT

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OUTLINE

1. Audit Objectives, Scope, and Methodologies
2. Baltimore City Local Hiring Law
3. Findings
4. Implementation Status of Prior Finding
5. Questions?

AUDIT OBJECTIVES AND SCOPE

- To determine whether the Mayor's Office of Employment Development (MOED) has effective processes, controls, and monitoring over local hiring contracts and reporting
- Follow up on prior year findings and recommendations
- Fiscal Years 2021 and 2020



AUDIT METHODOLOGIES

- Reviewed Baltimore City Code Article 5, Subtitle 27, *Local Hiring (Law)* ¹
- Reviewed Code of Baltimore Regulations Annotated (COBRA) Title 17, Subtitle 04, *Mayor's Office of Employment Development, Chapter 01, Local Hiring Rules (Regulations)*²
- Interviewed key individuals from MOED to obtain an understanding of the policies and procedures and systems used to obtain contractor / subcontractor information and document receipt and processing of monthly employee reports
- Identified the related risks and evaluated the design of certain internal controls, processes, and procedures over capturing the monthly report submission
- Judgmentally selected samples and reviewed supporting documentation to validate contractor / subcontractor onboarding and submission of work plans and the subsequent submission of monthly reports

Notes:

1. City Code Article 5, Subtitle 27, Local Hiring

2. COBRA) Title 17, Subtitle 04

BALTIMORE CITY LOCAL HIRING LAW

- Applicable to City-awarded contracts over \$300,000 and City-subsidized projects over \$5,000,000
- Requires compliance by contractors and subcontractors who do business with the City to:
 - Meet with MOED within two weeks after the contract award date to complete an Employment Analysis
 - Post new jobs with MOED for a period of seven days before being publicly advertised
 - Meet the goal of 51 percent of all new hires must be Baltimore City residents
 - Submit monthly employment reports (monthly reports) by the fifth day of the following month

FINDING I

Caption

- Enforcement of the 51 Percent Local Hiring Requirement Is Restricted by the Law.

Conditions

- A process doesn't exist to take action against contractors / subcontractors that do not meet the 51 percent local hiring requirement.
 - Agency Level - MOED reports non-compliance twice per year to agencies with direction to follow-up with each agency.
 - City Wide Level – MOED cannot report non-compliance to the Board of Estimates (BOE) who can make the final decision to debar, approve, or renew contracts.
 - The limitation in current Law that requires determination of intentional vendor violation.

FINDING I (CONTINUED...)

According to Law, Section 27-11, "Penalties. (a) Debarment for 1 year. If the Board of Estimates, on recommendation from MOED, and after notice and hearing, determines that any beneficiary has violated the provisions of this subtitle and that the **failure was intentional**, no contract may be awarded to that beneficiary, or to any firm, corporation, or partnership in which that beneficiary has an interest, until 1 year has elapsed from the date of the determination. (b) Criminal penalties. An **intentional violation** of any provision of this subtitle is a misdemeanor, and, on conviction, is subject to a fine of not more than \$500 for each offense."

FINDING I (CONTINUED...)

Recommendation I - We recommend the Local Hiring Review Committee:

- Review and follow up with vendors on deficiencies in meeting the 51 percent hiring requirement
- Report deficient vendors to the BOE
- Evaluate other methods to improve compliance with the Laws

FINDING II

Caption

- Mayor's Office of Employment Development's Completion of Contractor / Subcontractor Employment Analysis Meeting within the Established Timeframe and Monthly Report Submissions Needs Improvement.

Conditions

- Although MOED is tracking BOE's minutes to identify City contract awards that are subject to the Law, MOED's identification and enforcement of contractor / subcontractor compliance is limited.

I. Meetings with Contractors / Subcontractors: The MOED did not always meet with contractors / subcontractors, within the two-week period following contract award, to complete the Employment Analysis of the total workforce and planned Baltimore "new hires."

FINDING II (CONTINUED...)

Summary of Contractors / Subcontractors Not Meeting with MOED Timely

Days Range from Contract Award	Number	Percentage
No meeting occurred	2	7
Met prior to contract award	2	7
Met within two weeks of contract award	6	20
Met within 15 - 60 days	11	37
Met within 61 - 90 days	4	12
Met over 90 days	5	17

Source: Samples were selected from a list of active contractors / subcontractors between FY 2021 and FY 2020

FINDING II (CONTINUED...)

II. Monthly Employment Reports

- MOED did not require / validate the contractor / subcontractor submission of monthly reports by the fifth work day of the following month.
- MOED sends reports twice per year to agencies listing the contractors and subcontractors that did not submit monthly reports timely or at all.
- Agencies are not following up with contractors and subcontractors regarding submission by the fifth work day.

FINDING II (CONTINUED...)

III. Limitations of Data

- Analysis of missing reports for the period June 2022 through November 2022 indicated limitations in the data set.
- A comparison of the data set when the report was generated on December 29, 2022 to the data set when the same report was run on March 7, 2023 identified fewer missing reports.
 - 131 of 952 contracts, or approximately 14 percent, were identified as missing reports in December 29, 2022 data set although the same contracts were not identified as missing reports in March 7, 2023 data set.
- The reason for overstated missing reports in the December 29, 2022 data set was because MOED subsequently received and entered data for missing monthly reports in their system after December 29, 2022.

FINDING II (CONTINUED...)

Recommendation II - We recommend the Interim Director of MOED, periodically:

- Monitor to make sure meetings are conducted with contractors and subcontractors within two weeks of the contract award date and document efforts taken to establish the meeting when it exceeds two weeks.
- Review and follow-up with contractor / subcontractor submission of the reports by the fifth work day of the following month.

IMPLEMENTATION OF PRIOR FINDINGS

No.	Finding	Prior Recommendations	Management's reported Status	Self-Implementation	Auditor's Assessment
1.	The Department of Public Safety and Correctional Services (DPSCS), the funder, and the Bureau of Budget and Management Research (BBMR) have established different goals for this performance metric. The MOED consistently meets the target of 400 ex-offenders stipulated by the agreement between MOED and DPSCS. The BBMR has set the target higher than the 400 ex-offenders DPSCS target. The BBMR acknowledges that those targets may be unattainable. MOED has consistently not met the BBMR goals. Missing unrealistic targets are typically not researched for why they were missed and therefore not improved. In this case, meeting the funder's goals is all that is monitored.	<p>We recommend the Directors of MOED and BBMR:</p> <ul style="list-style-type: none"> a) Improve the methodology to set realistic targets; b) Consider using other governmental entities with similar programs to set the targets; and c) Establish multi-year goals (targets) and related plans to meet those goals (targets). 	<p>BBMR: FY 2022 Budget published with targets based on historical performance, resource availability, and policy goals as basis.</p> <p>MOED: MOED will work with BBMR to establish a goal recommended by the state agency funding the program.</p>		Implemented

The selected performance measure for review was the Number of Ex-Offenders Who Received at Least One Service and Obtained Employment.

IMPLEMENTATION OF PRIOR FINDINGS

- There was one confidential finding and recommendation reported in the confidential audit report
- Followed up on the implementation status
- Implemented
- Excluded from this public report



Questions?