



MAYOR'S OFFICE OF EMPLOYMENT DEVELOPMENT

Biennial Performance Audit for Fiscal
Years Ended June 30, 2023 and 2022

Josh Pasch, City Auditor
October 03, 2025



CONTENTS

EXECUTIVE SUMMARY 1

BACKGROUND INFORMATION..... 3

OBJECTIVES, SCOPE, AND METHODOLOGY 5

SECTION I: CURRENT FINDING AND RECOMMENDATION 6

SECTION II: IMPLEMENTATION STATUS OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS 7

APPENDIX I: MANAGEMENT’S RESPONSE TO THE AUDIT REPORT 11



Office of the Comptroller

Josh Pasch, City Auditor

100 N. Holliday St., Room 321
Baltimore, Maryland 21202

Honorable Bill Henry, Comptroller
and Other Members
of the Board of Estimates
City of Baltimore

EXECUTIVE SUMMARY

The Department of Audits (DOA) conducted a *Biennial Performance Audit of the Mayor's Office of Employment Development for the Fiscal Years Ended June 30, 2023 and June 30, 2022*. The objectives of our performance audit were to: (i) assess the effectiveness of control structure over non-recurring grants; and (ii) follow up on the prior findings and recommendations included in the previous biennial performance audit report dated August 22, 2023¹. The scope of our audit is for the periods of Fiscal Year (FY) 2023 and FY 2022. However, we reviewed the grant management processes in FY 2024 and FY 2025 to obtain corroborative evidence concerning improvements made to the grant management process subsequent to the period covered by the audit.

Our audit concluded that the Mayor's Office of Employment Development (MOED) has an opportunity to strengthen a critical control that validates the relevance, accuracy, and completeness of expenditures recorded in the general ledger. During the period covered by the audit, the MOED did not perform a reconciliation² of the Quarterly Status Reports (QSRs)³ sent to grantors with the Operating Expenditures General Ledger.

Also, we identified that there are no specific requirements in the MOED's *Standard of Procedures for Monthly/Quarterly Reporting to Grantors / Sponsors* for reconciling the QSR with the Operating Expenditures General Ledger. Equally, MOED does not have job aids related to reconciliation process.

Without reconciliation, all billable expenditures may not be charged to the grant, which may result in over or under spending of grant funds. We, therefore, recommend that the Director of MOED implement the recommendation included in this report. Management responses are included in Appendix I.

¹ The objective of the [Prior MOED Audit Report](#) is to determine whether MOED has effective processes, controls, and monitoring over local hiring contracts and reporting.

² The MOED commenced the quarterly reconciliation process on September 30, 2024. The first reconciliation report was dated September 30, 2024 covering a period of three months i.e. July, August, September 2024

³ QSR is a quarterly spend report sent to the grantor detailing expenditures and revenues of a grant for a relevant quarter. The QSR is generated from the Grant Roll Up report, which tracks revenues and periodic expenditures related to a grant.

Biennial Performance Audit Report on Mayor's Office of Employment Development - Effectiveness of Control Structure Over Non-Recurring Grants

One of the two prior recommendations that we followed up on, as part of this biennial performance audit, was implemented, while the other was partially implemented (see Section II on pages 7-10).

We wish to acknowledge MOED's cooperation extended to us during our audit.

Respectfully,



Josh Pasch, CPA
City Auditor, City of Baltimore
October 03, 2025

BACKGROUND INFORMATION

Mayor’s Office of Employment Development

The vision of MOED is for every resident of the City of Baltimore (the City) to maximize his / her career potential, and for all employers to have the human resources to grow and prosper – a workforce system that works. The mission of the MOED, therefore, is to deliver economic justice to the residents of the City. Economic justice, within this context, means creating an equitable workforce system that responds to all residents’ needs and provides viable economic opportunities to all residents, especially those that have been generationally and systemically disadvantaged.

Specifically, MOED empowers and assists residents of the City to become successfully employed by providing easy access to employment and training opportunities, and targeted populations with intensive services that address multiple impediments to gainful employment. The MOED develops partnerships with businesses, educational institutions, government agencies, and community-based organizations to achieve its mission. Towards this end, the agency coordinates and directs workforce development initiatives responsive to the needs of the City employees and job seekers to enhance and promote the local economy.

Activities of MOED are significantly funded by grants. These grants are either recurring or non-recurring grants. Recurring grants are continuing grants, while non-recurring grants are one-time grants. The non-recurring grants covered by the audit are as shown in the table below:

Table I

Summary of the Non-Recurring Grants

No.	Grant Name	Amount	Period of Performance	Expiry Date (FY)
1	American Rescue Plan Act	\$30,000,000	09/06/2023 - 12/31/2025	FY 2026
2	Fostering Opioid	1,400,000	10/01/2020 - 05/31/2024	FY 2024
3	Relief Act Workforce Development	1,537,900	04/19/2021 - 06/30/2023	FY 2023
4	Cities for Financial Empowerment	600,000	11/01/2019 - 06/30/2024	FY 2024
5	Support to Communities	\$100,000	01/01/2023 - 05/31/2024	FY 2024

Source: MOED

Grant Close-out

At the expiration of a grant, MOED prepares a close out package. The MOED agrees the total expenditures with the total revenues of the grant. Where these two do not agree, necessary adjustments are made by journal entry to correctly allocate costs or revenues to the grants. The number of reports in the close out package is determined by the grant agreement. The MOED reconciles entries in these reports with relevant entries in Workday.

A major part of the close out procedure is the preparation of cash reconciliation, which involves reconciling cash expenditures with cash revenues. Where cash revenues do not cover cash expenditures, MOED completes a request for reimbursement (Cash Requisition Request) and forwards the request to the grantor, as part of the close-out package. Conversely, where cash revenues exceed cash expenditures, MOED completes a Grant Release Form to return the surplus cash revenues to the grantor.

The MOED closed out the Relief Act Workforce Development grant during the audit period as the grant expired on June 30, 2023.

OBJECTIVES, SCOPE, AND METHODOLOGY

We conducted our performance audit in accordance with the *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The objectives of our audit were to:

- Assess the effectiveness of control structure over non–recurring grants; and
- Follow up on prior findings and recommendations included in the previous biennial performance audit report, dated August 22, 2023.

The scope of our audit is for the periods of FY 2023 and FY 2022. However, we reviewed the grant management processes in FY 2024 and FY 2025 to obtain corroborative evidence concerning improvements made to the grant management process subsequent to the period covered by the audit.

To accomplish our objectives, we:

- Reviewed contract agreements with grantors and subrecipients;
- Validated that the terms and conditions of the grants and subawards were accurately documented in Workday and supplier contracts were approved by the contract manager and the procurement team;
- Interviewed key personnel from MOED and conducted walkthroughs to gain an understanding of the grant onboarding process, expenditure reimbursement validation process, subrecipients monitoring process, and grant closeout process;
- Randomly selected samples⁴ to review and analyze supporting documentation that validates that: (i) only allowable expenditures were approved and reimbursed by MOED, (ii) MOED performs desk review as well as site visits as required in the grant agreements; and (iii) expenditures were tracked and reconciled to budget; and
- Confirmed that grants were close-out in compliance with both the City and grantors’ guidelines.

⁴ 15 out of the 21 subrecipients, or 71 percent, in existence during the FY 2023 and 2022 were selected for test of onboarding.

25 invoices out of 128 invoices paid to subrecipients, 19.5 percent, were selected for expenditures testing.

10 out of the 15 selected subrecipients, or 66 percent, were selected for tests of subrecipient monitoring and subrecipient reporting.

SECTION I: CURRENT FINDING AND RECOMMENDATION

Finding: The MOED Did Not Reconcile the Quarterly Status Report with Operating Expenditures General Ledger.

Prior to September 2024 (see footnote 2 on page 1), the MOED did not perform a reconciliation of the QSRs (see footnote 3 on page 1), sent to grantors with the Operating Expenditures General Ledger. The reconciliation process is a critical control to validate the relevance, accuracy, and completeness of expenditures recorded in the general ledger. Without reconciliation, all billable expenditures may not be charged to the grant, which may result in over or under spending of grant funds.

There are no specific requirements in the MOED's *Standard of Procedures for Monthly / Quarterly Reporting to Grantors/Sponsors* (SOP) for reconciling the QSR with the Operating Expenditures General Ledger. Equally, MOED does not have job aids related to reconciliation process. According to the Agency Fiscal Officer, the reconciliation process during the audit period lacked a structured method to consistently identify issues and document corrective actions throughout the grant period.

According to the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States, management performs reconciliations to confirm that transactions are processed, recorded, and accounted for completely and accurately. Reconciliations include identifying and comparing transactions from two sets of records to determine whether the transactions are recorded properly, have yet to be recorded, or were recorded improperly and require correction. Reconciliations also serve to identify unauthorized transactions and explain differences.

Recommendation: We recommend the Director of MOED require the MOED's Chief Fiscal Officer to:

- Ensure reconciliation of QSRs with the Operating Expenditures General Ledger is performed on a consistent basis across all relevant grants; and
- Review the existing SOP to re-establish the expectations for reconciliation as an integral part of the fiscal reporting process; and relevant job aids to facilitate the reconciliation process.

SECTION II: IMPLEMENTATION STATUS OF PRIOR AUDIT FINDING AND RECOMMENDATIONS

Table II

Summary of Implementation Status of Audit Finding and Recommendations from the Performance Audit Report for Fiscal Years Ending 2021 and 2020⁵

No.	Finding	Prior Recommendations	Management’s Self-reported Implementation Status	Auditor’s Assessment
1.	<p>A process does not exist to take action against contractors / subcontractors that do not meet the 51 percent local hiring requirement. Additional actions could include an improvement plan, identification of barriers to meeting the goal or recommendation to the Board of Estimates (BOE) for potential penalties or debarment.</p> <p>The current processes the City has are as follows:</p> <ul style="list-style-type: none"> Agency Level - MOED reports non-compliance twice per year to agencies with directions to follow-up with each vendor. Non-compliance is reported on a contract-by-contract basis as it relates to each agency. Agencies are directed to inform non-complaint vendors about their non-compliance with the Baltimore City Code Article 5, Subtitle 27, Local 	<p>We recommend the Local Hiring Review Committee:</p> <ol style="list-style-type: none"> Review and follow up with vendors on deficiencies in meeting the 51 percent hiring requirement; Report deficient vendors to the BOE; and Evaluate other methods to improve compliance with the Law. 	<p>Partially implemented</p> <p>We have scheduled a meeting with the BOE staff at the Comptroller's Office at the soonest availability of all parties. They will review with us the correct format and location for reporting to be uploaded. Implementation is expected to be completed by September 30, 2024.</p>	<p>Partially Implemented</p> <p>The MOED held a meeting with the BOE staff at the Comptroller’s Office. The agreement was that MOED would submit ad hoc reports as necessary to escalate non-compliant employers to the attention of BOE. As of September 8, 2025, no ad hoc reports of non-compliance have been received by BOE. As a result, implementation of the agreement has not been evaluated yet.</p>

⁵ The objective of the prior audit was to determine whether MOED has effective processes, controls, and monitoring over local hiring contracts and reporting.

Biennial Performance Audit Report on Mayor’s Office of Employment Development - Effectiveness of Control Structure Over Non-Recurring Grants

No.	Finding	Prior Recommendations	Management’s Self-reported Implementation Status	Auditor’s Assessment
	<p>Hiring (Law). After notification from MOED, no further actions are taken against non-performing contractors / subcontractors.</p> <ul style="list-style-type: none"> • City-wide Level – According to MOED, due to the limitation in the current Law, the MOED cannot report non-compliance to the BOE who can make the final decision to debar, approve, or renew contracts. The criteria written in Law include language that prevents MOED to take action against underperforming contractors / subcontractors. The Law requires intentional violation in order to act. 			

Biennial Performance Audit Report on Mayor’s Office of Employment Development - Effectiveness of Control Structure Over Non-Recurring Grants

No.	Finding	Prior Recommendations	Management’s Self-reported Implementation Status	Auditor’s Assessment
2.	<p>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. As a result, the City cannot hold non-compliant contractors and subcontractors accountable.</p>	<p>We recommend the Interim Director of MOED:</p> <ol style="list-style-type: none"> 1. 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; and 2. Review and follow up with contractor / subcontractor submission of the monthly reports by the 5th of the following month. 	<p>Implemented. See "prior management response" for steps taken.</p> <p>For "meetings conducted with contractors" within the deadline:</p> <ul style="list-style-type: none"> - In FY 2021, the median number of days between board approval and an employment analysis being held was 20 days. - In FY24, that was 8 days and continuing to trend down. <p>We document all reasons for meetings exceeding 14 days in our case comments and email records; typically delays getting responses or schedule availability for contractors or lacking sufficient information at time of award.</p> <p>For "review and follow up with ... monthly reports":</p> <ul style="list-style-type: none"> - In FY 2021, 4,480 reports were received by our office, 39 percent of those owed (21 percent on time [within 5 business days of the new month]). - In FY 2024, that increased to 7,656 reports, 68 percent of those owed (25 percent of these on time). This is also continuing 	<p>Implemented</p>

Biennial Performance Audit Report on Mayor’s Office of Employment Development - Effectiveness of Control Structure Over Non-Recurring Grants

No. Finding	Prior Recommendations	Management’s Self-reported Implementation Status	Auditor’s Assessment
		<p>to trend upward.</p> <ul style="list-style-type: none"> - The average number of workdays between the end of a reporting period and a report being entered into our system - for the percentage of reports ever received was 27 days in FY 2021 and was 18 days in FY 2024. <p>The MOED believes that these are significant improvements in the tracked compliance metrics sufficient to show that the response has addressed the findings.</p>	

APPENDIX I: MANAGEMENT'S RESPONSE TO THE AUDIT REPORT

Date: September 05, 2025

To: Josh Pasch, City Auditor

Subject: Management's Response to Audit Report:
Biennial Performance Audit Report on Mayor's Office of Employment Development for the Fiscal Years Ended June 30, 2023 and 2022

Our response to the audit report finding and recommendation is as follows:

Recommendation I:

We recommend the Director of MOED require the MOED's Chief Fiscal Officer to:

- Ensure the reconciliation of QSRs with the Operating Expenditures General Ledger is performed on a consistent basis across all grants; and
- Review the existing SOP to re-establish the expectations for reconciliation as an integral part of the fiscal reporting process; and relevant job aids to facilitate the reconciliation process.

Management Response/Corrective Action Plan:

Agree

Disagree

- The MOED Fiscal Operations recognized the need to strengthen our reconciliation function with Workday data and cost reimbursement reporting requests to grant sponsors.
- As a result of this identified deficiency, the Fiscal team redesigned and implemented a new reconciliation process in September 2024 along with job training aids.
- We understand that reconciling Workday data to external reporting is essential to ensuring accuracy, reliability, and accountability in financial management.

The new process, that will be formally documented in the SOP, establishes clearer procedures for reconciling Workday data with external reporting requirements, documenting variances, and ensuring timely resolution of discrepancies

Implementation Date: September, 2025

Responsible Personnel: David Hagan, Fiscal Operations Director