



Biennial Performance Audit on Department of Housing and Community Development – Evaluation of Controls over Emergency Services and Clients Receiving Assistance Focusing on Providing the Services and Paying Providers

Fiscal Years Ended June 30, 2024 and 2023
Josh Pasch, City Auditor
February 27, 2026



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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 Department of Housing and Community Development for the Fiscal Years Ended June 30, 2024 and June 30, 2023*. The objective of our performance audit is to evaluate the Department of Housing and Community Development's (DHCD) controls over emergency services and clients receiving assistance focusing on providing the services and paying providers. The scope of our audit is for the periods of Fiscal Year (FY) 2024 and FY 2023. However, we extended our scope to include FY 2025 and FY 2026 through October 2025 because DHCD restructured the program in October 2024. Effective April 2025, DHCD became the primary responder to emergency events that may result in displacement of citizens. The focus of the audit was emergency responses related to fires.

Our audit concluded that there are opportunities for DHCD to strengthen monitoring controls over the Emergency Services Program, Specifically,

- The *Office of Integrated Client Services - Crisis Unit SOP 2025_FY24* (policy) does not define the key tasks¹ involved and timelines for Ombudsman responding to emergency events. Additionally, DHCD does not monitor the service efficiency from the emergency notification to the stabilization of constituents. As a result, constituents may not receive timely emergency services resulting in a delay in the resolution of the emergency.
- Although policy defines the Neighborly Software² Emergency Management portal as the system of record to document cases, the policy does not define methods of supervision and monitoring of Ombudsman's documentation in Neighborly Software. As a result, DHCD does not consistently: (i) create cases in the emergency portal for constituents who were housed in hotels after an emergency; (ii) document reasons for extended stays and final resolutions; and (iii) close out cases when resolved.

¹ Key tasks include client intake, client placement, client reassessment, and development of a stabilization plan.

² Neighborly Software is an off the shelf software which the City of Baltimore (City) optimized for its purposes. The Emergency Management Portal in Neighborly is used by DHCD to create cases and document outcomes for constituents who are displaced from their homes due to emergencies.

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- The Deputy Commissioner holds two procurement cards (P-Cards). One for paying for hotels which is charged to the Emergency Services Program and the other for all other transactions that is used for all programs under the Deputy Commissioner’s control. For both P-Cards, segregation of duties (see text box) and reconciliation of credit card statements are not effective.

- The Deputy Commissioner preapproves purchases.
- The Deputy Commissioner designates a staff member to upload invoices into Workday and match charges on credit card statements to the invoices. However, DHCD does not verify whether the charges are accurate and recorded to the correct cost center.
- P-Card holders are responsible for reconciliations.
- The Commissioner is the approver in Workday by default.

Segregation of Duties

- Segregation of duties helps prevent fraud, waste, and abuse in the internal control system.
- If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.
- Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties.

Source: Green Book

Having a high-level manager as the P-Card holder hinders an effective detailed supervisor review. Effectively, there is no monitoring of P-Cards for non-hotel and hotel transactions. As a result, there is a risk of charges for unallowable purchases or purchases that are not related to DHCD’s business purpose. We found that reconciliations of the credit cards in Workday were not completed timely and accurately. Amongst other findings detailed in report, our testing revealed that for the hotel P-Card, 78 of 125, approximately 62 percent of the transactions tested had an invoice attached that did not support the transaction being verified and were approved in Workday³. For the non-hotel P-Card, documentation attached did not validate the cost center to be charged and the waivers⁴ that were received to complete the purchase.

³ In February 2026, DHCD provided hotel invoices for all 78 transactions. These additional invoices support the credit card statements; however, they were not available in Workday at the time of audit.

⁴ E.g., Any purchase of food requires a waiver be received from Bureau of Procurement (BOP). Any computer related purchases require a waiver from Baltimore City Information Technology (BCIT). Without the approved waiver, the credit card charge will be declined.

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Although we did not identify any instances of fraud⁵, control weakness increases the risk of fraud going undetected. To improve the accountability for the custodianship and prudent disbursing of taxpayer's funds, we recommend the DHCD Commissioner implement the recommendations made in the report.

We followed up on the finding included in the prior *Confidential Management Comment Limited Use letter: Department of Housing and Community Development Biennial Audit for Fiscal Years 2022 and 2021 dated April 25, 2024*. Our assessment of the implementation status of management action plans was communicated to the appropriate DHCD and City officials in the *Confidential Management Comment Limited Use Letter: Department of Housing and Community Development Biennial Audit for Fiscal Years 2024 and 2023*. Due to security concerns, this information is omitted from this public report. The decision to exclude this information was based on *Government Auditing Standards, 2024 Revision, Sections 9.64 - 9.66, Reporting Confidential or Sensitive Information*.

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

Respectfully,



Josh Pasch, CPA
City Auditor, City of Baltimore
February 27, 2026

⁵ The *Government Auditing Standards* state that:

- “Fraud involves obtaining something of value through willful misrepresentation. Whether an act is, in fact, fraud is determined through the judicial or other adjudicative system and is beyond auditors’ professional responsibility.”
- “Auditors may obtain information through discussion with officials of the audited entity or through other means to determine the susceptibility of a program to fraud, the extent to which the audited entity has implemented leading practices to manage fraud risks, the status of internal controls the audited entity has established to prevent and detect fraud, or the risk that officials of the audited entity could override internal control. An attitude of professional skepticism in assessing the risk of fraud assists auditors in assessing which factors or risks could significantly affect the audit objectives.”

Background Information

The DHCD mission is to improve the quality of life for City residents by revitalizing and redeveloping communities and promoting access to quality affordable housing opportunities in safe and livable neighborhoods.

The Office of the Ombudsman (Ombudsman) is responsible for helping City residents in a time of crisis. Prior to February 2024, Ombudsman was managed under DHCD's Housing Code Enforcement and Emergency Operations division. During the COVID epidemic, due to employee availability, the American Red Cross (ARC) was the first responder for emergencies. ARC went on-site to emergencies and sent weekly report to Ombudsman to follow up and provide further assistance. As of February 2024, the Ombudsman is now a part of The Office of Integrated Client Services which is managed by the Deputy Director of Housing and Homeownership Preservation (HHP). In April 2025, the Ombudsman resumed being the primary responders for the Baltimore City Fire Department (BCFD) units to assist residence displaced by fires. As a result, DOA expanded our initial FY 2024 and FY 2023 audit scope period to October 2025.

Fire and Emergency Response

Ombudsmen are on call 24/7 to respond to emergency housing needs and offer tailored support in the case of fire or natural disasters.

As of April 2025, when an emergency event occurs, BCFD sends Computer Aided Dispatch (CAD) notifications to the Director of Integrated Client Services, HHP. The Director of Integrated Client Services will send notifications to the on-call staff for dispatch to the scene. Once informed of the emergency event, the ombudsmen on call are expected to arrive at the scene within one hour. Upon arrival, they consult with the Fire Chief to get a summary of the situation. The ombudsmen are expected to reach out to all heads of households at the scene and get basic information to determine whether they will need assistance. The ombudsmen are required to complete an initial intake form within two days and create a case in the Neighborly Software for any affected residents they speak to at the site of the emergency. Any constituent whose home becomes uninhabitable due to the fire is entitled to be housed in a hotel for up to 48 hours. Within 48 hours, the ombudsman is expected to follow up with individuals placed in hotels, obtain additional information, including whether constituents have insurance, and reassess if they are eligible for continued services from the City. At this point, the intake would be considered completed.

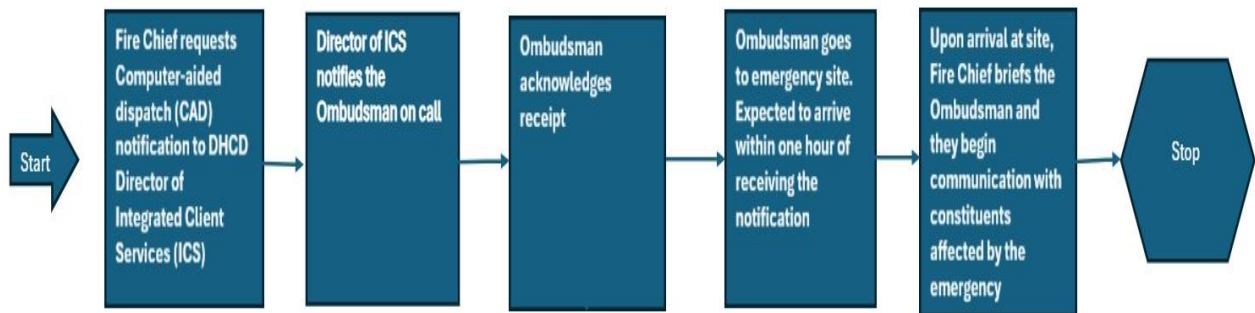
If a constituent does not have anywhere to go and qualifies for continued assistance, the Ombudsman is tasked with developing a stabilization plan. Constituents with no income may be sent to a homeless shelter, whereas others may be entitled to housing assistance. The Ombudsman will work with landlords in the case of displaced renters to assist in finding a new rental or other suitable accommodations. In the interim, on a case-by-case basis, the Deputy Commissioner may authorize an extension of the hotel stay. All cases

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must be updated with notes in the Neighborly Software, which documents any extensions of hotel stays and all steps taken towards permanent stabilization. When permanent stabilization is developed, the case should be closed, and the stabilization plan should be documented in the Neighborly Software.

Exhibit I

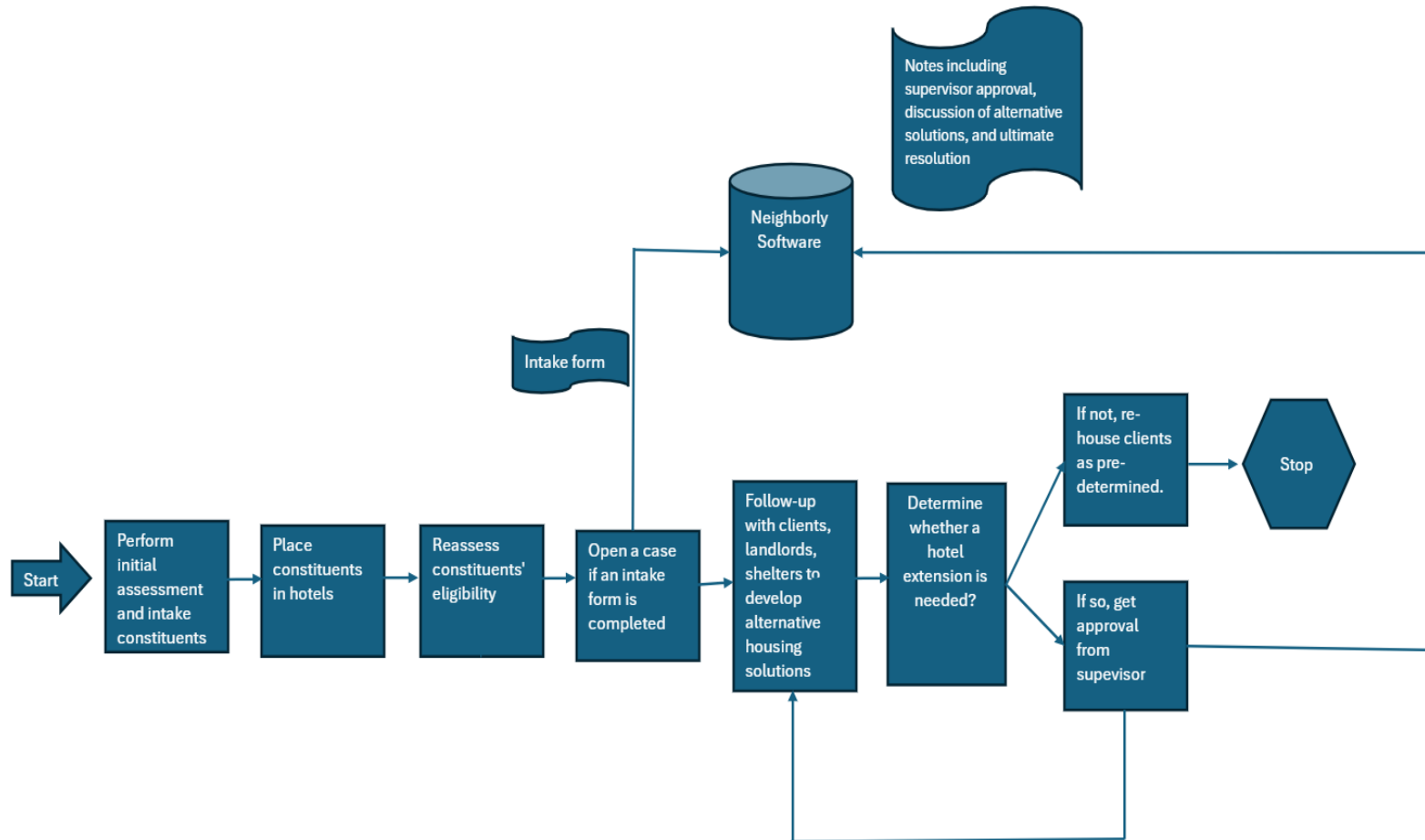
Response Process Prior to Arrival at the Emergency Scene



Source: Department of Audits

Exhibit II

Flowchart – Fire Emergency Response Process



Source: Department of Audits

Managing Emergency Response Payments

Two credit cards, which are also referred to as Procurement Cards (P-Cards), are issued to the DHCD's Deputy Commissioner of HHP.

- P-Card 1 – Before December 2024, only P-Card 1 was used for both non-hotel and hotel expenditures. Hotel expenditures during that period were approximately \$ 130,600 from July 2023 to December 2024. After December 2024, P-Card 1 is intended to only be used for non-hotel expenditures⁶. The Deputy Commissioner is authorized to approve transactions.
- P-Card 2 – Since December 2024, P-Card 2 is used exclusively for hotel stays. The Deputy Commissioner and the Director of Integrated Client Services are authorized to approve hotel transactions. The partnering hotels have the credit card information on file and are instructed to only charge the card after receiving verbal approval from the Deputy Commissioner or the Director of Integrated Client Services.

According to DHCD, the Deputy Commissioner's Executive Assistant performs P-Card reconciliation monthly. There is a shared folder of the hotel folio's (invoices) that is used to reconcile the hotel card transactions. Regarding P-Card 1, the majority of purchases made require a waiver from other agencies such as BOP or BCIT.

Overall Procurement Card Spending During the Audit Scope

From July 2022 to August 2025, the City spent approximately \$514,095 on P-Card 1. Of that amount, approximately \$135,415 was for the Emergency Response Program.

From December 2024 to August 2025, the City spent approximately \$639,165 on P-Card 2.

According to DHCD's log that tracks emergency fire responses, there were 123 incidents from October 2024 to September 1, 2025. Seventy-nine of the events resulted in placing constituents in hotels. The City served 448 constituents affected by fire and provided 249 hotel rooms.

⁶ Example of non-hotel charges are public storage fees, cots, blankets, uniforms, supplies, subscriptions, and equipment.

Objectives, Scope, and Methodology

We conducted our performance audit in accordance with *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: (i) evaluate DHCD’s controls over emergency services and clients receiving assistance focusing on providing the services and paying providers; and (ii) follow-up on findings and recommendations that were included as part of *Confidential Management Comment Limited Use letter: Department of Housing and Community Development Biennial Audit for Fiscal Years 2022 and 2021 dated April 25, 2024*.

The scope of our audit is for the periods of FY 2024 and FY 2023. However, we extended the scope to FY 2025 and FY 2026 through October 2025 as the Emergency Services Program was restructured beginning in October 2024 and DHCD became the primary responder to emergency events in April 2025. The focus of the audit was on the emergency response related to fires.

To accomplish our objectives, we:

- Interviewed key individuals from DHCD and conducted walkthroughs to obtain an understanding of the Emergency Services Program;
- Identified the related risks and evaluated the design of certain internal controls, processes and procedures relating to the procedures beginning with the emergency event through the stabilization of individuals displaced due to the event;
- Reviewed P-Card processes related to the emergency services division to confirm that: (i) duties are segregated; and (ii) transactions are verified in accordance with AM 309-1, *Procurement Card Program*;
- Judgmentally selected 125 samples of transactions billed on the Hotel P-Card from December 2024 through October 2025 to verify that transactions were properly supported in Workday;
- From the sample of 125, we identified constituents who were housed in hotels paid for by the P-Card. Then, we verified that, for those constituents, DHCD: (i) had set up cases in Neighborly Emergency Management Portal timely; (ii) documented approvals for initial hotel stays and extensions; and (ii) closed out cases upon stabilization with notes explaining the resolution; and
- Selected a random sample of 90 transactions charged to non-hotel P-Card for FY 2023, FY 2024, FY 2025, and FY 2026 through August 2025 to verify that items were appropriate and properly supported in Workday including invoices, waivers, and support for cost centers charged.

Current Findings and Recommendations

Finding I: Standard Operating Procedures Lacks Key Components to Achieve the Emergency Management Function’s Objectives.

The DHCD developed the *Office of Integrated Client Services - Crisis Unit SOP 2025_FY24* (policy) in April 2025. This policy outlines overall job responsibilities for the Director of Integrated Client Services, Ombudsman Supervisor, and Ombudsman Staff. However, this policy does not:

- Document key tasks⁷, and
- Establish timelines, or methods of evaluating the performance of duties at the site of the emergency and the stabilization process.

Additionally, DHCD does not monitor the service efficiency from the emergency notification to the stabilization plan for constituents. For example, DHCD has practices of arriving at an emergency site within an hour of receiving notification and completing client intake within 48 hours of the event to confirm constituents’ eligibility for continued services. However, these practices are neither documented in the policy nor tracked and monitored.

As a result, constituents may not receive timely emergency services resulting in a delay in the resolution of the emergency.

The DHCD re-assumed the responsibility as first responders to emergencies effective April 2025 and subsequently has been engaged in solidifying the DHCD’s operations and developing effective policies and procedures.

Formal policies and procedures promote compliance, accountability, consistency, and continuity. According to the *Standards for Internal Control in the Federal Government issued by the Comptroller of the United States (Green Book)*, management:

- Documents in policies the internal control responsibilities of the organization;
- Communicates to personnel the policies and procedures so that personnel can implement the control activities for their assigned responsibilities; and
- Periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity’s objectives or addressing related risks. If there is a significant change in an entity’s process, management reviews this process in a timely manner after the change to determine that the control activities are designed and implemented

⁷ Key tasks include client intake, client placement, client reassessment, and development of a stabilization plan.

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appropriately. Changes may occur in personnel, operational processes, or information technology.

Recommendation I: We recommend the DHCD Commissioner update and implement formal (written, approved, and dated) policies and procedures to:

- Document key tasks;
- Establish timelines for the key tasks;
- Establish method of evaluating efficiency of key tasks; and
- Track metrics and monitor efficiency.

Finding II: Lack of Oversight Resulted in Non-compliance with Department’s Internal Practices.

The DHCD does not have oversight (supervision and monitoring) over completeness and accuracy of documentation in Neighborly Software of Ombudsman staff work. As a result, DHCD does not consistently and completely record documentation to support decisions in taking constituents and placing them in hotels as well as extending hotel stay. Specifically,

- Of the 28 constituents that were reviewed, DHCD did not create cases in Neighborly Software Emergency Management Portal for seven constituents. Of those seven constituents, six were in the hotels for more than three days ranging from 10-52 days in the hotel.
- Of the 21 remaining constituents,
 - Seventeen were in hotels for more than three days ranging from 13-130 days. However, there were no notes in Neighborly justifying any of these extended stays.
 - Twenty cases were in stages from “intake in progress” to “housing pending”. All of these constituents were no longer being housed by the City; therefore, their cases should be in a closed status.
 - One case was listed as “closed”. The notes indicated that constituent left the hotel on April 1, 2025; however, it was noted that the City was billed through April 22, 2025 for the constituents’ stay.
 - Ten cases in Neighborly were not created promptly. It took 18-103 days to create these cases in Neighborly.

There are no written policies and procedures requiring supervisory review of documentation in Neighborly Software for the client intake and reassessment processes.

DHCD’s current practices are as follows:

- Initial Assessment and Intake: The DHCD requires completing an intake form during the initial contact with constituents to gather basic information (emergency date and location; landlord contact; total family income; housing type; if homeless due to emergency; family members impacted; family structure; reason needing assistance). The DHCD requires to create cases and upload the intake form in Neighborly Software “promptly.”
- Verification for Qualification of Continued Services: The DHCD allows constituents to stay in hotel for 48 hours after the emergency event. Within 48 hours, DHCD is

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required to complete the intake form and verify that the constituents are qualified for continued services.

- Reassessment for hotel extension: The DHCD requires to document notes in Neighborly Software to support DHCD's approval for hotel extensions.
- Follow-up and Case Closure: Cases must be closed with documented outcomes or confirmed referrals to alternative resources.

Recommendation II: We recommend the DHCD Commissioner include, in the revised policies and procedures, any expectations of documentation requirements, closing cases timely, as well as monitoring the documentation in Neighborly Software of the Ombudsman's work.

Finding III: The DHCD Needs to Improve Controls in Managing Procurement Card Payments.

The DHCD has internal control weaknesses regarding the management and oversight of P-Cards for non-hotel and hotel payments. Specifically, for both P-Cards, segregation of duties (see textbox on page 2) and reconciliation of credit card statements are not effective. The DHCD current process is as follows:

- The Deputy Commissioner: (i) holds P- cards for hotel purchases and non-hotel purchases; and (ii) pre-approves purchases.
- A designated staff uploads invoices into Workday and matches charges on P-Card statements to the invoices. However, DHCD does not verify whether the charges are accurate and recorded to the correct cost center. To be an effective reconciliation, the following steps should be taken:
 - P-Card for non-hotel charges – The DHCD should have matched payments on P-Card statements to invoices to receiving documents to pre-approvals (and waivers if applicable).
 - P-Card for hotel charges - DHCD should have matched payments on P-Card statements to hotel invoices to internal tracking of constituents' hotel stays.
- After the P-Card is reconciled, no one performs a detailed review of the P-Card transactions to validate that the correct invoice is attached and the correct cost center being charged.
- P-Card holders are responsible for reconciliations.
- The Commissioner is the next approver in Workday.

Having a high-level manager as the P-Card holder hinders an effective detailed supervisor review. Effectively, there is no monitoring of P-Cards for non-hotel and hotel transactions. As a result, there is a risk of charges for unallowable purchases or purchases that are not related to DHCD's business purpose⁸.

Also, hotels may overcharge the City, e.g., City pays for non-client stay or City pays for longer than approved number of days. It is important to note that DHCD is not independently tracking the client hotel stays; therefore, we cannot verify the accuracy of hotel payments.

⁸ For example, all hotel charges for all four divisions are charged to the Emergency Response Program. This overstates the expenditures for the Emergency Response Program and understates the expenditures for other programs.

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Our review of the P-Card reconciliation process for hotels and non-hotel payments showed the following exceptions.

P-Card for hotel Payments: The P-Card was first issued in December 2024. As of October 2025, a designated staff reconciled 777 transactions totaling approximately \$639,165 in Workday. Of 777 transactions,

- 516 transactions or 66 percent were not reconciled within 30 working days of billing.
- 716 transactions, or 92 percent of the transactions totaling approximately \$585,000 were allocated to the *emergency services* cost center and spend category of *support for individuals and organizations*. Based on information from the agency, not all the hotel guests were a part of the Emergency Services Program, and their bills should have been charged to the appropriate program (e.g. cost center).

Additionally, of a sample of 125 transactions that we reviewed, the attached hotel invoices did not contain the charges that were being verified for 78 transactions, or 62.4 percent. These transactions were approved in Workday even though the supporting documentation was for a different transaction.⁹

P-Card for non-hotel Payments: Between July 2022 and October 2025, there were 861 P-Card transactions totaling approximately \$514,000. Of 861 transactions, 292 or 34 percent of transactions were not reconciled timely.

Additionally, we noted that, for most of the charges, the attached support did not contain information that would indicate what cost centers should be charged. Therefore, the reviewer is unable to verify that the expense was charged to the correct cost center.

Causes of this finding are:

- The DHCD has a Deputy Commissioner as the P-Card holder. Workday automatically assigns the P-Card approval to her manager which is currently the Commissioner.
- The DHCD does not follow the City's P-Card verification policy.
- Cost Center and Fund are automatically populated based on the cardholders assigned cost center and not consistently updated based on the charge.

The AM 309-1, *Procurement Card Program* requires that the employee who holds the P-Card verifies transactions within 15 workdays of receiving the P-Card statement. This process includes attaching all receipts and other documents supporting the transaction.

⁹ In February 2026, DHCD provided hotel invoices for all 78 transactions. These additional invoices support the credit card statements; however, they were not available in Workday at the time of audit.

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This includes waiver, if applicable. The agency approving official must review all transactions, supporting documents and cost center allocations before submitting them to BOP for approval. The BOP has the right to enforce action against the cardholder if this process is not completed timely.

Recommendation III: We recommend the DHCD Commissioner:

- Reassign the P-Cards to a staff member to segregate duties;
- Consider assigning separate P-Cards for each program / cost center; and
- Assign an independent person to conduct timely and effective monthly P-Card reconciliations for both non-hotel and hotel transactions.
 - Non-hotel transactions: Require to: (i) reconcile from P-Card statements to invoices to receiving documents to pre-approvals; and (ii) include waivers and other documentation that validates the expenditure and cost center.
 - Hotel transactions: Require to: (i) track weekly headcount; (ii) match weekly P-Card charges with internal tracker of head count, and (iii) consistently perform monthly reconciliation of P-Card charges to hotel bills.

APPENDIX I - Management’s Response to the Audit Report

Date: February 27, 2026

To: Josh Pasch, City Auditor

Subject: Management Response to Audit Report:
Biennial Performance Audit on Department of Housing and Community Development – Evaluation of Controls over Emergency Services and Clients Receiving Assistance Focusing on Providing the Services and Providers for the Fiscal Years Ended June 30, 2024 and 2023

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

Recommendation I: We recommend the DHCD Commissioner update and implement formal (written, approved, and dated) policies and procedures to:

- Document key tasks;
- Establish timelines for the key tasks;
- Establish method of evaluating efficiency of key tasks; and
- Track metrics and monitor efficiency.

Management Response/Corrective Action Plan

Agree Disagree

DHCD agrees that the Standard Operating Procedures (SOPs) can be enhanced to provide clear timelines; however, **we disagree with the finding that key tasks are not clearly outlined in the SOP¹⁰**. These SOPs continue to be in development as the team’s duties shifted to include first responder responsibilities in April 2025.

¹⁰ See Auditor’s Comment on page 22.

This is an excerpt from the current SOP:

The Office of Integrated Client Services

Promoting Impartiality, Fairness, and Community Support in Baltimore City A Unified Approach to Community Support

Together, the Ombudsman, L.I.G.H.T. Intake & Assessment, and Customer Service work cohesively to uphold the principles of fairness, transparency, and responsive service. This integrated approach ensures that every individual in Baltimore City receives equitable and effective support.

The Office of Integrated Client Services recognizes the importance of impartiality and fairness. In its mission to effectively serve the residents of Baltimore City, the Mayor’s Office has developed three core components to ensure high-quality service delivery:

1. The Ombudsman

The Ombudsman serves as a neutral and independent party within the organization. Their essential role includes:

- **Investigating complaints and resolving concerns impartially**
- **Advocating for fairness, transparency, and accountability**
- **Mediating disputes and offering guidance**
- **Operating 24/7 to respond to emergency housing needs**
- **Coordinating with local organizations for rehousing assistance and resource access**
- **Offering tailored support in cases of:**
 - Fire and natural disasters**
 - Mediation and legal vacates**

By maintaining neutrality and fostering open communication, the Ombudsman ensures that the organization operates equitably and earns the trust of the community.

DHCD agrees to revise and incorporate clearly defined timelines for deliverables associated with each job function and operational processes. While operational processes are currently in place, and were shared with the audit team, we acknowledge that some of these procedures are not currently trackable within the Neighborly Portal, which is the system of records.

At present, certain tracking functions occur through alternative technology platforms or email correspondence. To ensure transparency, accountability, and auditability, these processes will be formally documented and standardized within the Neighborly Portal, which will be updated by April 30, 2026. This enhancement will ensure deliverables are searchable, measurable, and exportable for reporting and oversight purposes.

The Office of the Ombudsman transitioned to Homeownership & Housing Preservation Division on January 30, 2024. Since that transition, operational processes have evolved to address emerging needs and to strengthen the coordinated emergency response efforts for Baltimore residents. We will ensure that all updated procedures, including

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interagency coordination with OEM, BCFD, and other partner agencies during crisis situations are formally documented and aligned with compliance and best practice standards.

Staff are currently required to sign an acknowledgment confirming receipt and understanding of their duties and responsibilities. This acknowledgment requirement will be formally incorporated into the SOP to ensure consistent documentation.

Implementation Date: April 30, 2026

Responsible Personnel:

- Nicole Hart, Deputy Commissioner, HHP, DHCD
- Shannel Manigo, Director of Integrated Client Services, HHP, DHCD

Recommendation II: We recommend the DHCD Commissioner include, in the revised policies and procedures, any expectations of documentation requirements, closing cases timely, as well as monitoring the documentation in Neighborly Software of the Ombudsman’s work.

Management Response/Corrective Action Plan

Agree **Disagree**

As the Ombudsman Office moved between DHCD divisions, and there was a shift in duties for the team beginning in April 2025, DHCD leadership worked on a reassessment of required deliverables to include in the Neighborly Portal. This review coincided with the start of the audit, which delayed the implementation of the Neighborly update. At present, certain supervisory documentation and tracking functions are maintained through email correspondence and supplemental spreadsheets. The audit team was provided with logs, documentation samples, and supporting records evidencing these monitoring activities.

Since resuming operations as first responders in April 2025, the scope and volume of the team’s deliverables have increased. Throughout this period, DHCD has maintained transparency with agency leadership regarding incident deployments, including circumstances requiring hotel extensions beyond the standard 48-hour response window to transition constituents from crisis to stable housing.

While seven constituent cases were not initially entered into the Neighborly Portal, the audit team was provided with completed paper intake forms documenting these cases. All seven cases have since been retroactively entered into the system to ensure record completeness. To strengthen internal controls and prevent recurrence, the intake process has been updated. The team has transitioned from paper-based documentation to the use of iPads in October 2025, enabling real-time data entry while onsite at incidents. This updated procedure will be formally incorporated into the SOP by April 30, 2026.

Additionally, staffing changes in the summer of 2025 include the hiring of a dedicated Ombudsman Supervisor in July 2025, responsible for day-to-day oversight and monitoring of casework activities.

By April 30, 2026, leadership will update both the Neighborly Portal and the SOP to reflect enhanced supervisory review functions, documentation of approved extensions, detailed incident reporting, and any additional data elements necessary to ensure transparency, searchability, and audit readiness.

Implementation Date: April 30, 2026

Responsible Personnel:

- Nicole Hart, Deputy Commissioner, HHP, DHCD
- Shenikia Sye, Ombudsman Supervisor, HHP, DHCD

Recommendation III: We recommend the DHCD Commissioner:

- Reassign the P-Cards to a staff member to segregate duties;
- Consider assigning separate P-Cards for each program / cost center; and
- Assign an independent person to conduct timely and effective monthly P-Card reconciliations for both non-hotel and hotel transactions; and
 - Non-hotel transactions: Require to: (i) reconcile from P-Card statements to invoices to receiving documents to pre-approvals; and (ii) include waivers and other documentation that validates the expenditure and cost center.
 - Hotel transactions: Require to: (i) track weekly headcount; (ii) match weekly P-Card charges with internal tracker of head count, and (iii) consistently perform monthly reconciliation of P-Card charges to hotel bills.

Management Response/Corrective Action Plan

Agree **Disagree**

DHCD agrees that mistakes were made in reconciliation of the hotel P-Card. DHCD current processes reflect that there needed to be a folio for each room and reconciled for appropriateness and completion prior to the reconciliation in Workday.

DHCD maintains folios for all hotel charges incurred on the P-Card and has taken corrective action to ensure that all supporting documentation is properly uploaded and retained within Workday in accordance with financial control requirements. Any identified documentation gaps have been reconciled to ensure completeness of the record.

To further strengthen fiscal oversight, DHCD has hired a Fiscal Technician with accounting experience who is responsible for completing all outstanding reconciliations for both P-Cards within 15 days of transaction posting. This role establishes a defined control point to ensure timely review, reconciliation, and compliance with financial policies. A Fiscal Technician will reconcile both P-Cards as recommended in the third bullet above.

To enhance segregation of duties and executive oversight, the hotel-designated P-Card will be reassigned to the Assistant Commissioner of HHP who will be responsible for supervisory review and approval of folio reconciliations. Hotel-related transactions will remain separate from non-hotel transactions, which are maintained on a different card to prevent commingling of expenses. The non-hotel P-Card will remain with the Deputy Commissioner. At present, hotel charges are allocated to no more than two designated cost centers, reducing complexity and strengthening financial transparency.

Biennial Performance Audit on Department of Housing and Community Development – Evaluation of Controls over Emergency Services and Clients Receiving Assistance Focusing on Providing the Services and Paying Providers

By April 30, 2026, formal protocols will be implemented for both P-Cards to ensure proper journal entries are completed accurately and consistently, and that all charges are aligned with the appropriate funding source. These procedures will reinforce compliance with accounting standards and internal control requirements. DHCD will also implement an updated Crisis Team management process requiring a weekly reconciliation tracker documenting headcount and room utilization. This tracker will be cross-referenced against hotel invoices to validate billing accuracy, monitor extensions, and ensure timely adjustments where necessary.

Implementation Date: April 30, 2026

Responsible Personnel:

- Nicole Hart, Deputy Commissioner, HHP, DHCD
- Tommy Williams, Assistant Commissioner, HHP, DHCD

APPENDIX II– Auditor’s Comment

Although DHCD agreed with the overall finding I and recommendation, DHCD disagrees with the statement that key tasks are not clearly outlined in the policy (see page 16). DHCD included an excerpt from their policy which defines **key roles** of Ombudsman.

Our finding is that DHCD’s policy does not: (i) document **key tasks** for the emergency response to fire such as the arrival to the emergency site after receiving notification from Fire Chief, client intake, client placement, client reassessment, and development of a stabilization plan; and (ii) milestones to measure progress with set timeframes.

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