



Biennial Performance Audit of the Baltimore Development Corporation - Evaluation of Internal Controls Related to the Selected Performance Measures

Fiscal Years Ended
June 30, 2024 and 2023

Josh Pasch, City Auditor
March 24, 2026



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Office of the Comptroller
Josh Pasch, City Auditor

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

EXECUTIVE SUMMARY

We conducted a *Biennial Performance Audit of the Baltimore Development Corporation for the Fiscal Years Ended June 30, 2024, and June 30, 2023*. The objectives of our performance audit were to: (i) determine whether the Baltimore Development Corporation (BDC) met its performance measure targets; and (ii) evaluate whether it has adequately designed internal controls related to the following selected performance measures:

- *Number of Total New and Expanding Businesses in Commercial Corridors; and*
- *Private Investment Leveraged through BDC programs (in millions).*

The scope of our audit was for the periods of Fiscal Year (FY) 2024 and FY 2023. However, certain other matters, procedures, and transactions outside that period were reviewed to understand and verify information during the audit period.

Our review identified that BDC has opportunities to improve their reporting processes to accurately report actual results for the performance measures stated above.

Reporting on New and Expanding Businesses

In prior fiscal years, BDC relied on Retail Business District License data to report new and expanding businesses, regardless of whether those businesses received assistance from BDC. Following the FY 2022 audit recommendation, BDC worked with the Bureau of Budget and Management Research (BBMR) to improve transparency in performance reporting. As part of these efforts, in FY 2024, BDC transitioned to report new and expanding businesses in the Commercial District Assessment (CDA) that receive assistance from BDC¹. During this transition, BDC also implemented a centralized system to manage client intake and pipeline activities. However, BDC did not formally document the new methodology. Although BDC asserts that reported results are verified for accuracy, our review found that these verification practices are not consistently followed. The reported FY 2024 figure of 80 new and expanding businesses in the FY 2026 budget book was not supported by BDC's tracking, which listed only 55 businesses with two instances of double-counting. Furthermore, required supervisory reviews and intake approvals were missing for a significant portion of reported businesses; and in nearly half of the cases reviewed, documentation was insufficient to confirm BDC's involvement in

¹ Due to the change in methodology in FY 2024, the Department of Audits excluded the FY 2023 actual performance measure from the review.

the reported business outcomes. BDC's independent verification of new businesses was also missing for most sampled cases.

Reporting on Private Investment Amounts

The processes used to validate private investment totals reported in the FY 2026 budget book were also found to be ineffective. The BDC did not reconcile reported investment figures to supporting documentation prior to submission, resulting in a misreporting of FY 2024 private investment (reported as \$410 million², while internal records showed approximately \$953 million). Only investments related to the Facade Improvement Grant (FIG) program received some level of validation. For other service categories, amounts were based solely on figures self-reported by businesses, without validation or review of supporting evidence. Even within the FIG program, validation was inconsistent, with 40 percent of sampled cases lacking adequate confirmation.

The lack of formalized procedures, inadequate documentation, and inconsistent verification practices increase the risk of inaccurate or overstated performance reporting by BDC. Addressing these gaps is essential to ensure the reliability and integrity of reported results moving forward.

To improve the transparency to the public, we recommend the President of BDC implement the recommendations made in this report. Management responses are included in Appendix I (see page 11).

There were no prior findings that required follow-up.

We wish to acknowledge BDC's cooperation extended to us during this engagement.

Respectfully,



Josh Pasch, CPA
City Auditor, City of Baltimore
March 24, 2026

² The amount posted in the FY 2026 budget book is listed as \$41 million due to a misprint.

BACKGROUND INFORMATION

I. Baltimore Development Corporation

The BDC is a non-profit organization, which serves as the economic development agency for the City of Baltimore (City). The BDC's mission is to retain and expand existing businesses, support cultural resources, and attract new opportunities that spur economic growth and help create jobs. The BDC serves as a one stop shop for anyone interested in opening, expanding, or relocating a business in the City.

II. Selected Performance Measures

We judgmentally selected the following two performance measures of BDC for our review:

- *Number of Total New and Expanding Businesses in Commercial Corridors:* The BDC has identified commercial corridors in the City. These are areas that have a concentrated of commercially zoned properties and serve as tail district for their surrounding communities. This measure reviews the number of new and unique businesses that have been supported by BDC services within these boundaries.
- *Private Investment Leveraged through BDC Programs (in millions):* The BDC measures how much new private investment is spurred through service delivery. In addition, to matching funds, BDC provide grants and loans. The BDC also verify private investment in tax credit and real estate development projects through the Real Estate Pipeline Report. This measure includes FIG and other services including Business Loans and Assistance, Business Attraction, Tax Credit, BDC Real Estate, Private Real Estate and Project Assistance.

Reporting Performance Measure Process to BBMR

The Strategy, Research, and Analysis team of BDC compiles the final performance report in Excel after verifying that all projects satisfy the required results thresholds and have received approval from the Managing Director. The report undergoes an internal review to confirm accuracy, during which any missing data or duplicate entries are addressed and aggregate results are calculated. Following this review, the Managing Director conducts a final validation prior to submission to the Executive Vice President (EVP) for review and approval. Upon receiving final approval, the report is designated as "Final" and submitted to BBMR by the EVP or Managing Director. This process is for all performance measure submissions.

The targets and actuals of the selected performance measures for our review are summarized in Chart I and Chart II on the next page.

Biennial Performance Audit on the Baltimore Development Corporation – Evaluation of Internal Controls Related to the Selected Performance Measures

Chart I

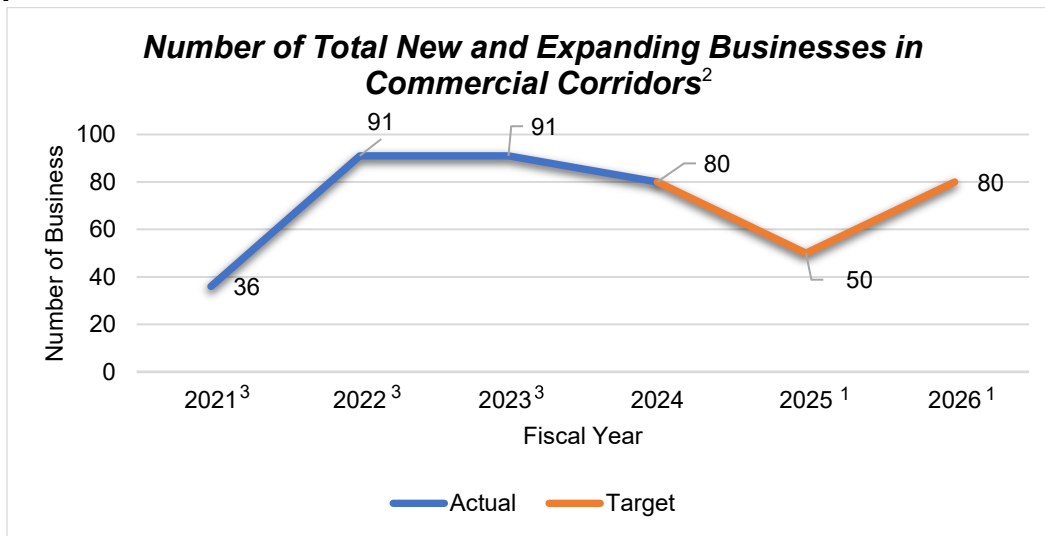
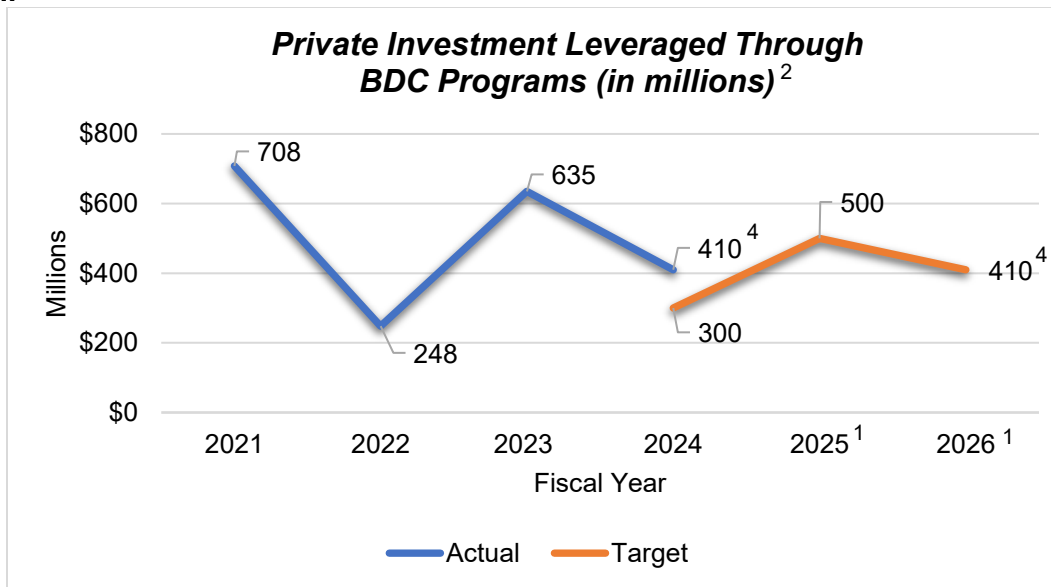


Chart II



Source: FY 2026 Budget Book

Notes:

¹ FYs 2025 and 2026 actuals are not available because of two years gap in reporting. For example, FY 2024 actual is reported in FY 2026 budget book.

² These performance measures are reported under Service 809 – Retention, Expansion, and Attraction of Businesses.

³ Up to FY 2024, the actuals were reported under the old methodology as discussed in the Executive Summary.

⁴ The amount posted in the budget book is listed as \$41 million due to a misprint.

Biennial Performance Audit on the Baltimore Development Corporation – Evaluation of Internal Controls Related to the Selected Performance Measures

Table I

Summary of Selected Performance Measures’ Targets and Actuals

Performance Measure ²	Fiscal Years						
	2021	2022	2023	2024	2025	2026	
	Actual	Actual	Actual	Target	Actual	Target ¹	Target ¹
<i>Number of Total New and Expanding Businesses in Commercial Corridors³</i>	36	91	91	80	80	50	80
<i>Private Investment Leveraged through BDC Programs (in millions) ⁴</i>	\$708	\$248	\$635	\$300	\$410 ⁴	\$500	\$410 ⁴

Source: FY 2026 Budget Book

Notes:

¹ FYs 2025 and 2026 actuals are not available because of two years gap in reporting. For example, FY 2024 actual is reported in FY 2026 budget book.

² These performance measures are reported under Service 809 – Retention, Expansion, and Attraction of Businesses.

³ Up to FY 2024, the actuals were reported under the old methodology as discussed in the Executive Summary.

⁴ The amount posted in the budget book is listed as \$41 million due to a misprint.

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 provided a reasonable basis for our audit objectives. The objectives of our performance audit were to: (i) determine whether BDC met its performance measure targets; and (ii) evaluate whether BDC has adequately designed internal controls related to the following selected performance measures:

- *Number of Total New and Expanding Businesses in Commercial Corridors*; and
- *Private Investment Leveraged through BDC Programs (in millions)*.

The scope of our audit was for the periods of FY 2024 and FY 2023. However, certain other matters, procedures, and transactions outside that period were reviewed to understand and verify information during the audit period.

To accomplish our objectives, we:

- Interviewed key individuals from BDC leadership and conducted walkthroughs to obtain an understanding of processes that govern the initialization, authorization, and recording of both performance measures selected for review;
- Verified that the supporting documentation provided by BDC matches the amounts reported in the budget book; and
- Tested the whole population for *Number of total New and Expanding Businesses in Commercial Corridors* and judgmentally selected samples³ for *Private Investment Leveraged through BDC Programs* and reviewed supporting documentation to: (i) validate the actual numbers reported in the budget book; and (ii) confirm there is evidence of internal reviews and approvals.

³ Judgmentally selected 30 of 73 businesses, or 41 percent, to test FY 2024 and FY 2023 actual performance measure.

CURRENT FINDINGS AND RECOMMENDATIONS

FINDING I: The BDC Does Not Consistently Follow their Documentation and Verification Practices to Accurately Report Actual Performance Measure.

As noted in the Background section of the report, BDC implemented the new methodology⁴ for the *Number of Total New and Expanding Businesses in Commercial Corridors*. BDC does not formally document the underlying methodology. According to BDC, they verify that the reported performance measure is accurate. However, our review indicated that BDC is not following this practice (see below). As a result, there is an increased risk of reporting inaccurate performance measure results.

- **BDC’s tracking document does not support the reported actual result:** The BDC incorrectly reported the FY 2024 actual result. In the FY 2026 budget book, BDC reported 80 new and expanding businesses. BDC’s tracking spreadsheet shows only 55 businesses. Furthermore, we identified BDC double counted two of 55 business in FY 2024. Although the duplicates do not materially overstate the actual result, the risk of overstatement exists.
- **Noncompliance with BDC’s internal practice:** The BDC requires a complete intake form, and approval by senior management for new and expanding businesses⁵. These practices were not consistently followed. Specifically, for 39 of the 55 reported businesses reviewed, or 71 percent, BDC could not demonstrate that they completed supervisory review or approval of intake forms or applications.
- **Insufficient documentation to support the actual result:** For 27 of the 55 reported businesses reviewed, or 49 percent, BDC did not maintain documentation to demonstrate that its assistance resulted in a new or expanded business.
- **Lack of independent verification of new businesses:** The BDC does not independently verify that the businesses qualified as new or expanding within a designated commercial district during the period of performance. The BDC could not demonstrate that they independently verified 7 of 23 new businesses, or 30 percent.

Above exceptions occurred because BDC implemented the CDA based methodology without first establishing formal documentation standards, supervisory approval requirements, or verification procedures necessary to ensure reliable performance reporting. In addition, staff turnover and organizational restructuring contributed to gaps in documentation and internal practices.

⁴ In FY 2025 and FY 2026 budget books, BDC did not include a note explaining the change in methodology for the Number of Total New and Expanding Businesses in Commercial Corridors.

⁵ There are multiple services in this program including Tax Credits, Business Assistance, FIG, Business Attraction, and Business Expansion.

According to *the Standards for Internal Controls in the Federal Government issued by the Comptroller General of the United States (Green Book)*, management must implement documented control activities, use reliable information for reporting, and monitor internal controls to ensure performance data are accurate and supported. In addition, the City's budget process requires agencies to ensure that performance measure data submitted to BBMR is accurate and supported prior to publication.

Recommendation I: We recommend that the BDC President:

- Document the underlying methodology for the *Number of Total New and Expanding Businesses in Commercial Corridors*;
- Independently verify whether a business is a new business in a commercial district;
- Retain the following documentation to support each reported new or expanding business:
 - Intake form or application;
 - Documented supervisory approval of the intake form or application;
 - Evidence of service provided; and
 - Documentation verifying that the business is qualified as new or expanding within a commercial district during the period of performance;
- Implement mandatory supervisory review and verification procedures to confirm that only businesses that are qualified as new or expanding within a commercial district during the period of performance are reported in the actual result of the performance measure;
- Require review and reconciliation procedures by management to verify reported actual amounts before submission to BBMR and retain documentation of that review;
- Establish formal (written, approved, and dated) policies and procedures for bullets above;
- Provide periodic staff training on documentation and performance reporting requirements; and
- Work with BBMR to correct the FY 2024 actual result and include a note about the change in methodology for the *Number of Total New and Expanding Businesses in Commercial Corridors*.

FINDING II: The BDC Cannot Substantiate the Actual Numbers Reported in the Budget Book.

The BDC does not have effective processes (see below) to validate the accuracy of private investment amounts reported in the FY 2026 budget book. As a result, there is an increased risk of overstating the private investment amount.

- **Actual private investment amount is not reconciled before reporting:** The BDC does not reconcile the reported amount to supporting documentation prior to submitting the actual result to BBMR. In the FY 2026 budget book, \$41 million for FY 2024 actual was reported due to a misprint. According to BDC, the amount should have been \$410 million. However, according to BDC's tracking spreadsheet, the actual private investment for FY 2024 is approximately \$953 million. (Note: We did not find discrepancies in FY 2023 reporting.)
- **Ineffective validation process for private investment amount:** The BDC validates private investment amount for the FIG program. However, for other service categories⁶, BDC does not validate actual expenses incurred and does not review estimates provided by businesses to support the private investment amount. Instead, private investment amounts reported under other service categories were based on amounts self-reported by businesses.

Additionally, our review indicated that BDC did not consistently validate the private investment amount for FIG program. Specifically, for both FY 2024 and FY 2023, we judgmentally selected 30 business totaling \$ 4,319,157 that applied for FIG. Of 30 businesses, we were unable to validate six businesses, or 40 percent, totaling \$1,829,411.

- **Lack of documented methodology:** The BDC does not document the underlying methodology for the *Number of Private Investment Leverage Through BDC Programs*.

The BDC did not establish formal policies and procedures including expectations for validating private investment amounts reported by businesses. In addition, staff turnover and organizational restructuring contributed to gaps in documentation and internal practices.

According to the Green Book, management must implement documented control activities, use reliable information for reporting, and monitor internal controls to ensure performance data are accurate and supported. In addition, the City's budget process requires agencies to ensure that performance measure data submitted to BBMR is accurate and supported prior to publication.

⁶ Other service categories include Business Loans and Assistance, Business Attraction, Tax Credit, BDC Real Estate, Private Real Estate and Project Assistance.

Recommendation II: We recommend that the BDC President:

- Define the methodology for the *Number of Private Investment Leverage through BDC Programs*, including:
 - Definition of private investment leveraged;
 - Programs to be included;
 - Documentation required for validation; and
 - Procedures for calculating and reporting amounts;
- Require and retain supporting documentation for private investment amounts reported by businesses, including independent documentation such as:
 - Proof of payment;
 - Tax credit issuance confirmation;
 - Loan disbursement documentation; or
 - Other verifiable financial records;
- Require management review and reconciliation procedures to verify reported actual amounts before submission to BBMR and retain documentation of that review;
- Establish formal (written, approved, and dated) policies and procedures for bullets above;
- Provide periodic staff training on documentation and performance reporting requirements; and
- Work with BBMR to correct the FY 2024 actual result.

APPENDIX I - MANAGEMENT'S RESPONSE TO THE AUDIT REPORT

Date: March 17, 2026

To: Josh Pasch, City Auditor

Subject: Management Response to Audit Report: Biennial Performance Audit of the Baltimore City Development Corporation for the Fiscal Years Ended June 30, 2024, and June 30, 2023

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

Recommendation I: We recommend that the BDC President:

- Document the underlying methodology for the *Number of Total New and Expanding Businesses in Commercial Corridors*;
- Independently verify whether a business is a new business in a commercial district;
- Retain the following documentation to support each reported new or expanding business:
 - Intake form or application;
 - Documented supervisory approval of the intake form or application;
 - Evidence of service provided; and
 - Documentation verifying that the business is qualified as new or expanding within a commercial district during the period of performance;
- Implement mandatory supervisory review and verification procedures to confirm that only businesses that are qualified as new or expanding within a commercial district during the period of performance are reported in the actual result of the performance measure;
- Require review and reconciliation procedures by management to verify reported actual amounts before submission to BBMR and retain documentation of that review;
- Establish formal (written, approved, and dated) policies and procedures for bullets above;
- Provide periodic staff training on documentation and performance reporting requirements; and

- Work with BBMR to correct the FY 2024 actual result and include a note about the change in methodology for *the Number of Total New and Expanding Businesses in Commercial Corridors*.

Management Response / Corrective Action Plan

Agree **Disagree**

Noncompliance with BDC’s internal practice

“The BDC requires a complete intake form, and approval by senior management for new and expanding businesses.”

BDC maintains an intake form on its website; however, not all business inquiries originate through that form, nor is it required for businesses seeking assistance. Inquiries may come through a variety of channels, including the website form, email, referrals, word of mouth, networking events, outreach activities, or direct phone calls with staff. In many cases, staff record intake information directly in HubSpot during or following these interactions, creating a Deal record that serves as the intake record when a direct BDC service is being provided.

For this reason, it is not unexpected that a portion of business interactions do not have a corresponding website intake form. The website form only captures inquiries submitted through that specific channel. When inquiries occur through other channels, the HubSpot Deal record functions as the intake documentation.

While there may not be formal managerial approval at the initial intake stage, manager review and approval are required at the point of deal or transaction verification, when services are confirmed and results are prepared for reporting.

Double Counting

BDC’s performance reporting framework tracks business interactions across multiple service lines and outcome measures, which can result in the same business appearing more than once within internal tracking documents when that business receives more than one type of service.

A single business engagement may reasonably qualify under multiple service categories. For example, a business may receive general business assistance while also participating in a specific BDC program or incentive, such as a loan, tax credit certification, or real estate project support. In these cases, the business may be reflected in more than one service line or performance measure (e.g., measures within Service 809 and Service 810) because each measure is designed to capture a different type of service or program outcome.

As a result, the same business may appear multiple times within internal working spreadsheets used to track activity across programs or measures. However, BDC's reporting methodology ensures that financial outcomes, such as private investment leveraged or incentive amounts are not double counted within a single service measure.

Lack of independent verification of new businesses & Results Threshold and Required Documentation

BDC is clarifying with staff what level of documentation is necessary to verify the result. As deals and pipelines have been adjusted over time comprehensive training on changes has not always occurred along the data input and record keeping processes. Updated levels of documentation are as follows: (see Table II page 18)

There are instances in which BDC is unable to obtain sufficient verification documentation due to business non-responsiveness or confidentiality constraints. In these cases, BDC has now created two distinct "closed classifications" for business engagements.

- **Closed Result** – Used when BDC has delivered the service and obtained the appropriate level of documentation required to support and verify the reported result.
- **Closed Assist** – Used when BDC has provided assistance to a business but cannot verify the final outcome. This may occur when the business was referred to another resource or partner and BDC cannot confirm whether the desired outcome was achieved, or when BDC delivered the service but is unable to obtain the documentation necessary to verify the result due to non-responsiveness or confidentiality limitations.

Additionally, BDC will institute a short follow-up survey that would be automatically sent at close of a business interaction (deal close) consisting of questions around quality of service and was BDC able to help them achieve their goal. This will serve not only as a litmus of BDC service quality but a client provided record of services rendered.

Staff Training

BDC agrees that training is required and should be conducted at various intervals.

- BDC will provide periodic staff training on:
 - Documentation requirements
 - Data entry standards
 - Investment reporting methodology
 - Performance reporting procedures

- Training will occur:
 - During onboarding of relevant staff
 - When policies are updated
 - Yearly as needed to ensure compliance with reporting standards

FY 2024 Data Correction

BDC will work with BBMR to review and correct the FY 2024 reported results as necessary. BDC will also provide the new CDA New and Expanding Businesses methodology and documentation requirements described above.

Implementation: BDC will make best efforts to address and resolve the issues identified in the audit; however, the organization cannot commit to a specific timeline at this time for full resolution of all corrective actions related to prior fiscal year reporting. Several individuals who were directly responsible for the preparation and submission of these FY final performance reports to BBMR are no longer with the organization, including the former CFO, VP of Business and Neighborhood Development, and Managing Director of Neighborhood Development & Capital Projects. The current staff responsible for responding to this performance audit were not directly involved in the preparation or submission of those reports.

Additionally, as noted throughout the audit response process, BDC is currently undergoing a significant organizational restructuring. Staffing roles and responsibilities are actively evolving, and the tools used for tracking and reporting performance metrics may also change as new executive and senior leadership implement the next iteration of BDC's operational structure. As these changes are implemented, BDC will update BBMR.

Thirdly, executive and senior leadership are currently reviewing BDC's performance measures and the methodologies used to calculate and report those metrics. As the organization restructures and new operational teams, programs, and service lines are introduced, certain measures or calculation methods may be refined to better align with BDC's updated organizational structure and service delivery model. Any revisions will be documented and incorporated into future reporting procedures to ensure clarity, consistency, and alignment with BBMR reporting requirements.

BDC will however strive to incorporate improvements to documentation, reporting, and verification processes to any new tools or processes to strengthen future compliance and reporting accuracy.

Implementation Date: Tentative resolution date July 1, 2026

- Action Plan Milestone 1: Rectify Previous FY 2024 Actual Result

- Action Plan Milestone 2: Express changes made to systems as they stand today
- Action Plan Milestone 3: Implement and update BBMR to any changes to systems, platforms (CRMs), programs, services, metrics, measures, and or calculations.

Responsible Personnel

- Julius Maina, Senior Vice President & Chief Strategy Officer
- Renee Allen, Vice President, Finance.

Recommendation II: We recommend that the BDC President:

- Define the methodology for the *Number of Private Investment Leverage through BDC Programs*, including:
 - Definition of private investment leveraged;
 - Programs to be included;
 - Documentation required for validation; and
 - Procedures for calculating and reporting amounts;
- Require and retain supporting documentation for private investment amounts reported by businesses, including independent documentation such as:
 - Proof of payment;
 - Tax credit issuance confirmation;
 - Loan disbursement documentation; or
 - Other verifiable financial records;
- Require management review and reconciliation procedures to verify reported actual amounts before submission to BBMR and retain documentation of that review;
- Establish formal (written, approved, and dated) policies and procedures for bullets above;
- Provide periodic staff training on documentation and performance reporting requirements; and

- Work with BBMR to correct the FY 2024 actual result.

Management Response / Corrective Action Plan

Agree **Disagree**

BDC agrees with the Corrective Action Plan. To ensure accurate, verifiable, and consistent reporting of *Private Investment Leveraged Through BDC Programs*, BDC has established and will make the following changes to methodology, documentation requirements, and review procedures. These standards ensure that all reported investments are supported by verifiable documentation and subject to management review prior to submission to BBMR.

Definition of Private Investment Leveraged

Private Investment Leveraged is defined as capital invested by private entities into business operations, real estate development, or other economic activity in Baltimore City that is directly associated with or enabled by BDC programs, incentives, financing, or technical assistance.

Private investment may include but is not limited to:

- Equity investment
- Private loans or financing
- Developer equity contributions
- Commercial tenant build-out expenditures
- Construction expenditures funded by private sources
- Private capital investments made as a condition or result of participation in BDC programs

Programs Included in Private Investment Reporting

Private investment may be reported through the following BDC service lines:

- **Business Development Programs**
 - Business Loans
 - Business Assistance resulting in capital investment

- Business Attraction and Expansion
- **Real Estate Development Programs**
 - Private Real Estate Project Assistance
 - BDC Real Estate Development Projects
 - Lease or License of City Property
- **Incentive Programs**
 - Enterprise Zone Tax Credit
 - Brownfield Tax Credit
 - Grocery Store Tax Credit
 - Other State or Local Incentive Programs administered or facilitated by BDC

Investment is only counted once the project or service meets the Results Threshold described below. In order to close a service delivery and report a result, there must be a documentable account that the service was provided and that the outcome was achieved.

- Service Type: All Projects and Services
- Responsibility: BDC Staff
- Approval: BDC Senior Vice Presidents & Vice Presidents

Results Threshold and Required Documentation

BDC is clarifying with staff what level of documentation is necessary to verify the result. As deals and pipelines have been adjusted over time comprehensive training on changes has not always occurred along the data input and record keeping processes. Updated levels of documentation are on the following page. Table II.

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Table II

BDC Service Name	Service Line(s)	Results Threshold	Documentation	Service Date
Facade Improvement Grants	809/810	Project completed	Check issued	Check date
Business Loans	809	Loan closed	Loan documents executed	Loan issuance date
Business Assistance	809	Requested assistance provided	Workflow deal marked with details / Any third party information that can be gathered to confirm result / email confirmation from the business that service was rendered	Workflow close date
Business Attraction & Expansion	809	New business location opened	Use & Occupancy Permit / Grand Opening / Lease Record / Purchase Record	Permit date / Lease Start / Purchase Date
Tax Credits	809	Business certified	Tax Credit portal confirmation / Approval letter Supplied to business	Certification date
BDC Real Estate Projects	810	Project completed	Certificate of Completion / Use & Occupancy Permit	Certificate / Permit date
Lease or License of City Property	810	Lease executed	Board of Estimates approval	BOE date
Private Real Estate Project Assistance	810	Project completed	Use & Occupancy Permit	Permit date

There are instances in which BDC is unable to obtain sufficient verification documentation due to business non-responsiveness or confidentiality constraints. To address these situations while maintaining accurate reporting standards. In these cases BDC has now created two distinct “closed classifications” for business engagements.

- **Closed Result**– Used when BDC has delivered the service and obtained the appropriate level of documentation required to support and verify the reported result.
- **Closed Assist** – Used when BDC has provided assistance to a business but cannot verify the final outcome. This may occur when the business was referred to another resource or partner and BDC cannot confirm whether the desired outcome was achieved, or when BDC delivered the service but is unable to obtain

the documentation necessary to verify the result due to non-responsiveness or confidentiality limitations.

Additionally, BDC will institute a short follow-up survey that would be automatically sent at close of a business interaction (deal close) consisting of questions around quality of service and was BDC able to help them achieve their goal. This will serve not only as a litmus of BDC service quality but a client provided record of services rendered.

Documentation Requirements for Private Investment

When private investment amounts are reported as part of a project result, BDC staff must obtain sufficient independent documentation to validate the investment amount.

Note: In relation to “Private Investment,” BDC’s level verification documentation of the private investment varies on pipeline and service see chart below. Acceptable supporting documentation may include:

- Proof of payment (invoices, canceled checks, or wire confirmations)
- Loan closing documentation or disbursement records
- Tax credit certification or issuance confirmation (in most cases it will solely be the certification documentation as the credit may not be processed or issued by DOF within the reporting period.)
- Construction contracts (tax credits only)
- Developer capital stack documentation
- Building permit valuations
- Investor commitment letters or executed financing agreements
- Other verifiable financial records demonstrating capital invested

All documentation must be retained in the relevant project file within BDC’s SharePoint document management system. (see Table III on the next page)

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Table III

BDC Service Name	Service Line(s)	Private Investment (PI) Documentation	Corrective Action or Reasoning
Facade Improvement Grants	809/810	<p>Grant required scope of work documentation: Proof of payment of items outlined in their grant agreement/letter and any required expenses per the grant terms. (invoices, canceled checks, or wire confirmations).</p> <p>Self-reported documentation: Building Purchase, Interior Work invoices, consultant fees</p>	<p>Corrective Action: For the PI, BDC will delineate between the “grant approved scope of work PI” and the businesses self-reported PI amount. Any self-reported PI amount will only reflect what BDC has verification documentation for.</p>
Business Loans	809	Account Statements, Purchase Agreements, Leases	<p>Reasoning: N/A (BDC collects this information as needed per transaction)</p>
Business Assistance	809	<p>Construction contracts / developer capital stack documentation / Building permit valuations. Any third-party information that can be gathered to verify any private investment.</p>	<p>Reasoning: Dependent on service provided, but typically does not involve public investment.</p>
Business Attraction & Expansion	809	Building permit valuations / Lease Record / Purchase Record / public news articles & press releases	<p>Reasoning: This is a self-reported figure provided directly by the business or obtained from publicly available sources (e.g., news articles or press releases). Due to the nature of the interaction between the business and BDC, legal or financial verification of this PI may not always be available or may be confidential.</p>
Tax Credits	809	<p>Construction contracts / developer capital stack documentation / Scope of Work / Building permit valuations.</p>	<p>For Brownfields Tax Credit and EZ Real Property or EZ Focus Area Personal Property Tax Credits, this information is already provided in the Dept of Finance Tax Credit portal.</p> <p>Corrective Action: However, BDC will save this documentation once credit application is certified.</p>

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BDC Service Name	Service Line(s)	Private Investment (PI) Documentation	Corrective Action or Reasoning
			Reasoning: For EZ Income Tax Credits the business self reports some Private investment but given BDC's role is to simply verify and certify that the business is in the zone
BDC Real Estate Projects	810	Sale Agreement / Construction contracts / developer capital stack documentation / Scope of Work / Building permit valuations.	Reasoning: N/A (BDC collects this information as needed per transaction)
Lease or License of City Property	810	BOE Lease Record / Lease Agreement	Reasoning: N/A (BDC collects this information as needed per transaction)
Private Real Estate Project Assistance	810	Construction contracts / developer capital stack documentation / Scope of Work / Building permit valuations.	Reasoning: N/A (BDC collects this information as needed per transaction)

Data Verification Procedures

BDC staff and the Direct Supervisor are responsible for gathering and verifying documentation at the conclusion of each project prior to reporting results. All reportable fields must include supporting documentation as defined in the Results Threshold table and Documentation Requirements section.

- Verification includes confirming:
 - The project met the Results Threshold
 - Supporting documentation exists
 - Investment figures are supported by independent records when possible
 - Private investment amounts exclude public funds
- The Results Report serves as the primary reporting source for:
 - Outcome Budgeting submissions
 - BBMR reporting

- BDC Annual Reports
- Performance Tracking

Management Review and Reconciliation prior to submission to BBMR:

Direct Supervisor Review (Vice Presidents)

- Confirms documentation exists for each reported result
- Confirms investment totals are supported by project documentation
- If any reporting metrics (data) and or documentation is missing Direct Supervisors task staff with find the missing information or documentation.

Division Leadership Review (Senior Vice Presidents)

- Reviews aggregated totals
- Ensures consistency with program records and project documentation
- Final Reporting Verification Conducted prior to BBMR submission
- Ensures reported totals reconcile with underlying documentation

Overall Results Reporting

Using the data collection methods and standards outlined above, BDC produces the following internal reports which serve as the basis for submissions for Outcome Budgeting and BDC's Annual Report. These reports also serve as the foundation for responding to requests from BBMR and other oversight bodies.

The Results Report is the official record of completed BDC services that have met the Results Threshold and for which documentation has been verified. BDC generates this report quarterly, along with a Fiscal Year End and Calendar Year End report, based on the Service Date. However, due to the past year's restructure and large staff turnover all those that could answer for why procedures were broken in FY24 are no longer with the organization.

Staff Training

BDC agrees that training is required and should be conducted at various intervals.

- BDC will provide periodic staff training on:

- Documentation requirements
- Data entry standards
- Investment reporting methodology
- Performance reporting procedures
- Training will occur:
 - During onboarding of relevant staff
 - When policies are updated
 - Yearly as needed to ensure compliance with reporting standards

FY 2024 Data Correction

BDC will work with BBMR to review and correct the FY 2024 reported results as necessary to ensure alignment with the methodology and documentation requirements described above.

Implementation:

BDC will make best efforts to address and resolve the issues identified in the audit; however, the organization cannot commit to a specific timeline at this time for full resolution of all corrective actions related to prior fiscal year reporting. Several individuals who were directly responsible for the preparation and submission of these FY final performance reports to BBMR are no longer with the organization, including the former CFO, VP of Business and Neighborhood Development, and Managing Director of Neighborhood Development & Capital Projects. The current staff responsible for responding to this performance audit were not directly involved in the preparation or submission of those reports.

Additionally, as noted throughout the audit response process, BDC is currently undergoing a significant organizational restructuring. Staffing roles and responsibilities are actively evolving, and the tools used for tracking and reporting performance metrics may also change as new executive and senior leadership implement the next iteration of BDC's operational structure. As these changes are implemented, BDC will update BBMR.

Thirdly, executive and senior leadership are currently reviewing BDC's performance measures and the methodologies used to calculate and report those metrics. As the organization restructures and new operational teams, programs, and service lines are introduced, certain measures or calculation methods may be refined to better align with BDC's updated organizational structure and service delivery model. Any revisions will be

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documented and incorporated into future reporting procedures to ensure clarity, consistency, and alignment with BBMR reporting requirements.

BDC will however strive to incorporate improvements to documentation, reporting, and verification processes to any new tools or processes to strengthen future compliance and reporting accuracy.

Implementation Date: Tentative resolution date July 1, 2026

- Action Plan Milestone 1: Rectify Previous FY 2024 Actual Result
- Action Plan Milestone 2: Express changes made to systems as they stand today
- Action Plan Milestone 3: Implement and update BBMR to any changes to systems, platforms (CRMs), programs, services, metrics, measures, and or calculations.

Responsible Personnel:

- Julius Maina, Senior Vice President & Chief Strategy Officer
- Renee Allen, Vice President, Finance

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