



MARYLAND OFFICE OF THE
INSPECTOR GENERAL FOR EDUCATION

Richard P. Henry
Inspector General

Date: May 1, 2023

To: Dr. Sonja Santelises, Ed.D.
Chief Executive Officer
Baltimore City Public Schools
200 E. North Avenue
Baltimore, Maryland 21202

From: Mr. Richard P. Henry
Inspector General
Maryland Office of the Inspector General for Education

RE: Investigative Audit of Baltimore City Public Schools Student Taxicab Transportation Services
(22-0002-A)

The Maryland Office of the Inspector General for Education (OIGE) has completed an investigative audit of Baltimore City Public Schools (BCPS) Student Transportation. The investigative audit results and recommendations are included in the attached final report.

The OIGE provided a draft report to BCPS on March 27, 2023. The Chief Executive Officer responded to the report's recommendation on April 21, 2023. The responses are included in Appendix A of this report and indicate BCPS's partial concurrence with all six recommendations.

The response indicates a commitment to improving processes and procedures that will increase the accuracy of future transportation expenditures.

Please contact Ms. Georgia Conroy, Supervisory Inspector General for Investigative Audits, at (443) 721-6234 or by email at georgia.conroy@maryland.gov if you have any additional questions or concerns.

Respectfully,

Richard P. Henry
Inspector General

Enclosures

The Honorable Westley Moore
Governor – State of Maryland

The Honorable William C. Ferguson IV
President – Maryland Senate

The Honorable Adrienne A. Jones
Speaker – Maryland House of Delegates

Mr. Mohammed Choudhury
State Superintendent of Schools, Maryland State Department of Education

Mr. Clarence C. Crawford
President, Maryland State Board of Education

Ms. Johnette Richardson
Chair, Baltimore City Public Schools Board of School Commissioners



**Office of the
Inspector General
for Education**
State of Maryland

Richard P. Henry
Inspector General

Investigative Audit 22-0002-A

**Baltimore City Public
Schools**

**Student Taxicab
Transportation Services**

Final Report

May 1, 2023

Executive Summary

Investigative Audit of Baltimore City Public Schools Taxicab Transportation

Objectives:

To determine whether taxicab vendors are complying with contract requirements and relevant state requirements while transporting Baltimore City Public Schools (BCPS) students.

Scope:

School Years 2018-19 through 2021-2022

Recommendations and Response:

The report contains 6 recommendations to assist BCPS in improving ways to identify incorrect charges from taxicab vendors. BCPS will provide responses to the recommendations. BCPS has partially concurred with all of the recommendations



Results in Brief:

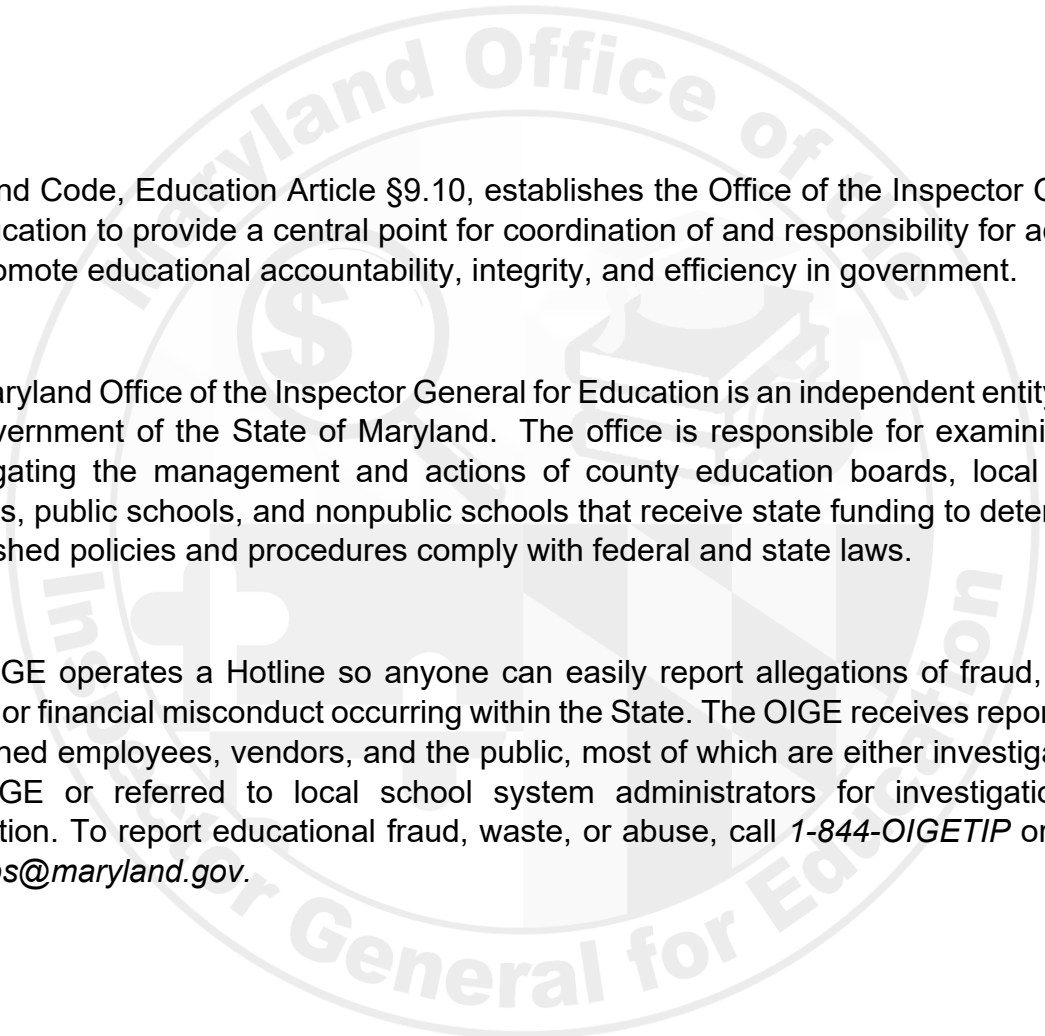
OIGE discovered a potential **\$631,547** in charges from taxicab vendors that did not appear to be supported by the student's attendance information.

OIGE noted **\$86,753** in overpayments to taxicab vendors based on unsupported rates.

The payment of these charges resulted from a monthly review process that needed an appropriate review of attendance and agreed-upon rates.

Additionally, OIGE noted several inconsistencies in the contract language and the operational processes with the taxicab vendors.

OIGE noted that a **\$1,123,030** promissory note between BCPS and a taxicab vendor had not been satisfactorily monitored for over three years.



Maryland Code, Education Article §9.10, establishes the Office of the Inspector General for Education to provide a central point for coordination of and responsibility for activities that promote educational accountability, integrity, and efficiency in government.

The Maryland Office of the Inspector General for Education is an independent entity within the government of the State of Maryland. The office is responsible for examining and investigating the management and actions of county education boards, local school systems, public schools, and nonpublic schools that receive state funding to determine if established policies and procedures comply with federal and state laws.

The OIGE operates a Hotline so anyone can easily report allegations of fraud, waste, abuse, or financial misconduct occurring within the State. The OIGE receives reports from concerned employees, vendors, and the public, most of which are either investigated by the OIGE or referred to local school system administrators for investigation and disposition. To report educational fraud, waste, or abuse, call *1-844-OIGETIP* or e-mail *oige.tips@maryland.gov*.

Investigative Audit of Baltimore City Public Schools Taxicab Transportation Services

Table of Contents

Background	2
Objectives	4
Scope	4
Methodology	4
Audit Results and Recommendations	
Finding 1	5
Finding 2	8
Finding 3	9
Finding 4	10
Audit Team	12

Investigative Audit of Baltimore City Public Schools Taxicab Transportation Services

Background

In February 2022, the Office of the Inspector General for Education (OIGE) received a complaint alleging that Z Trip, formerly Yellow Cab, was billing the Baltimore City Public School (BCPS) system for student transportation services that were not provided. The tip stated that drivers were forging vouchers to support trips to transport students that did not take place.

The OIGE also found that the Office of Legislative Audits (OLA) conducted a Financial Management Practices Audit of the BCPS in 2018. This audit report included a finding involving unsupported taxi company invoices and incorrect rates.

Student Transportation

BCPS utilizes taxicab services to provide transportation for students who are unable to use school buses or Maryland Transportation Authority (MTA) buses for various reasons, including:

- Homeless students and students in foster care who must be transported to school regardless of their location within the school district.
- Students with physical or intellectual disabilities.
- Students who reside in an area that lacks an MTA bus route to their school or sidewalks and safe walking areas.

Individual schools document OLA found students that require transportation services and notify the Transportation Office. The Transportation Office enters students into the Student Transportation System (STS), which tracks all students utilizing transportation to attend BCPS schools. Students needing taxicab transportation are assigned to one of the active vendors. (See Exhibit A)

Exhibit A

Vendor	Years Active in Scope
ABC	2019-2020
Freedom	2019-2020
Independent	2019-2020, 2021-2022
Silver	2019-2020, 2021-2022
Yellow/ZTrip/WHC ¹	2019-2020, 2019-2020, 2021-2022

Student information, including pickup/drop-off and school locations, is sent to the taxicab vendor. In addition, taxicab vendors assign a driver to each student.

¹ On September 15, 2021, WHC Worldwide LLC/zTrip replaced Yellow Cab. We will refer to the company as Yellow Cab throughout the report.

Investigative Audit of Baltimore City Public Schools Taxicab Transportation Services

STS automatically generates a monthly cost report summarizing all students taking taxicab transportation for the previous month. The monthly cost report includes start and stop dates of transportation service, taxicab company, and rates. Rates are calculated based on the mileage between the pickup/drop-off locations and the school.

OLA Report

The 2018 OLA Financial Management Practices Audit Report on BCPS included the following findings associated with taxicab services:

- BCPS paid an incorrect reimbursement rate to taxicab vendors, including duplicative administration fees and an unapproved mileage rate, resulting in an overpayment of \$1.2 million.
- OLA testing on a sample of 20 students found that payments for seven students were not always supported by ride vouchers. OLA found that of the total \$12,200 paid, \$3,900 lacked correlating ride vouchers.

As a result of these findings, BCPS took action to correct the mileage rate calculation and planned to recover the identified overpayments. They also began requiring signed ride vouchers to accompany all taxicab invoices.

Monthly Invoice Review

Ride vouchers are prepared for every trip (morning and afternoon) and must be signed by both the student or guardian and the driver. See Exhibit B for an example of a daily voucher.

Exhibit B

TRANSPORTATION VOUCHER- BCPS #129

70

Morning		Afternoon	
<p>Monday 12/13/21</p> <p>Pick Up: [Redacted]</p> <p>Drop Off: 2500 E. Northern Pkwy</p> <p>Cab #: [Redacted]</p> <p>Lessee #: [Redacted]</p> <p>Drivers Name: [Redacted]</p> <p>Route: 210042</p>	<p>Pickup Time: [Redacted]</p> <p>Drop Time: [Redacted]</p> <p>Meter Fare: 22.65</p> <p>Miscall: <input type="checkbox"/></p> <p>Other: [Redacted]</p> <p>Total Fare: [Redacted]</p> <p>Trip: 1571972</p>	<p>Monday 12/13/21</p> <p>Pick Up: 2500 E. Northern Pkwy</p> <p>Drop Off: [Redacted]</p> <p>Cab #: [Redacted]</p> <p>Lessee #: [Redacted]</p> <p>Drivers Name: [Redacted]</p> <p>Route: 210042</p>	<p>Pickup Time: [Redacted]</p> <p>Drop Time: [Redacted]</p> <p>Meter Fare: 22.65</p> <p>Miscall: <input type="checkbox"/></p> <p>Other: [Redacted]</p> <p>Total Fare: [Redacted]</p> <p>Trip: 1571973</p>
Driver's Signature: [Redacted]	Passenger's Signature: [Redacted]	Driver's Signature: [Redacted]	Passenger's Signature: [Redacted]

The Transportation Office receives the monthly invoice spreadsheets, showing the total number of riders for the month, from the vendor via email and the hard copy ride vouchers.

To review the monthly invoice spreadsheets, the Transportation Office inserts columns into the spreadsheet to reflect an independent count of the vouchers and an independent check of the STS cost report rate. All vouchers are counted and reviewed for signatures.

Investigative Audit of Baltimore City Public Schools Taxicab Transportation Services

If a voucher is missing or does not have one of the required signatures, it is not included in the final count and is ultimately not paid. All payments are made to the taxicab vendors based on the revised trips and cost rates, different from what was initially invoiced. See Exhibit C for an invoice example. (*Emphasis on columns and highlights provided by BCPS Transportation.*) On the first line, BCPS lowered the invoiced trips from 28 to 20, resulting in a different payment than initially invoiced.

Exhibit C

	Name	Rate	BCPS RATE	Count	BCPS TRIPS	Total \$	BCPS TOTAL COST
		15.02	\$15.02	28	20	\$420.56	\$300.40
		15.00	\$15.00	40	40	\$600.00	\$600.00
		15.00	\$15.00	30	38	\$450.00	\$570.00
		21.47	\$21.47	2	2	\$42.94	\$42.94

Objectives

The objective of the OIGE investigative audit was to determine whether taxicab vendors are complying with all contractual and relevant state requirements while transporting BCPS students.

Scope

The scope of the investigative audit involved reviewing invoices for taxicab transportation of students from the school year 2018-2019 through the school year 2021-2022; due to COVID-19 virtual learning, there were no or limited invoices from March 2020 through August 2021.

Methodology

OIGE reviewed the invoices, attendance, and enrollment information to determine whether charges were appropriate and reviewed contracts with all taxicab vendors to understand what was required of both parties.

In addition, OIGE interviewed vital personnel in BCPS' Transportation Office to determine the process for reviewing taxicab vendor invoices and related vouchers for payment.

OIGE selected a judgmental sample² of 32 students to review the appropriateness of ride vouchers.

Note: As an external entity, OIGE did not have direct access to BCPS data for this investigative audit. All findings are based on data provided by BCPS personnel. The OIGE was not provided student names or ID numbers. The lack of access to the raw

² Judgment sampling is a non-probability sampling technique where the auditor selects units to be sampled based on their knowledge and professional judgment.

Investigative Audit of Baltimore City Public Schools Taxicab Transportation Services

data significantly impacted OIGE's ability to conduct this investigation efficiently and may have affected the integrity of the data used for analysis.

Audit Results and Recommendations

The following issues were noted during the investigative audit:

Finding 1: BCPS Payments to Taxicab Vendors are Not Supported by Attendance Records

WHC/ZTrip (formerly Yellow Cab)

OIGE compared monthly invoices to monthly attendance and found that in 3,907 instances, Yellow Cab invoiced for rides that exceeded BCPS' recorded attendance for a student. For example, in February 2022, Yellow Cab invoiced 18 roundtrip rides for Student A. Student A was marked present for nine days when reviewing attendance for the same month. See Exhibit D for a summary of ride charges that exceeded the student's recorded monthly attendance.

Exhibit D

School Year	Number of Students	Charges Unsupported by Attendance Records
2018-2019	490	\$295,460.95
2019-2020	490	\$217,529.47
2021-2022	135	\$118,556.72
Total	1,115	\$631,547.14

Included in the unsupported charges in Exhibit D were specific scenarios where students left BCPS, but Yellow Cab continued to provide ride vouchers and invoices for taxicab services.

1) Transfers or Withdrawals

OIGE noted that for **25** students who withdrew or transferred to another school system, Yellow Cab provided ride vouchers and invoiced for taxicab services that occurred after their last recorded date of attendance. For example, Yellow Cab provided signed ride vouchers and invoiced for 317 one-way rides from September 2018 to June 2019 for taxicab services for a student who had one day of recorded attendance with BCPS and withdrew on September 5, 2018. Data from the Maryland State Department of Education confirmed that the student was at a Baltimore County Public School from September 6, 2018, through the end of the school year, and in total, BCPS paid \$9,158.13 for the 317 rides. (See Exhibit E for a summary of all charges for rides that occurred after the student's transfer or withdrawal.)

Investigative Audit of Baltimore City Public Schools Taxicab Transportation Services

Exhibit E

School Year	Number of Students	Charges Unsupported by Attendance Records
2018-2019	17	\$35,206.98
2019-2020	4	\$17,459.15
2021-2022	4	\$4,089.78
Total	25	\$56,755.91

2) Graduations

OIGE noted that **46** students who graduated from high school in the testing year were billed through the end of the school year. For the school year 2018-2019, the last day for seniors was May 17th, but Yellow Cab invoiced BCPS for rides through June 20th. For the school year 2021-2022, the last day for seniors was May 16th, but Yellow Cab invoiced BCPS through June 15th³. (See Exhibit F for a summary of ride charges after the student's graduation.)

Exhibit F

School Year	Number of Graduates	Charges Unsupported by Attendance Records
2018-2019	36	\$21,259.86
2021-2022	10	\$8,527.02
Total	46	\$29,786.88

OIGE testing indicated that ride vouchers, with included signatures for both the driver and the student, generally supported invoiced and paid amounts. However, the OIGE analysis of attendance records above suggests that some vouchers may have been submitted without a student being transported. As a possible explanation, (BCPS Transportation personnel agreed), taxicab drivers asked students to sign vouchers ahead of time, not after a ride.

The results of our data analysis indicate that BCPS has paid for taxicab services for students not attending school and that Yellow Cab potentially provided fraudulent invoices and vouchers. OIGE has referred this case to the Maryland Attorney General's (AG) office for further review.

³ Graduations in 2019-20 and 2020-21 occurred during virtual learning.

Investigative Audit of Baltimore City Public Schools Taxicab Transportation Services

Silver/Independent/ABC/Freedom

OIGE comparisons of monthly invoices to monthly attendance for other taxicab vendors found additional invoices exceeding BCPS recorded student attendance. See Exhibit G.

Exhibit G

School Year	Number of Students	Charges Unsupported by Attendance Records
2019-2020	178	\$43,729.08
2021-2022	66	\$20,492.65
Total	1,115	\$64,221.73

Unlike Yellow Cab, OIGE noted no instances of invoiced rides for students who had transferred or withdrawn from BCPS. Silver invoiced for five graduated students through the end of the school year, representing \$2,255 in payments.

Due to the smaller number of discrepancies, OIGE did not conduct detailed testing of vouchers for other vendors.

BCPS Transportation Invoice Shortcomings

As noted above, BCPS began requiring taxicab vendors to provide signed ride vouchers to accompany all invoices due to OLA findings. In practice, the Transportation Office reviewed all vouchers and included only those rides supported by signed vouchers for final payment. However, they did not look for more significant issues when discrepancies were noted. For example, OIGE noted several instances of vouchers for Martin Luther King Day, a day when school is not in session, signed by both driver and student. While the Transportation Office caught these vouchers and did not pay for the trips that day, they did not perform any further work to ascertain why they were created and signed. At the very least, these vouchers show that the driver and student do not sign them on the day of the ride.

OIGE learned that BCPS Internal Audit had recommended reviewing attendance as part of the taxicab invoice review process. Transportation stated that they reviewed a sample of student attendance, but the methodology of sampling they used and the students reviewed were not documented. Additionally, the Transportation Office said their review focused on students with less-than-perfect attendance listed on the invoice. Most of OIGE's findings were regarding students for whom Yellow Cab reported perfect attendance.

Investigative Audit of Baltimore City Public Schools Taxicab Transportation Services

The invoice review process, although thorough, did not contain adequate controls to detect fraudulent charges from taxicab vendors. As a result, BCPS has overpaid vendors over \$600,000 since 2018.

Recommendation 1: BCPS should attempt to recover education funds from the vendor(s) for fraudulent charges.

Recommendation 2: BCPS should establish a more effective and automated review of taxicab invoices; this review should include a complete comparison of student attendance to invoiced rides. Discrepancies should be noted and examined. If a pattern emerges, BCPS should consider terminating its contractual relationship.

Finding 2: BCPS Rates Paid to Taxicab Vendors are Not Supported by Cost Reports

OIGE compared monthly invoices to the monthly cost reports and found that in 1,009 instances, cab companies were paid at a rate not supported by the STS cost reports.

See Exhibit H for a summary of ride charges that differed from that noted for the student on the monthly cost report. OIGE could not review the 2018-2019 school year data as BCPS did not maintain monthly cost reports before 2019-2020.

Exhibit H

School Year	Number of Students	Charges Unsupported by Cost Reports
2019-2020	169	\$80,847.77
2021-2022	82	\$5,905.85
Total	251	\$86,753.62

OIGE initially compared the invoiced rides to the annual cost reports provided by BCPS in response to the initial investigative audit requests. According to BCPS, the noted rate differences were likely because rate changes are reflected in the monthly cost reports but not in the annual cost reports.

BCPS Transportation could not explain to the OIGE why payments differed from the agreed-upon rates in the monthly cost reports. Accordingly, OIGE was unable, therefore, to determine if the rates were valid.

As noted above in Exhibit C, the invoice review process includes manually editing the taxicab vendor invoices for changes in the number of rides and the rate paid. As a result of the invoice review process, BCPS has potentially overpaid vendors \$86,754 since 2019.

Investigative Audit of Baltimore City Public Schools Taxicab Transportation Services

Recommendation 3: BCPS should establish a more effective and automated review of taxicab invoices, including an automated invoice comparison to those on the cost report.

Finding 3: BCPS Transportation Office Has Not Administered Taxicab Services in Compliance with Contract Terms

OIGE noted several inconsistencies in the contract language and the operational processes with the taxicab vendors.

1) Minimum Rates

The BCPS Transportation Office established a minimum rate of \$15 per trip in the 2021-2022 school year to attract and keep drivers who did not see value in transporting students short distances. This information was not included in a contract modification, nor was there any documentation to support this decision.

OIGE reviewed rates that appeared to have been modified to meet the \$15 minimum in the 2021-2022 school year and noted at least \$4,383.90 that has been paid over the agreed-upon rate.

2) GPS Requirements

The IFB-19029 includes the following language requiring Global Positioning System (GPS) tracking systems for the taxicab vendors "Contractor is required to maintain and use a GPS tracking system unit on its taxicabs. These GPS tracking systems are the property of the Contractor... Failure to use GPS will result in non-payment of performed route. Contractor shall provide City Schools real-time access to GPS data tracking and travel information."

According to our discussions with both the Transportation Office and confirmed by BCPS Purchasing personnel, this requirement is not enforced, and BCPS has never required any access to GPS records.

3) Invoicing

As noted above, BCPS personnel manually edit the taxicab vendor invoices to reflect noted discrepancies, and payment is issued in agreement with the revised figures. The IFB states that when discrepancies are noted, "Invoices will be returned for correction unless they contain the following information: Item Numbers, Description of Item, Quantity, Unit Price extensions, and total."

The purpose of the Professional Service Agreements with the taxicab vendors is to state the requirements and responsibilities of both parties. BCPS Purchasing is responsible for managing the contract language. By not following the requirements included in the

Investigative Audit of Baltimore City Public Schools Taxicab Transportation Services

contract language, the BCPS Transportation Office opens the relationship to circumstances that have not been agreed to.

Recommendation 4: BCPS should review the taxicab services contract and ensure the scope of work requirements is relevant to the practices used by transportation staff. This also would include administrative management governing minimum rates, GPS requirements, and the manual editing of invoices. Future changes or modifications to vendor requirements should be coordinated through and approved by the BCPS Purchasing Office.

Finding 4: Promissory Note for Yellow Overpayment Has Not Been Satisfied

Yellow Cab and the Baltimore City Board of School Commissioners signed a promissory note on March 1, 2018, for \$1,123,030.26 as a direct result of the 2018 OLA Financial Management Practices Audit Report findings.

The note included details on how the repayment (payment schedule) will be made in monthly installments of \$23,000 in the form of credits to BCPS against monies owed for taxicab services provided for 47 months, with a final credit of \$19,030.26. The note also states that in the event the credit exceeds the amount of the monthly invoice on any given month, the amount of the credit shall be carried forward to a subsequent month or months until the Borrower's account is up to date.

A review of the Yellow Cab invoices shows that the \$23,000 credits were consistently on the invoice through the end of the 2019-2020 school year but have not been applied to invoices since 2020. The OIGE could find no documentation of an amendment to the promissory note to reflect this decision.

The OIGE found that while the former Chief Financial Officer (CFO) had signed and executed the promissory note, the CFO and its Office were not overseeing the collection of the note. OIGE could neither find nor confirm that BCPS had assigned any personnel to administer the note. Furthermore, BCPS was unaware that payments had stopped until notified by OIGE. The outstanding balance due to BCPS as of February 10, 2023, was \$479,030.26. (*Source: BCPS Prepared Promissory Note Amortization Table.*)

WHC MD, LLC, to which Yellow Cab assigned all rights, duties, responsibilities, obligations, and liability in July 2019, has since responded to BCPS's request for payment. WHC MD, LLC affirms that they are not a party to the promissory note and therefore has no obligation to pay the remaining balance. Furthermore, WHC MD, LLC is requesting that BCPS pay them full reimbursement of \$230,000, which they believe was inappropriately deducted from their invoices.

Investigative Audit of Baltimore City Public Schools Taxicab Transportation Services

The lack of monitoring over the promissory note resulted in the cessation of invoice credits. As a result, BCPS could forfeit the \$479,030 outstanding balance and the \$230,000 WHC MD, LLC requesting reimbursement.

Recommendation 5: OIGE recommends that BCPS recover these remaining funds from Yellow Cab or WHC MD, LLC.

Recommendation 6: OIGE recommends assigning a responsible party, independent of any vendor relationship, for all promissory notes.

Investigative Audit of Baltimore City Public Schools Taxicab Transportation Services

Audit Team

Dan Reagan, CPA, CIA, CFE

Supervisory Inspector General for Investigative Audits

Georgia Conroy

Investigative Auditor



Brandon M. Scott
Mayor, City of Baltimore

Jhonneta A. Richardson
Chair, Baltimore City Board
of School Commissioners

Dr. Sonja Brookins Santelises
Chief Executive Officer

April 21, 2023

Richard Henry
Inspector General for Education
Maryland Office of the Inspector General for Education
100 Community Place
Crownsville, Maryland 21032

Re: Response to OIGE Investigative Audit 22-0002-A

Dear Mr. Henry:

Thank you for the opportunity to respond to the investigative audit conducted by the Maryland Office of the Inspector General for Education (“OIGE”) regarding taxicab invoicing for the 2018-19 through 2021-22 school years. Baltimore City Public Schools (“City Schools”) has spent numerous hours collaborating with the OIGE to get to the bottom of this matter, and we will cooperate fully with any subsequent investigations to ensure that taxicab vendors do not violate their obligations to City Schools and our students.

Although Maryland state regulations authorize use of taxicabs to transport students, they have always been City Schools’ method of transportation of last resort. Through targeted investments, overhaul of our school start times to make more efficient use of yellow school buses, and new state regulations permitting the use of vans, *see* COMAR 13A.06.07.12, City Schools has reduced student taxicab ridership by approximately 90%, from over 1,000 students in the 2018-19 school year to less than 100 students in the 2022-23 school year.

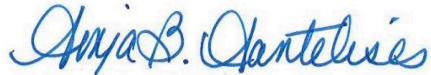
In addition to substantially reducing our reliance on taxicabs, City Schools has prioritized increasing our oversight of transportation vendors in recent years, despite the state’s long-standing and well documented legacy of systemic underfunding and the resulting limited resources for additional monitoring. It also is important to note that there are often extenuating circumstances involving students with special needs who are transported by taxicab. Particularly regarding students with disabilities, their attendance and transportation requirements differ from those of other students.

As noted by the OIGE in its report, the issues that it identified were overwhelmingly the result of a single vendor that “potentially provided fraudulent invoices and vouchers” that circumvented City Schools’ existing controls. Moreover, these discrepancies were primarily concentrated in the earlier years of the OIGE review period, and they have been mitigated by City Schools’ efforts to increase verifications of invoicing through visual inspection of signed vouchers and sampling of student attendance records, as recommended by prior audits and acknowledged by the OIGE.

With the benefit of the OIGE’s review and recommendations, City Schools will work to implement additional enhancements to its transportation protocols, as discussed in more detail in the attachment. City Schools will also explore additional safeguards to prevent fraudulent vendor transactions, consistent with its overall goals of reducing our reliance on taxicab vendors, while

ensuring safe, efficient, and reliable transportation of Baltimore City students.

Sincerely,



Sonja B. Santelises
Chief Executive Officer

cc: Clarence C. Crawford, President, Maryland State Board of Education
Dr. Mohammed Choudhury, Maryland State Superintendent
Members of the Baltimore City Board of School Commissioners
Alison Perkins-Cohen, Chief of Staff
Dr. Lynette Washington, Chief Operations Officer
Joshua Civin, Chief Legal Officer
Christopher Doherty, Chief Financial Officer
Theresa Jones, Chief Achievement & Accountability Officer
Thomas Jones, Chief Information Technology Officer

Enclosure



MARYLAND OFFICE OF THE
INSPECTOR GENERAL FOR EDUCATION

Richard P. Henry
Inspector General

Douglas H. Roloff, III
Deputy Inspector General

Investigative Audit Recommendation Response Form

Local Education Agency (LEA): Baltimore City Public Schools

Investigative Audit Number: 22-0002-A

Investigative Audit Title: Baltimore City Public Schools Taxicab Transportation Services

Recommendation 1: Baltimore City Public Schools (BCPS) should attempt to recover education funds from the vendor(s) for fraudulent charges.

LEA Responses:

Opinion (Concur/Non-Concur)	Correction Action Plan (Provide Narrative Response*)	Current Status of Corrective Action (Implemented/Partially Implemented/Not Yet Implemented)	Estimated Date of Full Implementation of Corrective Action
concur within the context provided in attachment.	see attachment.	not yet implemented	pending the results of the Office of the Attorney General investigation

*If applicable, please include attachments that may provide better context regarding planned corrective actions.

Recommendation 2: BCPS should establish a more effective and automated review of taxicab invoices; this review should include a complete comparison of student attendance to invoiced rides. Discrepancies should be noted and examined. If a pattern emerges, BCPS should consider terminating its contractual relationship.

LEA Responses:

Opinion (Concur/Non-Concur)	Correction Action Plan (Provide Narrative Response*)	Current Status of Corrective Action (Implemented/Partially Implemented/Not Yet Implemented)	Estimated Date of Full Implementation of Corrective Action
partially concur within the context provided in attachment	see attached.	partially implemented	2023-24 school year

*If applicable, please include attachments that may provide better context regarding planned corrective actions.

Recommendation 3: BCPS should establish a more effective and automated review of taxicab invoices, including an automated invoice comparison to those on the cost report.

LEA Responses:

Opinion (Concur/Non-Concur)	Correction Action Plan (Provide Narrative Response*)	Current Status of Corrective Action (Implemented/Partially Implemented/Not Yet Implemented)	Estimated Date of Full Implementation of Corrective Action
partially concur within the context provided in attachment	see attached.	partially implemented	2023-24 school year

*If applicable, please include attachments that may provide better context regarding planned corrective actions.

Recommendation 4: BCPS should review the taxicab services contract and ensure the scope of work requirements is relevant to the practices used by transportation staff. This also would include administrative management governing minimum rates, GPS requirements, and the manual editing of invoices. Future changes or modifications to vendor requirements should be coordinated through and approved by the BCPSS Purchasing Office.

LEA Responses:

Opinion (Concur/Non-Concur)	Correction Action Plan (Provide Narrative Response*)	Current Status of Corrective Action (Implemented/Partially Implemented/Not Yet Implemented)	Estimated Date of Full Implementation of Corrective Action
partially concur within the context provided in attachment	see attached.	implemented as outlined in attachment	effective 2023-24 school year

*If applicable, please include attachments that may provide better context regarding planned corrective actions.

Recommendation 5: OIGE recommends that BCPS recover these remaining funds from Yellow Cab or WHC MD, LLC.

LEA Responses:

Opinion (Concur/Non-Concur)	Correction Action Plan (Provide Narrative Response*)	Current Status of Corrective Action (Implemented/Partially Implemented/Not Yet Implemented)	Estimated Date of Full Implementation of Corrective Action
concur within the context provided in attachment.	see attached.	not yet implemented.	pending the results of the Office of the Attorney General investigation

*If applicable, please include attachments that may provide better context regarding planned corrective actions.

Recommendation 6: OIGE recommends assigning a responsible party, independent of any vendor relationship, for all promissory notes.

LEA Responses:

Opinion (Concur/Non-Concur)	Correction Action Plan (Provide Narrative Response*)	Current Status of Corrective Action (Implemented/Partially Implemented/Not Yet Implemented)	Estimated Date of Full Implementation of Corrective Action
concur within the context provided in attachment.	see attached.	implemented	2023-24 school year

*If applicable, please include attachments that may provide better context regarding planned corrective actions.

Baltimore City Public Schools Response to OIG Investigative Audit 22-0002-A

Background Context

The Maryland Office of the Inspector General for Education (“OIGE”) conducted this investigative audit to determine whether taxicab vendors that provided transportation services for Baltimore City Public School (“City Schools”) students during the 2018-19 through 2021-22 school years were compliant with contractual and state requirements while transporting students.

The OIGE has determined that one of City Schools’ taxicab vendors, ZTrip, formerly Yellow Cab (“Yellow Cab”), “potentially provided fraudulent invoices and vouchers” that were not supported by student attendance data. OIGE Report at 6. As the OIGE notes, this vendor’s practices were clearly out of line with those of City Schools’ other taxi vendors. As a result, the OIGE referred this matter to the Office of the Attorney General (“OAG”), and City Schools is actively collaborating with the OAG as it investigates Yellow Cab to verify the total loss suffered by City Schools and determine appropriate next steps.

In addition, City Schools will explore upgrades to its taxicab monitoring protocols, as discussed further below, taking into consideration very significant, strategic shifts in the school system’s approach to student transportation in recent years. Even prior to the OIGE’s investigative audit, City Schools began taking steps to reduce taxicab ridership in favor of alternate means of transportation. In the 2018-19 school year, more than 1,000 students were transported by taxicab. By the 2021-22 school year, that number had decreased to less than 250 students. This year, City Schools is currently transporting less than 100 students by taxicab, which is a 90% reduction in ridership since the 2018-19 school year. With this reduced ridership, City Schools’ staff has greater capacity to review student attendance records for voucher and invoice verifications, rather than the sampling procedures that were performed in prior years.

Additional Context for OIGE Findings

City Schools wishes to share additional context that is helpful to understand the OIGE’s findings:

OIGE Finding 1: The OIGE’s first finding was that payments to taxicab vendors were not supported by attendance records.

During the four-year period covered by its investigation, OIGE believes that Yellow Cab potentially overcharged City Schools for taxicab rides for 1,115 student accounts in circumstances where those students’ attendance records indicated that they may not, in fact, have been transported to school. According to the OIGE’s report, the resulting potential loss to City Schools is \$631,547. The OIGE also reviewed other taxicab vendors’ invoices over the same time period and found potentially 244 student accounts that may have been overcharged due to attendance discrepancies. As a result, City Schools may have overpaid these remaining taxicab vendors approximately \$64,222, collectively, for overcharged invoices, which represents approximately 0.6% of all costs for all taxicab rides, during the relevant time period. By contrast, Yellow Cab’s overcharged

invoices represent approximately 6.9% of all costs for taxicab rides, during the relevant time period.

City Schools acknowledges the OIGE's findings with some clarification. Many of the students who receive taxicab services are students in special circumstances, including those with disabilities whose education is guided by Individual Education Plans ("IEPs") and who often receive Extended School Year ("ESY") services during the summer. For example, the OIGE identified 46 students who were set to graduate in a specific year, and its report flagged that Yellow Cab billed for taxicab transportation after the last day where seniors were required to attend school and through to the end of the school year. Even after this last day for seniors, however, there are still many reasons why seniors have the option to attend school, including to participate in events and activities, and if they were eligible for transportation, City Schools was required to transport those students during this period. Significantly, at least 38 of these 46 students had active IEPs. In accordance with state law, students with IEPs are entitled to continued educational services and supports for the entire school year, even if they are cleared to graduate, and some even qualify for ESY services through the summer, after graduation. City Schools would welcome an opportunity to discuss this issue further with the OIGE and determine whether any revisions to its report are warranted.

Moreover, the OIGE's findings have helped City Schools uncover a glitch in attendance recording for graduating seniors. The current recording system automatically stops recording attendance after the last day where seniors were required to attend, so as to ensure that these seniors are not inadvertently identified as chronically absent. City Schools is working to update protocols to track graduating students who continue to participate in education programs until the end of the year, especially those students with disabilities who are legally entitled to continue to receive services through their IEPs.

OIGE Finding 2: The OIGE's second finding was that rates paid to taxicab vendors were not supported by cost reports.

Throughout the years, City Schools has received recommendations from external agencies like the Office of Legislative Audits ("OLA"), as well as our own Internal Audits unit, to increase the efficiency of our monitoring of taxicab invoicing. Those recommendations included visual inspection of signed vouchers and sampling of student attendance records, which City Schools implemented. Through these efforts, the Office of Pupil Transportation ("OPT") has identified and corrected numerous errors in vouchers and invoices that were presented for payment, significantly increasing the accuracy of voucher submissions. In its report, OIGE recognized these efforts, as well as the thorough, time-intensive review that OPT conducts to verify rates and rides prior to approving payments.

According to the OIGE, City Schools suffered a potential loss of \$86,754 as a result of 251 student accounts that reflected inaccurate rates charged between 2019 and 2022, which represents 1.4% of the costs of all taxicab rides during that time period, and which is a 93% improvement from the OLA audit of 2018. City Schools expects the reduced taxicab ridership will continue to increase accuracy.

OIGE Finding 3: The OIGE’s third finding was that the Office of Pupil Transportation has not administered taxicab services in compliance with contract terms.

Prior to the COVID-19 pandemic, City Schools relied heavily on taxicab services to meet transportation needs of students that could not be transported by yellow buses. During the pandemic, transportation by taxicab was largely suspended due to the shift to virtual learning.

As City Schools reopened schools on a hybrid basis beginning in the 2020-21 school year, City Schools found that many taxicab companies’ business practices had shifted, and taxi drivers were less willing to transport City Schools students traveling short distances. To remain competitive and ensure that there were a sufficient number of drivers to transport students as needed, City Schools established a minimum fare of \$15 for all taxicab rides, regardless of distance. This change needed to be implemented swiftly to mitigate significant disruption to City Schools’ student transportation. Nevertheless, City Schools recognizes the importance of memorializing this rate increase for record-keeping purposes. A provision to this effect was incorporated into the new Request for Proposals (“RFP”) that City Schools has issued. As a result, it will be incorporated into all new contracts, going forward, involving taxicab services to ensure a clear understanding of expectations by all parties.

Similarly, there are other provisions that City Schools incorporated into its taxicab service contracts, but it subsequently found them more difficult to implement in practice. For example, while GPS tracking is encouraged for all taxicabs, City Schools has not had sufficient resources to monitor compliance with this contractual provision. City Schools is working on protocols to ensure real-time location monitoring can be implemented for taxicabs in the future.

With respect to the provisions of City Schools’ contracting involving invoicing, in a 2018 audit, OLA identified discrepancies in prior invoicing, and it recommended that City Schools staff become more active in making corrections and verifying rates that were billed. City Schools’ implementation of these recommendations resulted in a more hands-on approach to invoice verification and prevented overpayment numerous times, as the OIGE recognized. During review of submitted invoices, OPT adjusted the charged amounts and only paid out what charges were actually incurred. City Schools recognizes that it did not notify vendors when such inaccuracies were identified, prior to making final payments, and instead, City Schools only paid those amounts that it believed the vendors were entitled to receive. Going forward, OPT will update standard operating procedures to include following up with vendors to seek corrected invoices to ensure the amount paid to vendors is supported by the terms of the invoice.

OIGE Finding 4: The OIGE’s fourth and final finding was that the promissory note that City Schools negotiated to address a prior overpayment to Yellow Cab has not been satisfied.

City Schools is aware of the outstanding balance owed by Yellow Cab, and it continues to work toward recovering these funds. Pursuant to the promissory note, repayments were received by City Schools as a direct deduction from each Yellow Cab invoice. During the COVID-19 pandemic, repayments were paused while City Schools shifted to virtual learning and were not using Yellow Cab’s services. After receiving the first invoices at the start of the current school year, City Schools advised Yellow Cab that it would be reimplementing the previous repayment schedule outlined by

the promissory note, which was met with resistance by Yellow Cab's successor, ZTrip. City Schools will continue to pursue repayment vigorously, including seeking contractual and other legal remedies, if necessary.

City Schools' Response to the OIGE's Specific Recommendations

OIGE Recommendation 1: The OIGE's first recommendation is that City Schools should attempt to recover education funds from vendors for fraudulent charges.

City Schools understands that the OIGE has referred this matter to the Office of the Attorney General to investigate whether Yellow Cab defrauded City Schools. City Schools will continue to cooperate with this investigation and, as the victim of actions by the vendor that OIGE identified as "potentially . . . fraudulent," it will work in collaboration with the Office of the Attorney General to seek restitution of any funds that were fraudulently charged.

OIGE Recommendations 2 and 3: The OIGE's second and third recommendations are for City Schools to establish a more effective and automated review of taxicab invoices.

City Schools has worked to identify various automated invoicing systems to aid in the taxicab invoice review process. Going forward, City Schools will continue to explore options for future automation of transportation invoicing that would verify vendor invoices through interfacing with student attendance data. It should be noted that any investment in an automated system must factor the potentially significant costs of these technology enhancements, as well as City Schools' successful reduction of taxicab ridership by 90% since 2018. Given that City Schools expects taxicab ridership to remain at the level of approximately 100 students per month, the additional checks and balances that City Schools has already implemented may be sufficient to effectively monitor this substantially reduced ridership, and any automated system may not result in a beneficial return on the investment. Nonetheless, City Schools will continue to consider technological solutions that would assist in this review process.

OIGE Recommendation 4: The OIGE's fourth recommendation is that City Schools should review its taxicab service contract and ensure the scope of work requirements is relevant to the practices used by transportation staff. This also would include administrative management governing minimum rates, GPS requirements, and the manual editing of invoices. Future changes or modifications to vendor requirements should be coordinated through and approved by City Schools' Purchasing Office.

The Request for Proposals that City Schools recently issued for taxicab vendors included revised terms that addressed the concerns that the OIGE has identified. City Schools will work to promote collaboration between the Office of Procurement and the Office of Pupil Transportation to ensure that taxicab invoicing practices remain aligned with contractual requirements and, if necessary, make the necessary adjustments through written contractual amendments.

OIGE Recommendation 5: OIGE's fifth recommendation is that City Schools should recover the remaining funds from the promissory note that it negotiated with Yellow Cab, which now operates as ZTrip.

As noted above, City Schools is working to ensure repayment of the promissory note. Moreover, in light of the OIGE’s findings and any subsequent investigation by the OAG involving potential vendor fraud, City Schools may need to seek recoupment of additional funds and potentially reevaluate its relationship with this vendor, if it does not cooperate.

OIGE Recommendation 6: OIGE’s final recommendation is that City Schools should assign a responsible party, independent of any vendor relationship, for all promissory notes.

City Schools agrees as to the importance of segregating duties, and it ensures that the Procurement Office and other staff in the Office of Finance play an independent role in monitoring contract compliance, to supplement the contract monitoring obligations of the offices that engage directly with the vendors in implementing their services. The circumstances in which City Schools negotiated a promissory note with Yellow Cab for prior overpayments is unique. City Schools rarely relies on promissory notes, and even more extraordinary was the COVID-19 pandemic, which limited the ability of City Schools to continue to insist on repayments, as taxicab ridership plummeted while schools operated in remote learning status. In the future, City Schools will seek to avoid any promissory notes of this type, and in those exceptional circumstances where this mechanism may serve the school system’s interest, City Schools will strive to designate appropriate staff in the Office of Finance to review and execute all promissory notes with established desktop procedures to ensure continued monitoring and enforcement. This designated official will provide a monthly update on the status of all signed promissory notes to all interested parties for increased communication and oversight.

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Finally, City Schools takes issue with the OIGE’s comment that “[t]he lack of access to the raw data significantly impacted OIGE’s ability to conduct this investigation efficiently and may have affected the integrity of the data used for analysis.” OIGE Report at 4-5. Staff from multiple offices in City Schools deferred their pressing obligations to supporting schools and their students and, instead, spent countless hours assembling records and data, participating in extensive interviews and follow-up, and otherwise collaborating with OIGE staff. City Schools supplied numerous large electronic files of taxicab rider information and numerous spreadsheets containing data on taxicab transportation processes, contracts, rides, and billing. City Schools also set aside a conference room in its Office of Pupil Transportation and facilitated the OIGE’s onsite inspections of the many boxes of taxicab invoices from the relevant time period.

Throughout this collaborative process, City Schools strove, to the maximum extent feasible, to safeguard the privacy of students who utilized taxicab services, especially as many of them were transported by taxicab due to homelessness, foster care, disabilities, or other medical restrictions. To this end, City Schools requested, and the OIGE agreed, that any records with students’ names, identification numbers, and physical addresses would be reviewed onsite in City Schools facilities. Together, City Schools and the OIGE developed a system for redactions of records that the OIGE wanted to use for further analysis. That system was designed to balance the goals of this investigative audit with critical federal and state law requirements regarding student data privacy.

Appendix B



MARYLAND OFFICE OF THE INSPECTOR GENERAL FOR EDUCATION

Richard P. Henry
Inspector General

Date: May 1, 2023

To: Dr. Sonja Santelises, Ed.D.
Chief Executive Officer
Baltimore City Public Schools
200 E. North Avenue
Baltimore, Maryland 21202

From: Mr. Richard P. Henry
Inspector General
Maryland Office of the Inspector General for Education

RE: Investigative Audit of Baltimore City Public Schools Student Taxicab Transportation Services (22-0002-A)

Dear Dr. Santelises,

The Maryland Office of the Inspector General for Education (OIGE) appreciates Baltimore City Public Schools (BCPS) detailed responses to the draft recommendations within our Investigative Audit of BCPS Student Transportation. The response indicates a commitment to improving processes and procedures that will increase the accuracy of future transportation expenditures.

Nevertheless, a statement made in BCPS's response requires clarification based on evidence found during the investigative audit. Please see below.

- **BCPS Statement:** According to the OIGE, City Schools suffered a potential loss of \$86,754 as a result of 251 student accounts that reflected inaccurate rates charged between 2019 and 2022, which represents 1.4% of the costs of all taxicab rides during that period, and which is a 93% improvement from the OLA audit of 2018. (Finding 2, Page 2)
- **OIGE Clarification:** The 2018 OLA finding refers to a miscalculation of the mileage rate and duplication of administration fees. OIGE had no findings for rates tested between 2019 and 2022 in these areas. OIGE's finding of \$86,754 in overpayments due to paid

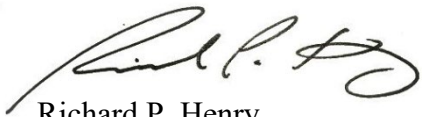
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rates exceeding agreed-upon rates in the monthly cost reports is a different issue than what was identified in the 2018 OLA report; therefore, no comparison is applicable.

Thank you for your support and understanding throughout the investigative audit process. Please feel free to contact Ms. Georgia Conroy, Supervisory Inspector General for Investigative Audits, at (443) 721-6234 or by email at georgia.conroy@maryland.gov if you or your staff have any additional questions or concerns.

Respectfully,



Richard P. Henry
Inspector General

Cc: Clarence C. Crawford, President, Maryland State Board of Education
Mohammed Choudhury, M.Ed., Maryland State Superintendent of Schools
Members of the Baltimore City Board of School Commissioners
Alison Perkins-Cohen, Chief of Staff
Dr. Lynette Washington, Chief Operations Officer
Joshua Civin, Esq., Chief Legal Officer
Theresa Jones, Chief Achievement & Accountability Officer
Thomas James, Chief Information Technology Officer

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