



**OFFICE OF THE INSPECTOR GENERAL**

**PRELIMINARY INQUIRY MEMORANDUM**

April 24, 2015

**TO:** Timothy L. Firestine  
Chief Administrative Officer

**FROM:** Edward L. Blansitt III  
Inspector General

**SUBJECT:** Renter's Alliance  
OIG PIM #15-006

This Preliminary Inquiry Memorandum (PIM) describes specific issues or complaints and the outcomes of limited procedures undertaken during a Preliminary Inquiry conducted by the Office of the Inspector General (OIG). Copies of this PIM along with your response, if any, will be provided to the members of the County Council and the County Executive within 10 business days of the date of this PIM.

**Background and Complaint Summary:**

In October 2008 in response to the absence of an independent tenant advocacy group, the County Executive appointed the Tenant Working Group (TWG), chaired by Matthew Losak, a constituent activist. TWG included community activists, nonprofit groups, representatives of property owner associations (non-voting), Rick Nelson, Director, Department of Housing and Community Affairs (DHCA), Mark Elrich, Councilmember, and other interested parties.

In March 2010 TWG issued a report detailing their efforts and making a number of legislative and policy recommendations to the County including the formation of an independent education and advocacy group dedicated to renter's rights. Renters Alliance (RA) was founded in 2010 in response to this recommendation. Mr. Losak, the former chair of the TWG is the Executive Director of the organization.

RA's principle source of funding is a County, non-competitive contract (Council grant) which the County has awarded each year from 2012 to 2015 through the Department of Housing and Community Affairs (DHCA) to establish the organization, build its website, and support operating costs. The funds are administered through a contract between DHCA and RA, which outlines the terms and reporting requirements for the use of the

funds. The “Scope of Services” attachment to the contract identifies the mission of the organization. Appropriate activities, outcome measures, and deliverables that support the stated mission are identified in the section. The section also states that public funds may not be used for lobbying efforts for or against any specific legislation.

On February 13, 2015, the Chair of a large privately owned property management company in the Baltimore-Washington area submitted a letter citing a number of allegations against RA, including noncompliance with State and County reporting requirements, fiscal reporting irregularities, and the possible use of County funds for lobbying efforts.

**Inquiry and Outcome:**

We shared the complaint and associated documents with the Montgomery County Ethics Commission, which administers the lobbying registration program in the County and has authority to enforce lobbying registration requirements. We were informed by the staff of the Ethics Commission that the information provided by the complainant did not suggest RA or its Executive Director, Mr. Losak tripped the thresholds that would necessitate they register as lobbyists under County law. We did not attempt to determine whether Mr. Losak or RA would be required to register as a lobbyist with the Maryland State Ethics Commission as this is a state matter and is not within the jurisdiction of our office.

We reviewed records regarding the FY13 and FY14 RA contract periods and analyzed invoices and supporting documentation submitted by RA. We were unable to obtain sufficient documentation to determine whether some of the costs were appropriate. We questioned \$6,945 in costs (net) including charges for potential lobbying efforts for which, under the terms of the contract, public funds may not be used. We also found that funds had been significantly reallocated between the approved budget categories but did not find any documentation of the written request to move funds as required by the contract. A detailed listing of questioned costs and a summary of budget line item reallocations is attached.

The RA contract identifies five activities and requires that documentation be provided to DHCA of having achieved specifically quantified levels of activity (as deliverables). For example, DHCA authorized RA to use County funds to build and maintain a website and to distribute printed tenant educational materials, but requires that RA submit a list of all existing and proposed information on the website, documentation of monthly website usage, and submit all printed materials for review and approval by DHCA prior to distribution. Similarly, the contract authorizes expenses related to renter education events and meetings but requires submission of attendance lists and a summary of outcomes for those activities. We were unable to obtain records of any of these submissions.

**Summary and Conclusion:**

The RA contract identifies activities, outcome measures, and deliverables appropriate to support the stated mission of the contract. However, we were unable to obtain documentation RA is required to submit to the DHCA that should serve as evidence of the intended outcomes. To ensure effective performance under the contract, DHCA should work with the RA to ensure compliance with the contract requirements.

DHCA should also work with RA to address questionable costs and required documentation of RA activities as outlined in their contract for FY 13 and 14. A detailed listing of questioned costs and a summary of budget line item reallocations is attached in order to aid DHCA in requesting additional documentation and ensuring actions are taken to resolve compliance issues.

cc: Clarence Snuggs, Director, Department of Housing and Community Development

A Preliminary Inquiry Memorandum (PIM) is appropriate in situations where we have, in reaction to a complaint, gathered and assessed sufficient information for us to draw limited conclusions related to the specific complaint. Since PIMs do not result from full inspections, investigations, or audits, it would not be appropriate for us to provide full findings and recommendations in PIMs. Instead, we may identify specific conditions, transactions, and events that management may want to continue to research from an investigative or policy standpoint.

**Response to this Preliminary Inquiry Memorandum:**

On May 4, 2014, the office of the *Chief Administrative Officer* responded via email:

*“We have reviewed the attached Preliminary Inquiry Memorandum in response to the complaint about the Renters' Alliance to the Inspector General. We concur with the summary and conclusion cited in this report.*

*As next steps, DHCA will review the FY13, 14 and 15 Renters' Alliance contracts to note all of the required deliverables and compare the results to the reports we have received from the contractor for these periods. We will then meet with the contractor to request all remaining required documentation for these periods. We will also have the contractor address each of the questionable costs items referenced in the report to make sure the County is only billed for those costs related to the deliverables cited in the various contract agreements.*

*We note your reference to comments by Ethics Commission staff that the information provided by the complainant did not lead them to the conclusion that the contractor must register as a lobbyist with the County Ethics Commission under County law.*

*Please let me know if you have any questions or need additional information.”*

**FY13-FY14 Questioned Costs**

<b>Invoice Number</b>	<b>Payment Date</b>	<b>Expense</b>	<b>Notes</b>	<b>Questioned Amount</b>
<b>FY13/2</b>	8/3/2012	Director Salary 8/1/2012	Billed twice for 8 hours on same date	\$400.00*
<b>FY13/2</b>	8/21/2012	Director Salary 8/1/2012	Billed twice for 8 hours on same date	n/a
<b>FY14-3</b>	9/25/2013	Glennie Rabin Website Maintenance	Invoiced amount does not match documentation	\$180.00
<b>FY14-9</b>	1/28/2014	Director Salary 1/15/2014	Billed 12 hours Renters Day Annapolis (possible lobbying)	\$600.00
<b>FY14-9</b>	1/28/2014	Bus Rental	Transportation costs is not a line item in approved budget and Renters Day Annapolis (possible lobbying activity)	\$1,125.00
<b>FY14-9</b>	1/28/2014	Deepika Mehta Advertising	Renters Day Annapolis flyer and word docs (possible lobbying activity)	\$240.00
<b>FY14-11</b>	3/18/2014	Director Salary 2/20/14	Billed 8 hours same day as signed in Annapolis in support of HB0843 (possible lobbying activity)	\$400.00
<b>FY14-11</b>	3/18/2014	Directors Salary Week of 2/2-8/2014	Billed 40 hours, only 16 reflected on timesheet	\$1,200.00
<b>FY14-11</b>	3/18/2014	The Gazette	Advertising for Candidates Forum (possible lobbying activity)	\$1,260.00
<b>FY14-11</b>	3/18/2014	Silver Spring Civic Center Space Rental	Candidates Forum (possible lobbying activity)	\$80.00
<b>FY14-11</b>	3/18/2014	Damage Deposit Space Rental	Refundable deposit	\$100.00
<b>FY14-13</b>	5/6/2014	Silver Spring Civic Center Space Rental	Receipt does not indicate date of event or nature of charges (Rental, deposit, etc.)	\$200.00
<b>FY14-15</b>	7/8/2014	Dynamite Graphics	T-shirts are not a line item in approved budget	\$1,760.36
<b>FY14-8</b>	12/31/2013	Directors Salary Week of 12/1-7/2013	Timesheet reflects 4 more hours than billed	\$(-200.00)
<b>Total</b>				<b>\$6,945.36</b>

*\*Not included in total questioned costs.*

### FY13 Budget Reallocations

<b>FY13 Budget Categories</b>	<b>Budget</b>	<b>Spent</b>
<b><u>Staffing</u></b>		
Executive Director	\$25,000.00	\$24,492.00
Intern(s)	\$5,000.00	\$3,876.00
<b><u>Indirect Costs</u></b>		
Website hosting and Maintenance	\$5,000.00	\$3,576.80
Advertising and education and promotional materials	\$4,000.00	\$7,808.35
Special publicity and education events	\$1,000.00	\$180.00
<b>Total</b>	<b>\$40,000.00</b>	<b>\$39,933.15</b>

### FY14 Budget Reallocations

<b>FY14 Budget Categories</b>	<b>Budget</b>	<b>Spent</b>
<b><u>Staffing</u></b>		
Executive Director	\$55,000.00	\$63,700.00
Outreach Coordinator/ Researcher	\$5,000.00	\$ -
Intern(s)	\$6,000.00	\$ -
<b><u>Indirect Costs</u></b>		
Website hosting and Maintenance	\$5,000.00	\$1,800.00
Advertising and education and promotional materials	\$3,000.00	\$5,870.00
Special publicity and education events	\$1,000.00	\$475.00
<b><u>Unbudgeted Items</u></b>		
Bus rental	\$ -	\$1,125.90
T-Shirts	\$ -	\$1,760.36
<b>Total</b>	<b>\$75,000.00</b>	<b>\$74,731.26</b>