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## **Baltimore answers federal questions in hopes of unfreezing stimulus money**

### **Old accounting problems led U.S. to freeze Baltimore stimulus money**

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Seeking to restore a vital source of funding, Baltimore submitted documents Friday to Department of Justice officials who have frozen some of the city's stimulus money because of poor recordkeeping a decade ago.

Sheryl Goldstein, director of the Mayor's Office of Criminal Justice, said she believes the city's response will be enough to take Baltimore off the Justice Department's "high-risk" list - clearing the way for as much as \$8.2 million that can be used to hire additional police officers and launch new public safety programs.

Susan Oliver, a Justice Department spokeswoman, said the city could have immediate access to grant money if it has responded satisfactorily. Federal officials will conduct an expedited review of the documents, she said.

Mayor Sheila Dixon said Friday that her administration was being "held hostage" by the Justice Department for the mistakes of predecessors. "We have to clean up from prior administrations," she said. "We shouldn't be held accountable for their mistakes."

She also said Justice officials "didn't do their part" to keep better watch over the money years ago.

At issue were law enforcement grants awarded in 1996, 1998 and 2000. The Justice Department says it never received required documentation on spending, including nearly \$700,000 to help create a unit of prosecutors dedicated to gun cases. The city says the problems stemmed from clerical errors, not misuse.

After six years' worth of questions from city and federal auditors, Justice officials sent Dixon a letter about a month ago saying they have stopped the flow of funds to Baltimore until the city responds to the old problems.

That stark warning sent city officials on a search for old payroll slips, furniture invoices and construction receipts to prove they had spent the grant money properly.

The Office of Criminal Justice was responsible for administering the grants in question, which were awarded when Kurt C. Schmoke and Gov. Martin O'Malley were mayors.

Goldstein, who became head of the office in 2007, said she assembled proof of how all but \$13,162.13 was spent and that the city was prepared to repay that money if necessary. Improper documentation of law enforcement grants has already cost the city about \$150,000 in federal repayments.

In 2002, city auditors identified improper documentation of the grant from 1998 and forwarded their concerns to the Justice Department. Oliver said Justice officials have tried since October 2003 to have the city provide documents for that and other grants. She said the city submitted paperwork over the year but not enough to answer all of the federal auditors' questions.

However, the Justice Department never threatened to cut off funding until sending Dixon a letter in April.

Comptroller Joan M. Pratt, who oversees city audits, said the vast majority of city agencies take audits seriously and that improper documentation of grant money is not a widespread problem. City auditors are fact-finders and cannot enforce their recommendations. But their audits are passed along to grant-awarding bodies, such as the Justice Department, which can take action.

Pratt said city agencies know the stakes are high.

"They know that if something is improperly recorded, they might have to refund the money," she said. "And that's a major problem because usually the money's already been spent."

In this case, Pratt said, the Office of Criminal Justice likely asked Justice officials for extensions as it tried find the necessary documents. "Time passes quickly, one year rolls into the next," she said. "The grantor may give one extension after another."

But eventually, she said, most grantors give a final deadline.

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