

# **City of Detroit**

## **Office of the Inspector General**

### **2017 4<sup>th</sup> Quarterly Report**

(October 1, 2017 – December 31, 2017)



**Ellen Ha, Esq.**  
**Inspector General**

**November 13, 2018**

## A Message from the Inspector General



As stated in the City of Detroit Office of Inspector General's 3<sup>rd</sup> Quarter Report for Calendar Year 2018, the following pages of *this report contain a brief description of the activities of the 4<sup>th</sup> quarter of Calendar Year 2017 (October 1, 2017 – December 31, 2017).*

The report also contains duties and responsibilities of the Office of the Inspector General (OIG) under the City Charter how the Office operates; how OIG complaints are processed and resolved; information pertaining to investigations initiated and resolved during the 4<sup>th</sup> quarter of Calendar Year 2017.

In that regard, I would like to thank my staff, who worked tirelessly to preserve honesty and integrity in the City government during the 4<sup>th</sup> quarter of Calendar Year 2017. Without their dedication to the mission of the OIG, this report would not have been made possible.

The Office of the Inspector General's purpose is "to ensure honesty and integrity in City government by rooting out waste, abuse, fraud, and corruption." Waste, abuse, fraud or corruption committed by a government official, employee, contractor and/or any person affiliated with the governmental entity is like a disease that spreads unless it is first detected, contained, and treated or rooted out.

While actions generally speak for themselves, in a government setting, sometimes perception can be just as important. Government officials, employees and contractors must not only act in good faith, but must project transparency with whom they interact. When one person looks or acts badly, the image of the entire City is affected by that one person's conduct.

Integrity is what is perceived by the public through the honest conduct of the government. Honesty requires transparency in our official conduct and the people can only gain our trust when we act in the best interest of those whom we serve.

Honesty and integrity are not ideals or principles, they are ways with which we must govern and conduct business in the City. People must be able to trust and respect those who govern at their behest. Lest we forget in Detroit, the OIG is here to remind ourselves of the same.

## **Introduction**

Prior to filing for bankruptcy in 2013, the City of Detroit suffered another negative historic moment in 2008. At the request of the Detroit City Council, then Governor Jennifer Granholm presided over a forfeiture hearing of then Mayor Kwame Kilpatrick, who was criminally charged with public corruption and eventually sentenced to a lengthy prison term.

Shortly thereafter, the 2009 Charter Commission was created to review and recommend certain revisions to the Charter. The people of the City of Detroit later adopted the Commission's recommendations on November 8, 2011 to ensure such negative history does not repeat itself. The 2012 Detroit City Charter therefore contains lessons learned in 2008 and the prior years.

More specifically, the 2012 Charter of the City of Detroit created the Office of Inspector General (OIG); and provided the OIG with independent authority "to ensure honesty and integrity in City government."

Although the creation of the OIG appears to make the Inspector General (IG) omnipotent over all branches of City government and contractors, its powers are limited under the Charter.

Specifically, Section 7.5-305 of the Charter limits the jurisdiction of the IG to "the conduct of any Public servant and City agency, program or official act, contractors and subcontractors . . . business entities . . . and persons" seeking certification or who are participating in "any city programs."

Section 7.5-306 of the Charter further restricts the power and the authority of the IG to "investigate. . . in order to detect and prevent waste, abuse, fraud and corruption;" and to report such matters and/or recommend certain actions be taken in accordance with Sections 7.5-308 and 311.

To conduct such investigation, Section 7.5-307 of the Charter provides the IG with the power to subpoena witnesses and evidence; to administer oaths and take testimony of individuals; to enter and inspect premises; and to enforce the same.

The Charter further requires that every public servant, contractor, subcontractor, licensee, applicant for certification to cooperate in the IG's investigation, as failure to do so would subject that person "to forfeiture of office, discipline, debarment or any other applicable penalty." See, Section 7.5-310.

To encourage individuals to report "waste, abuse, fraud and corruption," Section 7.5-313 prohibits and all investigative files deemed confidential except where production is required by law; and Section 7.5-315 prohibits retaliation against any persons who participate in the IG's investigation.

In keeping with due process, Section 7.5-311 of the Charter requires that when issuing a report or making recommendations "that criticizes an official act," the affected party be allowed "a reasonable opportunity to be heard at a hearing with the aid of counsel."

Since all governmental bodies must be held accountable in their role, the Charter requires that the IG issue quarterly reports to the City Council and the Mayor, which shall be made public and published on the City's website. See, Section 7.5-306.

The Detroit Office of Inspector General is a proud and active member of the Association of Inspectors General (AIG). The Association is the professional organization for offices dedicated to government accountability and oversight. The Detroit Office of Inspector General was founded on the model principals of the Association. One of the most important roles the AIG plays is establishing and encouraging adherence to quality standards through its certification program. Each OIG staff member has participated in AIG training and received their certification in their area of discipline. The Detroit Office of Inspector General joins a growing community of municipal Inspector General Offices across the country including Chicago, Baltimore, New Orleans, New York, and Philadelphia. What used to be a tool for good government for Federal and State Agencies is now making its way to local government.

## Office of the Inspector General Organizational Structure: 4<sup>th</sup> Quarter of 2017

Between October 1, 2017 and December 31, 2017, the organizational structure of the City of Detroit Office of the Inspector General consisted of the following:

James Heath, Esq., **Inspector General**;  
Kamau Marable, **Deputy IG**;  
Jennifer Bentley, Esq., **OIG Attorney**;  
Edyth D. Porter-Stanley, **Forensic Auditor**;  
Beverly L. Murray, **Forensic Auditor**;  
Jacqueline Jackson, **Investigator**;  
Kelechi Akinbosede, Esq., **Investigator**;  
Derek Miller, **Investigator**;  
Kasha Graves, **Administrative Assistant**; and  
Tracey Neal, **Administrative Assistant**.

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It is important to note the City of Detroit has three (3) different agencies which employ auditor(s) who perform unique function for each agency. With three (3) different types of auditors performing different functions, it is common to confuse their activities and purpose.

### OAG Auditors

The OAG, like the OIG, is an independent agency pursuant to Article 7.5, Chapter 1 of the 2012 Charter of the City of Detroit (Charter). The Charter provides the OAG the authority to “make audits of the financial transactions, performance and operations of City agencies based on an annual risk-based audit plan prepared by the Auditor General, or as otherwise directed by the City Council. . . .” Therefore, the OAG provides internal audits of the City.

The OAG’s internal auditors conduct reviews of City of Detroit departments and programs, usually on regular time intervals. They report on internal control weaknesses, lack of compliance with policies and procedures, laws and regulations that result in project inefficiencies, and financial abnormalities.

### External Independent Auditors

The City of Detroit, through its Office of the Chief Financial Officer, is also required to perform an audit of the City by external auditors on an annual basis.

The external auditors perform the annual financial audit to certify the accuracy of the financial information presented in the City's Comprehensive Annual Financial Report (CAFR). They accomplish this with an approach similar to that of the OAG, but the external auditors examine the financial accuracy of the CAFR, rather than a specific program or department.

### OIG Forensic Auditors\*

The American Institute of Certified Public Accountants (AICPA) and the Institute of Internal Auditor (IIA) both state that the primary purpose of external and internal audits is not to detect and identify fraud. However, *detecting and identifying fraud is the primary purpose of the OIG forensic auditors.*

The OIG's forensic auditors are specially trained to examine various financial records, reveal fraudulent activities, and identify criminal suspects. They are able to use this expertise to identify missing funds, and the reasoning for these missing funds, in conjunction with fraud investigations. As such, the auditors from the OIG often work with the auditors from the OAG; and audits performed by respective agencies complement one another. Some of the OIG investigations which are assigned to the OIG auditors are referrals from the OAG.

The OIG is currently working on policies and procedures to proactively identify fraudulent trends that can help spawn additional OIG investigations and cases for criminal prosecution.

## How OIG Complaints Are Received

The OIG receives complaints in the following manner:

**Via Internet:** [www.detoig.org](http://www.detoig.org) or [www.detroitmi.gov/inspectorgeneral](http://www.detroitmi.gov/inspectorgeneral)

*(The on-line complaint form is on a secure server, which allows individuals to provide information on a secure electronic report form 24 hours a day, 7 days a week.)*

**Via Telephone Hotline:** 313-964-TIPS or 313-964-8477

**Via OIG Telephone Line:** 313-628-2517 or 313-628-2114

**Via Facsimile:** 313-628-2793

**Via Mail:** City of Detroit Office of the Inspector General  
65 Cadillac Square, Suite 3210  
Detroit, Michigan 48226

**Via Personal Visit to the OIG Office at the above address.**

**Some complaints are referrals from the city's various departments and agencies. The OIG is proud of the professional relationship it maintains with its fellow public servants.**

## How OIG Complaints Are Resolved

All complaints submitted via the website automatically generate an OIG File with a complaint number.

Most complaints, either audio or on paper will result in an OIG File with a complaint number.

Some complaints received over the telephone directly by OIG personnel may result in a referral to another City department or agency, or to another legal entity. For example, the OIG does not handle matters involving private parties, such as identity theft, land-lord tenant dispute, or personal injury. In these cases, the OIG will refer the complainant to the appropriate entity without creating an OIG File.

Based on initial review of the complaint, one or two of the following may occur:

- 1) An investigative file may be opened and a new file number will be assigned;
- 2) An OIG employee may follow up with the complainant to obtain additional information pertaining to the complaint;
- 3) The OIG will send a letter stating that we have decided not to investigate your complaint or that we have closed your complaint (*sometimes, we are not able to obtain additional information from the complainant which may assist us in determining whether we are able to investigate the allegations made in the complaint*);
- 4) A referral to another department, agency, or legal entity, such as the City's Ombudsman's Office, Detroit Police Department, City of Detroit Buildings, Safety Engineering, and Environmental Department, Wayne County Sheriff or Prosecutor's Office, FBI, Michigan Department of Health and Human Services, or a legal aid office; or
- 5) The OIG will close the complaint without notifying the complainant. This usually occurs when the complainant has not left contact information or if the OIG does not believe it is appropriate to contact the complainant.

*(For example, on occasion, two complainants with competing interests will file separate complaints with the OIG. If the OIG has a reasonable suspicion that criminal charges may result from a law enforcement investigation, the OIG will not notify either complainant before referring the case and closing it.)*

Based on the OIG's historical data, the majority of complaints received by the OIG do not result in an investigation. However, all of the complaints are carefully reviewed before the complaint is rejected or referred to another agency.

For example, in the first three quarters of 2018, the OIG received 204 complaints but only initiated 32 investigations. One of the primary reasons we did not initiate investigations into all complaints is a common misunderstanding of the OIG's jurisdiction. People often mistake the OIG as an agency which performs inspection of buildings or as an agency which enforces the law. Therefore, we typically receive an inordinate amount of requests for building inspections. Other common



complaints involve parking ticket resolutions, identity theft, and property owner disputes. The OIG attempts to aid each complainant in finding the appropriate entity to resolve their problems. In particular, our administrative support staff works tirelessly to ensure that each complaint is addressed appropriately in a professional manner. Therefore, the initiated investigations-to-complaints ratio should not be confused with the OIG's workload.

## How OIG Investigations Are Conducted and Resolved

The OIG may initiate an investigation based on information received in the complaint or on its own initiative.

An investigation is initiated when an Investigative File is opened and an auditor(s) and/or investigator(s) is/are assigned to the file.

An investigation would generally involve one or more of the following:

- 1) Interview of complainant(s) and/or witness(es);
- 2) Acquisition of evidence and/or documents and review of the same; and
- 3) Analyses of the evidence and/or documents reviewed, including forensic audit or review.

An OIG investigation would result in findings by the OIG, which may substantiate the complainant's allegation of waste, abuse, fraud or corruption in the City's operation or personnel or that of its contractors and/or subcontractors.

***In some instances, although the complainant's allegations do not equate to waste, abuse, fraud or corruption, during the investigation of the allegations, the OIG may find other instances of waste, abuse, fraud or corruption. In such instances, the OIG will launch a separate investigation on its own initiative.***

***Likewise, if the investigation reveals that criminal activity may be involved, pursuant to Section 7.5-308 of the 2012 Charter of the City of Detroit (the Charter), the Inspector General is required to "promptly refer the matter to the appropriate prosecuting authorities."***

The OIG summarizes the findings of the investigation in the OIG's final report. However, pursuant to Section 7.5-311(1) of the Charter, "no report or recommendation that criticizes an official act shall be announced until every agency or person affected [by the report or recommendation] is allowed a reasonable opportunity to be heard at a hearing with the aid of counsel."

The Inspector General conducts the hearing pursuant to Sections 2-111 and 7.5-311 of the 2012 Charter, and in accordance with the OIG Administrative Rules for Hearings.

Lastly, Section 7.5-311(2) of the Charter requires "after the hearing, if the Inspector General believes it necessary to make a formal report, a copy of any statement made by an agency or person affected shall accompany the report."

# 2017 4<sup>th</sup> QUARTER OIG STATISTICS

(October 1, 2017 – December 31, 2017)

## Sources of Complaints Received by the OIG in the 4<sup>th</sup> Quarter of 2017

Complaint Source	Number Received
Internet (Website)	43
Telephone Hotline	34
OIG Telephone	2
Mail	2
Personal Visit	7
Email	4
<b>Total</b>	<b>92</b>

## Categories of Complaints Received by the OIG in the 4<sup>th</sup> Quarter of 2017

Categories of Complaints	Number Received
Waste	2
Abuse	51
Fraud	26
Corruption	13
Other	0

## Number of Complaints Resolved by the OIG in the 4<sup>th</sup> Quarter of 2017

Open investigative files	77
Decline investigation or Referral	15

### Categories of OIG Investigations Initiated in the 4<sup>th</sup> Quarter of 2017

Categories of Investigations	Number Received
Waste	0
Abuse	47
Fraud	12
Corruption	18

### Status of OIG Investigations in the 4<sup>th</sup> Quarter of 2017

Open	Closed
77	14

## **Short Summary of Investigations Closed in the 4<sup>th</sup> Quarter of 2017**

The following reflects the fourteen (14) investigations the OIG closed in the 4<sup>th</sup> Quarter of 2017 with an accompanying synopsis for each investigation.

### **2014-NA-0008**

The complainant alleged the Human Resources Department (HR) violated HR Rule 10 by not notifying her that a position was open within her former classification of Head Clerk. At the time of her demotion, the complainant was told by HR that if another position opened in her previous classification, she would be on the recall list for the position. When a Head Clerk position opened in the Municipal Parking Department (MPD), the complainant was not notified. After review of the special registers (recall lists) the OIG determined the MPD position had a different class code than her previous position. The HR rules state the registers are created by class code, not position title. The OIG determined HR did not violate HR Rule 10 in handling the Head Clerk posting and closed the case.

### **2014-DA-0059**

The complainant alleged that a new housing development violated several City of Detroit policies. The complainant made the following allegations:

- The Planning & Development Department (P&DD) did not receive the approval from the Citizen's District Council (CDC) for the development area
- The Board of Zoning Appeals (BZA) did not notify residents of the proposed changes
- The P&DD did not conduct the proper environmental studies
- The P&DD violated the development plan for the Art Center Renewal Area that prohibited housing from being built in the area in question
- The P&DD erred in calling the requested changes a minor deviation from the original Art Center Development Plan
- The Emergency Manager (EM) lacked the legal authority to abolish the CDC's through EM Order No. 36

The OIG reviewed several documents related to the complaint including the Art Center Development Agreement, minutes from the CDC meeting, Law Department legal opinion pertaining to EM Order No. 36, Development Agreement and modifications for the developer, BZA grant for the developer, and City Council approval of the development. The OIG found no evidence of fraud, abuse, waste or corruption by any of the departments involved with the approval of the development.

### **2015-CF-0034**

The complainant alleged that a non-profit organization in the City of Detroit was inflating their client rosters to receive additional grant funding. The complainant further alleged the organization was withholding payments for Aflac from her paycheck, but not remitting those payments to Aflac. The non-profit offers a number of services to the community including behavioral health, housing programs, and vocational training, and is a private organization with no direct contract with the City of Detroit. However, a review of the financial records showed the organization did receive workforce development funds from the Detroit Employment Solutions Corporation (DESC). The OIG attempted to contact the complainant to determine if the alleged inflated client numbers had anything to do with the vocational training program, as

our jurisdiction would be limited to the workforce development funds. Unfortunately, the complainant did not respond. The OIG contacted the State of Michigan and found that the funds are allocated using a complex formula outlined in the Workforce Investment Act of 1998, involving unemployment rates and disadvantaged youth population figures. The OIG also contacted the DESC and learned that the DESC audits the workforce development funds. Without further information from the complainant, there was insufficient evidence to conclude that complaint was related to the workforce development funds. Therefore, the OIG closed the case.

#### **2016-NA-0076**

The complainant alleged that the Law Department engaged in unethical conduct and abuse of authority by failing to prosecute his neighbors for owning Farm Animals in violation of the City's Urban Agriculture Ordinance, Sec. 6-1-3. The OIG reviewed the City's policy regarding possession of Farm Animals and conducted interviews with employees of the City of Detroit's Animal Control Center. The OIG also interviewed the Law Department prosecutor involved in prosecuting the ticket at issue. The OIG determined that the Law Department prosecutor took proper consideration of the violating party's prior history and the party's willingness to comply with the city ordinance, as well as public policy on encouraging urban farming when the prosecutor dismissed the ticket. The OIG concluded that there was no evidence to support an allegation that the Law Department engaged in unethical conduct or abused its authority in handling complainant's case.

#### **17-0001-FOI**

On November 13, 2017, the complainant submitted a Freedom of Information Act (FOIA) request to the OIG for Case No. 2014-DA-0397. On the same date, the OIG complied with this request by emailing all of the required documents to the FOIA requestor and archiving the communication in the OIG's case management system. Having complied with all FOIA date requirements, the OIG ceased all action on this case. However, the OIG did not officially close this case in the case management system until January 31, 2018. For all intents and purposes, this case was closed on November 13, 2017, and should be treated as such, to accurately reflect the OIG's diligence with FOIA time guidelines.

#### **17-0002-FOI**

On November 22, 2017, the complainant submitted a FOIA request to the OIG for Case No. 2017-DA-0001. On December 2, 2017, the OIG complied with the FOIA request by sending the relevant documentation to the City of Detroit Law Department for review. The complainant's request was granted in part and denied in part as the OIG investigation was ongoing on the date the FOIA was submitted.

#### **17-0004-INV**

An individual submitted a complaint alleging a City of Detroit Department of Transportation (DDOT) Transportation Equipment Operator (TEO) abused her position by denying individuals service. The complainant stated a bus driver passed him and a group of ten (10) people, who were standing at a bus stop on Woodward Avenue near West Grand Boulevard. The OIG interviewed DDOT Operational Management personnel who indicated DDOT had not received any previous complaints about the driver. The TEO's supervisor reviewed the TEO's responsibilities with her and the TEO promised to be more mindful of individuals waiting for a bus at the bus stops. The TEO apologized and the OIG closed the case.

### **17-0006-INV**

Buildings, Safety Engineering, and Environmental Department (BSEED) Director David Bell forwarded a complaint from a local business owner alleging that an inspector showed favoritism to a competitor. The complainant's business was temporarily closed after the inspector found the property was in violation of city ordinances. The complainant alleged that a competing business also had similar violations, but the inspection of his competitor's property did not result in the closure of the business.

The OIG reviewed BSEED and Department of Appeals and Hearings (DAH) records which indicated that both businesses have received multiple violations in recent years. However, the records showed that the complainant's business did not have a Certificate of Occupancy, while the competitor did have a certificate. A different inspector performed follow-up inspections at both businesses and confirmed the findings of the initial inspection. The OIG found no evidence that there was an inappropriate relationship between the inspector and the competing business owner, and therefore closed the case with no action.

### **17-0007-INV**

The complainant alleged that a new Detroit Land Bank Authority (DLBA) employee violated the Contracts of Public Servants with Public Entities Act (the Act) by purchasing a property from DLBA during the hiring process or shortly thereafter. Based on the legal opinion obtained by the DLBA and the OIG's understanding of the facts as presented by the DLBA, the OIG determined that the matter was not ripe for prosecution.

The DLBA employee was cooperative in the OIG investigation and the OIG concluded the DLBA employee did not intentionally violate the provisions of the Act. The DLBA's legal opinion pertaining to this matter included reasonable steps to remedy the ongoing violation. Therefore, the OIG recommended that the DLBA take the necessary corrective actions so that the employee is no longer in a contractual relationship with DLBA, as well as strengthen its existing policies to prevent future occurrence of similar incidents.

### **17-0012-INV**

The complainant alleged the Wayne County Treasurer's Office (WCTO) abused its authority by preventing him from purchasing a certain property in the City of Detroit. The OIG contacted WCTO staff and reviewed documentation related to the complainant's attempt to purchase the property to determine which entity was best served to aid the complainant. However, in reviewing the purchasing information, the OIG discovered that the WCTO employees operated within the parameters of its policies and procedures. The OIG informed the complainant of the same and closed the case.

### **17-0017-INV**

The complainant alleged that City of Detroit contractor, Professional Asbestos Services, Inc. (PASI), submitted falsified documentation indicating all asbestos containing material had been removed from 18 properties when it had not actually been abated. The OIG conducted interviews, analyzed pre-demolition asbestos/ hazardous materials surveys, post-abatement verification inspections, and paperwork submitted by the contractor. This analysis led the OIG to conclude that the contractor either knowingly falsified documentation indicating all work was complete when it was not, ignored material that was left in place during final inspection, or purposefully neglected to inspect the property after the crews completed their work. The OIG recommended that PASI be disciplined in accordance with Detroit Land Bank Authority (DLBA)

policy for submitting fraudulent documentation as proof of work completed. It was also recommended the DLBA re-evaluate its relationship with PASI moving forward since their actions potentially exposed residents to airborne contaminants that are known to be hazardous to human health. The DLBA accepted the OIG's recommendation and has ceased to work with PASI since the issuance of the OIG report.

#### **17-0059-INV**

The complainant alleged that a BSEED inspector solicited a bribe from a person involved in a development project. The OIG interviewed the owner, general contractor, and mechanical subcontractor of the development project and determined that the BSEED inspector conducted a proper inspection of the development property and recommended certain changes that were needed in order to receive a passing inspection. There was no evidence to substantiate the allegations that the BSEED inspector solicited a bribe or accepted payments in exchange for the passing inspection.

#### **17-0061-INV**

An employee of the Finance Department – Office of the Assessors submitted a complaint alleging that a certain supervisory employee created a hostile work environment. The OIG referred the allegation to the Office of Civil Rights, Inclusion and Opportunity (CRIO) (formerly known as the Human Rights Department), as it is the investigating agency for harassment allegations. CRIO recommended the Chief Financial Officer take certain measures to ensure the administrative employee in question is in compliance with Executive Order 2014-2 Internal Policy Against any and All Forms of Discrimination/Sexual Harassment.

#### **17-0062-INV**

The complainant alleged that a lifeguard at Heilman Recreation Center told her son to jump into the seven-foot end of the pool, although it was only his second day of instruction. In addition, she indicated that the lifeguard yelled at her son even though he was having trouble breathing. After an uncomfortable verbal exchange with the lifeguard, the complainant left the Center and spoke with Recreation Department Director Keith Flournoy. The OIG interviewed Director Flournoy, who indicated that based on the conversation with the complainant, he arranged for the lifeguard to attend additional training. Based on a review of the topics covered in the training, successful completion of this program should prevent further occurrences of similar incidents. Based on the OIG intervention, the Recreation Department implemented measures to improve its customer service to mitigate the chances of a similar incident.

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