

City of Detroit
Office of the Inspector General
2018 1st Quarterly Report
(January 1, 2018 – March 31, 2018)



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Inspector General

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A Message from the Inspector General



The following pages of this report contain a brief description of the duties and responsibilities of the Office of the Inspector General (OIG) under the City Charter, how the Office operates; how complaints are processed and resolved; information pertaining to investigations initiated and resolved during the 1st quarter of Calendar Year 2018 (January 1, 2018 – March 31, 2018)¹.

In that regard, I would like to thank my staff, who worked tirelessly to preserve honesty and integrity in the City government during the 1st quarter of Calendar Year 2018. 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.

¹ My tenure as the Inspector General began on August 20, 2018, during the 3rd quarter of 2018. However, this quarterly report will cover the activities of the OIG from January 1, 2018 – March 31, 2018, which covers the 1st quarter of 2018.

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: 1st Quarter of 2018

Between January 1, 2018 and March 31, 2018, 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**.

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 or www.detroitmi.gov/inspectorgeneral

(The website 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."

2018 1st QUARTER OIG STATISTICS

(January 1, 2018 – March 31, 2018)

Sources of Complaints Received by the OIG in the 1st Quarter

Complaint Source	Number Received
Internet (Website)	40
Telephone Hotline	12
OIG Telephone	3
Mail	1
Personal Visit	3
Email	5
Total	64

Categories of Complaints Received by the OIG in the 1st Quarter

Categories of Complaints	Number Received
Waste	0
Abuse	35
Fraud	21
Corruption	6
Other	2

Number of How Complaints Were Resolved by the OIG in the 1st Quarter

Open investigative files	15
Decline investigation or Referral	49

Categories of OIG Investigations Initiated by the OIG in the 1st Quarter

Categories of Investigations	Number Received
Waste	0
Abuse	6
Fraud	5
Corruption	4

Investigations Referred to Law Enforcement in the 1st Quarter

Cases Referred	0
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Status of OIG Investigations in the 1st Quarter

Open	Closed
15	12

Short Summary of Investigations Closed in the 1st Quarter of 2018

The following reflects twelve (12) investigations the OIG closed in the 1st Quarter of 2018 with an accompanying synopsis for each investigation.

17-0002-INV

The complainant alleged that a Municipal Parking Department (MPD) employee abused his authority when he falsely ticketed him. The OIG explained that we do not serve as an appellate reviewer of MPD tickets, and that he would be better served dealing directly with the MPD. The complainant explained that he had already done this, and believes that the ticket was so obviously incorrect that a MPD employee must have engaged in abuse. The OIG agreed to initiate an investigation pending documents from the complainant that showed this level of abuse. After receiving the documents, the OIG determined that it did not rise to a level that would justify an OIG investigation and promptly closed the case.

17-0020-INV

The complainant alleged the Detroit Land Bank Authority (DLBA) abused their authority by acquiring properties through the Nuisance Abatement Program (NAP). The complainant submitted a law review article written by Yxta Maya Murray, a Loyola Law School professor, as documentation in support for the allegation. After having reviewed the documentation, the OIG found that Professor Murray's article made no reference of any claims of abuse of authority or corruption by any employee or city department involved in the DLBA's NAP. The OIG determined the constitutionality of the program is not a question that the OIG can appropriately answer; rather, it is a matter for the judicial system. Therefore, the OIG closed the case.

17-0028-INV

The complainant alleged that a Detroit Water and Sewerage Department (DWSD) manager did not follow proper procedure when he posted a promotional job opportunity. The complainant further alleged that his hiring decision was the result of ethnic and gender bias. The OIG determined that the DWSD had already conducted an investigation into the allegations, concluding that the DWSD manager posted the job opening on NEOGOV for an appropriate amount of time and several DWSD employees were provided the opportunity to apply and interview for the job. Therefore, the OIG closed the case.

17-0032-INV

The complainant alleged that the Detroit City Clerk's Office (City Clerk) fraudulently disqualified the complainant from running for a public office. In addition to filing a complaint with the OIG, the complainant filed an appeal with the Michigan Secretary of State (MSOS). The OIG determined that the MSOS would be the more appropriate entity to investigate the matter and would suspend the OIG's investigation pending MSOS' findings. The MSOS found that the complainant did not meet the qualifications to run for public office. Because there was no reason to dispute the MSOS decision, the OIG closed the case with no action.

17-0041-INV

The complainant alleged that a City of Detroit demolition contractor damaged the sidewalk in front of his home while performing work on a neighboring property. When the complainant attempted to determine who was responsible for the damage with a record request to the DLBA, they claimed that they did not have records reflecting the demolition of this property even though the complainant believed that they owned the property. The OIG contacted the DLBA, the

Michigan Land Bank (MLB), the Buildings, Safety Engineering, and Environmental Department (BSEED), and the demolition contractor to determine if any abuse occurred in this demolition. Based on our review of the demolition contract in question, the MLB contracted with said company for bulk demolition, one of the properties being the complainant's neighboring property. Because the MLB is a State of Michigan entity, it does not fall within the OIG's jurisdiction. We informed the complainant of our findings and closed the case.

17-0042-INV

The complainant alleged that public servants with the Board of Ethics (BOE) and the City of Detroit Ombudsman's Office abused their authority by failing to investigate the complainant's allegations filed with these offices. The OIG determined that the BOE and the Ombudsman had each investigated the complainant's allegations. The BOE dismissed the complainant's allegation citing lack of sufficient evidence to support the allegation. The Ombudsman's complaint remained open pending a meeting with the complainant. Therefore, the OIG closed the case.

17-0043-INV

An anonymous complainant left a message for the OIG alleging that an individual in a city vehicle used profane language in front of a minor. The complainant did not leave their contact information, so the OIG was unable to follow-up or conduct a proper investigation. However, because the complainant included the vehicle I.D. number in the complaint, and the OIG was able to determine that the vehicle was assigned to the Department of Public Works (DPW). The OIG therefore informed DPW Director, Ron Brundidge, of the complaint for his appropriate action and closed the case.

17-0051-INV

The Group Executive of Civil Rights, Inclusion, and Opportunity (CRIO) requested that the OIG review an investigation they conducted into an allegation of discrimination and sexual harassment by an elected official. CRIO concluded that there was insufficient evidence to substantiate the complainant's allegations, but because of the high-profile nature of the investigation, and because it involved an elected official, CRIO requested that the OIG review CRIO's investigation and findings. The OIG reviewed CRIO's investigative report and supporting documentation, and conducted interviews with the CRIO investigators. Based on our review, the OIG found no evidence to dispute CRIO's investigative conclusion.

17-0055-INV

The Office of the Chief Investigator (OCI) received a complaint from a Detroit Fire Department (DFD) official that alleged a Board of Police Commissioners (BOPC) employee abused their authority. At an event hosted by members of the DFD, a member of the Detroit Police Department (DPD) expressed interest in erecting a DPD recruiting tent. The DFD official informed the DPD member that because the event was not related to official city business, he would not permit DPD to open a recruiting tent at the event. When the DPD member informed the BOPC about the incident, the BOPC employee contacted the DFD official. The DFD official felt that the BOPC employee was attempting to influence him outside of the BOPC employee's authority. Therefore, he reported the incident to the OCI. Because the BOPC has administrative oversight over OCI, the allegation was forwarded to the OIG for investigation. The OIG found that there was a miscommunication between the parties and that there was no evidence of abuse of authority. The OIG closed the case.

17-0070- INV

The complainant alleged that Retirement System City of Detroit (RSCD) administrative personnel abused their authority by changing the complainant's employment start date, negatively affecting his pension calculation. The OIG contacted the City of Detroit Law Department and found the Law Department issued a formal legal opinion pertaining to the complainant's allegations. Because this matter required legal interpretation, the OIG determined we have no jurisdiction over this matter. Furthermore, the OIG found no evidence RSCD administrative personnel abused their authority in the determination of the complainant's start date.

18-0001-FOI

The OIG received a Freedom of Information Act (FOIA) Request that a member of the public submitted to the City of Detroit Law Department on January 18, 2018. It requested information related to any investigation the OIG may have conducted about the alleged harassment of a former contractor by a former elected official. The OIG forwarded the documents to the City of Detroit FOIA coordinator on January 22, 2018.

18-0006-INV

The complainant alleged that a BSEED Business Licensing Center (BLC) investigator instigated an argument with him, and then retaliated against him and his business during a follow-up inspection the next week. During the inspection, the complainant did not receive any citation from the inspector in person; however, he received a citation in the mail from the investigator. Shortly after contacting the OIG, the complainant spoke with BLC Manager Kevin Jones and took steps to appeal the ticket. The OIG decided that a verbal altercation between a BLC investigator and business owner would be a matter best resolved by the investigator's supervisor, Mr. Jones. Moreover, since the ticket at issue was being addressed by BLC's appeal process, the OIG closed the case with no action.