

**City of Detroit**  
**Office of the Inspector General**  
**2018 2<sup>nd</sup> Quarterly Report**  
(April 1, 2018 – June 30, 2018)



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**Inspector General**

**September 28, 2018**

## 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 2<sup>nd</sup> quarter of Calendar Year 2018 (April 1, 2018 – June 30, 2018)<sup>1</sup>.

In that regard, I would like to thank my staff, who worked tirelessly to preserve honesty and integrity in the City government during the 2<sup>nd</sup> 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.

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<sup>1</sup> My tenure as the Inspector General began on August 20, 2018, during the 3<sup>rd</sup> quarter of 2018. However, this quarterly report will cover the activities of the OIG from April 1, 2018 – June 30, 2018, which covers the 2<sup>nd</sup> 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: 2<sup>nd</sup> Quarter of 2018

Between April 1, 2018 and June 30, 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**.

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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 identify 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 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 2<sup>nd</sup> QUARTER OIG STATISTICS

(April 1, 2018 – June 30, 2018)

## Sources of Complaints Received by the OIG in the 2<sup>nd</sup> Quarter

Complaint Source	Number Received
Internet (Website)	19
Telephone Hotline	16
OIG Telephone	3
Mail	3
Personal Visit	3
Email	6
<b>Total</b>	<b>50</b>

## Categories of Complaints Received by the OIG in the 2<sup>nd</sup> Quarter

Categories of Complaints	Number Received
Waste	0
Abuse	24
Fraud	20
Corruption	3
Other	3

## Number of How Complaints Were Resolved by the OIG in the 2<sup>nd</sup> Quarter

Open investigative files	7
Decline investigation or Referral	43

### Categories of OIG Investigations Initiated by the OIG in the 2<sup>nd</sup> Quarter

Categories of Investigations	Number Received
Waste	0
Abuse	4
Fraud	2
Corruption	1

### Investigations Referred to Law Enforcement in the 2<sup>nd</sup> Quarter

Cases Referred	0
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### Status of OIG Investigations in the 2<sup>nd</sup> Quarter

Open	Closed
7	3

## **Short Summary of Investigations Closed in the 2<sup>nd</sup> Quarter of 2018**

The Following reflects three (3) investigations the OIG closed in the 2<sup>nd</sup> Quarter of 2018 with an accompanying synopsis for each investigation.

### **17-0038-INV**

The complainant alleged that the Buildings, Safety Engineering, and Environmental Department (BSEED) abused their authority by granting a conditional approval to a prospective Medical Marihuana Caregiver Center (MMCC) that violated the Detroit Zoning Ordinance's spacing requirements. The OIG found that granting a conditional approval for this MMCC was entirely within BSEED's authority. Among other requirements, the conditional approval letter states that the MMCC must obtain a spacing waiver from the Board of Zoning Appeals (BZA) before it is able to begin operations. Furthermore, a BZA hearing on this matter allows for community members to object or advocate for granting such spacing variances. The OIG closed the case and concluded that not only did BSEED not abuse their authority in granting a conditional approval for the MMCC, but that the BZA hearing is the proper venue for the complainant to voice his concerns.

### **17-0040-INV**

The complainant alleged the Detroit Lank Bank Authority's (DLBA) City Employee Discount Program violated the City Charter because the program does not offer equal opportunity to all residents, and there is no occupancy requirement for city employees. The OIG reviewed the DLBA's policies and procedures governing this program and conducted an interview with the program administrator, and found no evidence of misconduct by any public servant on this matter. Before closing the case, the OIG advised the complainant that if she was still concerned about the legality of the program, she may wish to follow up with the City of Detroit Law Department.

### **18-0002-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 April 9, 2018. It requested a copy of the investigative report regarding a complaint made against the Detroit Department of Transportation (DDOT) Director. The Law Department denied this FOIA request on May 11, 2018 because the OIG had yet to complete the investigative report.