

City of Detroit

Office of the Inspector General

2019 1st Quarterly Report

(January 1, 2019 – March 31, 2019)



Ellen Ha, Esq.
Inspector General

April 15, 2019

A Message from the Inspector General



This report will cover the work performed by the City of Detroit Office of the Inspector General for the first quarter of Calendar Year 2019. We began the year by auditing our own investigative files. Thereafter, we have resolved to close out as many investigations as we can that have been put on hold for one reason or another over the years. Therefore, this and the next few reports will contain investigative summaries for some of our older files.

The 2012 Charter of the City of Detroit mandates this office “to ensure honesty and integrity in City government by rooting out waste, abuse, fraud, and corruption.” Waste, abuse, fraud or corruption within a governmental system is like a disease that can spread unless it is first detected, contained, and treated or rooted out.

City officials derive their power and authority from the Charter, through the people. Therefore, those who work for the government, including contractors who work for the City, are entrusted by the people to conduct themselves to the highest professional standards. In short, to “ensure honesty and integrity” in our government, we must first exemplify honesty and integrity in us.

The City of Detroit Debarment Ordinance, which became effective on August 10, 2018, charges our Office to investigate and debar contractors and subcontractors who are not responsible parties. If contractors and subcontractors are not honest and do not have integrity, our Office has the authority to suspend and/or to debar them from working with the City of Detroit.

We also began the year by sending out introductory letters to all City agencies and department; meeting with several agency and department representatives; as well as updating the OIG Liaison Contact List. We have also proposed and initiated an OIG workgroup with some of the City’s agencies and departments to work together proactively to prevent waste, abuse, fraud and/or corruption in the City.

We rely on you, the people, employees, contractors, and officials to work with us to identify and to report waste, abuse, fraud and corruption in the City. You are the eyes and ears that can assist us in identifying waste, abuse, fraud and corruption; and we are the body that will respond to what you see and hear, where and when required.

Honesty and integrity are not ideals or guiding principles of government. They are ways we must govern and conduct business in the City. Honesty equates trust and integrity yields respect. People must be able to trust and respect those who govern. The OIG in the City of Detroit is the body created by the City Charter to ensure that we do not stray from honesty and integrity.

The following pages of this report contain a brief description of the duties and responsibilities of the Office of Inspector General (OIG) under the City Charter, including how the Office operates; how OIG complaints are processed and resolved; and relevant information pertaining to investigations initiated and resolved during the 1st Quarter of Calendar Year 2019 (January 1, 2019 – March 31, 2019).

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 2019

Between January 1, 2019 and March 31, 2019, the City of Detroit Office of the Inspector General (OIG) personnel consisted of:

Ellen Ha, Esq., **Inspector General (IG)**;
Kamau Marable, **Deputy IG**;
Jennifer Bentley, Esq., **OIG Attorney**;
Edyth D. Porter-Stanley, **Forensic Auditor***;
Beverly L. Murray, **Forensic Auditor***;
Jacqueline Jackson, **Investigator**;
Kelechi Akinbosedede, Esq., **Investigator**;
Derek Miller, **Investigator**;
Kasha Graves, **Executive 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 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 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."

2019 First QUARTER OIG STATISTICS

(January 1, 2019 – March 31, 2019)

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

Complaint Source	Number Received
Internet (Website)	16
Telephone Hotline	10
OIG Telephone	1
Mail	3
Personal Visit	1
Email	12
Other	1
Total	44

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

Categories of Complaints	Number Received
Waste	2
Abuse	16
Fraud	3
Corruption	4
Other	19

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

Open investigative files	12
Decline investigation or Referral	32

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

Categories of Investigations	Number Received
Waste	1
Abuse	4
Fraud	3
Corruption	4
Other	0

Status of OIG Investigations in the 1st Quarter

Opened	Closed
12	43

Short Summary of Investigations Closed in the 1st Quarter of 2019

The following reflects forty-three (43) investigations the OIG closed in the 1st Quarter of 2019 with an accompanying synopsis for each investigation.

12-005

The OIG received a complaint that the Institute for Population Health (IPH) was embezzling money from the City of Detroit Health Department. At the time, the Health Department was in the beginning stages of transferring some of its services to IPH. The Health Department earned revenue that it later deposited into accounts belonging to IPH. The deposits were authorized by the City's former Chief Operating Officer. The money deposited into the IPH accounts was repaid to the City, and the OIG found no evidence that IPH intended to defraud the City. Therefore, the OIG closed the case.

12-007

The OIG received a complaint that the Department of Human Services (DHS) was improperly using federal grant dollars. Unfortunately, DHS was shuttered by a prior administration, and the documents needed to investigate the allegation were either misplaced or destroyed. Without the records, the OIG was unable to determine how the grant funds were used, and was forced to close the case with no action.

2013-0025

A former Health Department Director dismissed the former Registrar of the Vital Records section after credible allegations of poor management and performance. Subsequently, the Director requested that the OIG investigate the Vital Records section to determine if there was any fraudulent or negligent behavior. The OIG analyzed financial documentation related to funds collected and deposited from the sale of birth and death certificates. Based on the comparison of daily cash register records to weekly deposit records for approximately nine months, the OIG determined there was evidence to support the decision to terminate the Registrar's employment. Specifically, the OIG identified \$52,214 collected through the Vital Records section that was not deposited into the Health Department's bank account. However, due to the involvement of a second person in the deposit process, the OIG was unable to identify sufficient evidence to pinpoint the individual responsible for the alleged fraudulent activity. In addition, one of the employee had already been terminated from her employment by the Health Department officials because of this incident. Moreover, the Health Department discarded the Vital Records section for unrelated reasons. Therefore, the OIG closed this case with no further action.

2013-0077

The OIG initiated this case after discovering an error by a payroll clerk that resulted in the City inappropriately issuing a payroll check to a former employee. In an effort to ensure that the City had not made a similar mistake in the past, and would not make a similar mistake in the future, the OIG contacted the Department of Innovation and Technology (DoIT). DoIT personnel indicated the payroll system in question could not provide information that would identify past mistakes similar to this. However, DoIT recently instituted the new Ultipro payroll system which has controls that will prevent such future occurrences. Specifically, Ultipro requires that the City grant each employee's independent access to the system and personally input their time for each pay period. Subsequently, each employee's supervisor approves each employee's entries before the system will generate a paycheck for each employee. The procedure should prevent the

clerical errors resulting in the system generating paychecks to employees who do not have access to the system. Therefore, the OIG closed this case with no action.

2013-0079

The complainant alleged that the Detroit Workforce Development Department (DWDD) mishandled contracts related to transportation services on two separate occasions. The first involved a contract being awarded for less than the amount listed on the Request for Proposals (RFP). The OIG found that the reduction came from negotiations with the vendor amid concerns about the vendor's ability to fulfill the full needs of the contract. The OIG did not find any evidence of abuse in DWDD's decision to lower that contract amount from the amount listed in the RFP.

The second complaint alleged that DWDD inappropriately consulted with the Detroit Department of Transportation (DDOT) prior to completing specifications for a Request for Qualifications (RFQ). At some point during the consultation, DDOT expressed an interest in bidding for the services. DWDD not only allowed DDOT to bid, but included their bid in the RFQ package. The complainant believed this process undermined the bid process, and gave DDOT an unfair advantage. The OIG found that a department, or any individual or company that consult in crafting an RFQ, should not then be able to bid on the same RFQ. However, the contract was cancelled prior to the complaint being received by the OIG, and DWDD no longer exists as a City department. Therefore, the OIG closed the case with no action.

2013-0083

The OIG opened this case to ensure that the office was in compliance with all the stated rights and responsibilities given to the OIG in the 2012 Charter of the City of Detroit (Charter). Pursuant to this endeavor, the OIG worked with the Law Department which the Charter tasked with drafting the OIG Administrative Hearing Rules and Debarment Ordinance.

2014-0004

An anonymous complainant faxed the OIG a copy of an invoice for a Detroit Water and Sewerage Department (DWSD) vendor. The fax did not include a specific allegation of fraud, abuse, waste, or corruption. The OIG interviewed DWSD procurement staff and read the contract related to the vendor in an attempt to decipher the complaint, but could not identify any misconduct. Therefore, the OIG closed this case with no action.

2014-0010

An anonymous complainant faxed the OIG a DWSD cover sheet and an invoice from a DWSD vendor. The note on the cover sheet read, "Please investigate misconduct, contract writing specifications and request for proposals". The OIG read the contract and reviewed the invoice. The OIG also obtained verification that, based on a ruling by Judge Sean F. Cos, DWSD has the authority to establish contracts without the approval of the Detroit City Council. Furthermore, according to DWSD procurement administration, the contracts were established through DWSD's normal procurement process. Therefore, the OIG closed the case with no action.

2014-0060

A former DWSD employee alleged that a DWSD administrator used and disposed of DWSD equipment for their own personal benefit. However, based on the information the complainant provided, it was not possible for the OIG to determine the existence or previous location of the equipment he alleges was mishandled. Furthermore, DWSD administrative personnel indicated the inventory records were not sufficiently maintained in relation to assets disposed of through the City-wide asset disposal process. Without sufficient documentation, it was not possible to

determine whether the items were sold, written out of inventory due to depreciation, or disposed of inappropriately. Therefore, the OIG closed this case with no action.

2014-0103

The OIG received a complaint alleging that the City of Detroit's short-term and long-term disability programs allowed Detroit Fire Department (DFD) employees to (1) easily get duty disability regardless of actual need; and (2) receive payments for an amount of time that may exceed medical necessity. While the OIG was investigating this matter, the OIG received a complaint alleging that a specific DFD employee was receiving long-term duty disability while being gainfully employed by a federal agency. The OIG initiated Case No. 2014-DW-0089. As such, the OIG combined the two cases, identifying both as Case No. 2014-DW-0089. As a result, the OIG closed this case with no action.

2014-0220

On June 29, 2014, a Councilmember was arrested on suspicion of drunken driving in Southfield in his City of Detroit vehicle. On October 24, 2014, the Councilmember pleaded guilty to operating a vehicle while intoxicated and having an open container of alcohol in his vehicle. He was ordered to serve seven days in jail and two years of probation.

The OIG reviewed the General Services Department's (GSD) *Rules For Use of City of Detroit Motor Vehicles* and *Human Resources Directive 2014 Eligibility Standards for Driving Assignments*. The OIG found that the GSD's *Rules for Use of City of Motor Vehicle* applies to all City of Detroit vehicle operators, including elected officials, appointees, and employees. However, according to Risk Management Division personnel, discipline associated with this policy lies solely on the employing department and the director. As such, the Council President required the Councilmember to turn in his city-owned vehicle. Therefore, the OIG closed the case.

2014-0270

The complainant alleged that the former Executive Director of the Retirement System of the City of Detroit (RSCD) improperly increased her annual salary without the knowledge or approval of the RSCD Trustees (the Boards). The OIG initiated this investigation into the salary increases for the former Executive Director and several other RSCD employees to determine whether the Executive Director abused her authority. The OIG determined that the salary increases were approved by the Boards and were not the result of improper action.

The OIG also reviewed the RSCD's use of a supplemental payroll which provides several RSCD employees with a supplemental paycheck in addition to their regular City of Detroit payroll check. The OIG found that the supplemental payroll lacks transparency and oversight leaving it vulnerable to abuse. The OIG recommended the Boards conduct a review and make a decision regarding the continued use of the supplemental payroll, as the initial reason it was established was resolved through a court judgment.

While not a part of the original complaint, the OIG discovered waste and abuse in a study supplement paid to the former Head Accountant. The RSCD paid the former Head Accountant almost \$40,000 over 14 months to study for the Certified Public Accountant (CPA) exam. The study supplement was designed and implemented by the former Executive Director. The OIG concluded that it was inconsistent with generally accepted compensation practices within City government; lacked reasonable controls to avoid overpayments or fraud; and failed to adequately

protect RSCD from losing the “investment” it was making in the former Head Accountant’s professional development. The OIG’s investigation revealed that the former Executive Director was given authority to retain employees. However, it is unclear if said authority included the ability to construct the study supplement plan paid to the former Head Accountant.

2014-0388

The OIG opened an investigation into the application and effectiveness of the City of Detroit’s vehicle policies as a result of several complaints received by the OIG concerning abuse of city vehicles. While investigating these complaints, the OIG identified potential deficiencies with the City’s policies and concluded that these policies should be reevaluated to reduce the risk and occurrence of waste and abuse. However, to determine the potential areas of waste and abuse, an audit of the policies and procedures needs to be conducted. Therefore, the OIG is determining the next steps in conducting an audit of the vehicle use policies to prevent potential waste and abuse.

2015-0060

The OIG opened this case to research (1) whether an investigation can be initiated, or continue, after an active employee has given notice of their retirement in an effort to circumvent an OIG investigation where he or she is accused of engaging in fraudulent, corrupt, wasteful, or abusive conduct; and (2) if an investigation can be initiated or continue how can discipline, if any, be applied to ensure the disciplinary process can proceed to its natural closure. The OIG found that there was little case law that provided guidance. Therefore, the OIG determined that if such an issue arose again, this was a question best presented to the Law Department for a legal opinion.

2015-0068

The complainant alleged that the Buildings, Safety Engineering, and Environmental Department (BSEED) wrongly issued permits for two used auto sales businesses despite missing and altered records. The OIG reviewed BSEED records, and interviewed employees with BSEED and the State of Michigan Business License Department. The OIG found that BSEED mistakenly issued a used auto sales permit to one of the businesses. Therefore, BSEED rescinded the permit shortly afterwards. In addition, there is no evidence that BSEED ever issued the other business a permit. As such, the OIG closed the case with no further action.

2015-0075

The OIG received a complaint alleging that a developer who participated as a City of Detroit contractor in the US Housing and Urban Development (HUD) initiative Neighborhood Stabilization Program (NSP-1) did not utilize the members of the proposed development team it submitted to gain approval. Furthermore, it failed to notify the City of Detroit that it had amended the team members.

The OIG found that the NSP-1 program required the developer to identify a development team for a complete response to the City of Detroit. However, the project selection and award was based on scoring which was comprised of financial feasibility, location, and readiness to proceed. Points were not awarded based on the identification of development team members. Therefore, the developer did not receive projects as a result of misrepresenting the development team. The OIG closed the case with no action.

2015-0175

A citizen complained that the City should remove a tree on the property where he lives and one on the berm in front of the house next door. The OIG contacted the City's General Services Department (GSD) to determine whether the City was responsible for removing either of the trees. According to GSD policy, the City is not responsible for removing tree on the complainant's property or the tree on the berm next door. The tree on the complainant's property is his responsibility while the tree on the berm is the responsibility of the homeowner. GSD would only be responsible for removing these trees if they were in danger of falling. The OIG closed the case with no action.

2016-0074

The OIG received a complaint alleging that a Detroit Building Authority (DBA) vendor, Professional Services Industries, Inc. (PSI), was (1) receiving more work than other vendors; (2) completing work without a valid contract; and (3) not complying with the terms of the blanket contract agreement. The OIG did not find evidence that the DBA abused its authority in assigning work to PSI. The work performed by PSI on orders from the DBA, without a valid contract in place, appear to have been the result of a lack of understanding of the blanket purchase contract process by both parties rather than fraud, abuse, waste, or corruption. There were instances when PSI did not comply with the terms of their contract by including fees not consistent with the contract. However, there is no evidence this was an attempt to inflate the invoices. It appeared to be the inclusion of a fee that was allowable on prior invoices. The OIG recommended additional training by all staff and vendors involved in the procurement process regarding the appropriate documents and approvals necessary before vendors can begin to provide services to the City of Detroit.

2016-0080

The OIG received a complaint alleging that Mayor Duggan's appointment of Detroit Chief of Police James Craig as his acting mayor in his absence from the City or incapacitation was improper and in violation of the Charter. This complaint raised a legal question which the OIG determined should be addressed by the Law Department. Therefore, the OIG referred the matter to the Law Department and closed the case.

2016-0081

A former Public Lighting Department (PLD) employee alleged the City wasted resources by entering into a contract with TMC Alliance (TMCA) for them to provide Standard Operating Procedures related to PLD operations. The complainant contends that TMCA failed to craft the SOP's. Instead, TMCA plagiarized SOP's she created while employed by PLD. Based on the OIG's review of the contract, TMCA was required to provide project management services to transition PLD's system to DTE. Although the contract included establishing SOP's, it also stated that PLD would provide TMCA with full access to preexisting PLD policies and procedures. As a result, in the event TMCA used the SOP's the complainant indicated she created, it would not be inappropriate. Therefore, the OIG closed this case with no action.

2016-0084

The complainant alleged that a DDOT subcontractor submitted false invoices and insurance paperwork. The subcontractor is tasked with helping a DDOT contractor operate the MetroLift program. The OIG interviewed staff with DDOT and the contractor, and reviewed the alleged fraudulent invoices. There was no evidence to substantiate the allegation. The OIG closed the case with no further action.

17-0001-INV

The complainant filed a complaint with the City of Detroit Board of Ethics (BOE) alleging the City's actions to purchase a Midtown property from the Wayne County Tax, and the City's subsequent sale was improper. During a BOE meeting, a board member stated that they referred the complaint to the OIG. Later, when the complainant asked the BOE for information about the referral, the BOE failed to provide this information. Thus the complainant filed a complaint with the OIG to investigate why the BOE did not refer her complaint as they claimed. The OIG found that the BOE conducted their own investigation, but based on its findings felt that there were still issues for the OIG to investigate. The OIG informed the complainant that an investigation was initiated and closed this case with no further action.

17-0013-INV

The BOE requested that the OIG examine the actions taken by the Housing and Revitalization Department (HRD) to acquire certain tax foreclosure properties from the Wayne County Treasurer through the City's right of first refusal. The OIG interviewed HRD and Planning and Development Department (PDD) leadership, along with several employees. These interviews, coupled with a review of HRD documents allowed the OIG to conclude that: 1) HRD's acquisition of the properties from the Wayne County Treasurer was initiated at the request of six non-profit organizations; 2) HRD did not have a written standard policy in place related to exercising the City's right of first refusal on behalf of non-city agencies because it was HRD's first time receiving this type of request; 3) HRD suspended the process following discussions with the Law Department and the Detroit City Council after questions were raised about how their process related to opportunity, fairness and compliance with City policies; and 4) HRD stated they would establish a set written policy before these types of requests will be reviewed in the future. While HRD's approval of the acquisition of the properties was not based on a set policy, the OIG found no evidence HRD's decision involved fraud, abuse, waste, or corruption. The OIG recommended that HRD work with the Law Department to establish a policy that outlines a process for these types of requests.

17-0016-INV

The OIG received a complaint alleges that a bus driver (TEO) did not qualify to hold his position with DDOT because he did not possess a high school diploma and had a criminal record. The OIG contacted the City's Human Resources Department (HR) and determined that HR does not automatically disqualify the driver for the position based on his educational status or criminal history. Therefore, the OIG closed this case with no further action.

17-0019-INV

The OIG received a complaint from the City's Treasury Division (Treasury) that a private citizen attempted to cash fraudulent checks bearing the City's bank account number. The OIG contacted the credit union at which the individual deposited the checks. The credit union's Chief Financial Officer (CFO) stated she knew the individual who deposited the checks and indicated she filed a police report with the Warren Police Department. The OIG referred the case to the Detroit Police Department (DPD) and closed the case.

17-0023-INV

A BSEED employee alleged that her manager fraudulently altered an approval letter for a Medical Marijuana Caregiver Center (MMCC) in order to allow the MMCC to begin operations without being in compliance with zoning regulations. A review of BSEED records show that there were two letters for the MMCC applicant: the first showed that the MMCC needed to

obtain a variance to be allowed to operate within 1000' of two religious institutions. The second letter did not mention the religious institutions. However, records with the Assessor's Office show that inspections at the two religious institutions took place between the dates of the two letters. The inspections resulted in both institutions being placed back on the tax roll. Therefore, they are not designated as religious institutions per the MMCC ordinance. Because of this change in tax status, the OIG determined that the second approval letter was appropriate and closed the case with no action.

17-0025-INV

A prospective MMCC owner submitted two complaints to the OIG alleging that BSEED favored competing MMCC applications over his own. After the OIG requested evidence to support his claim, the complainant sent two emails between City officials discussing two tax-exempt properties. However, neither of these emails suggested abusive behavior. Furthermore, the complainant refused to respond to further OIG inquiries.

Because of the complainant's lack of cooperation, the OIG could only speculate why, if at all, the complainant's MMCC license was delayed. After speaking with the manager of BSEED's Plan Review Division, it is not unusual for an applicant to surpass another. It all depends on how quickly an applicant submits the required documentation. Given a reasonable explanation for one applicant to pass another, and the complainant's lack of cooperation, the OIG closed the case with no further action.

17-0030-INV

The complainant alleged that a City park was improperly zoned leading to BSEED inappropriately denying his MMCC application. The complainant did not make a specific allegation of fraud or abuse. Therefore, the proper venue for him to appeal BSEED's decision was at the Board of Zoning Appeals (BZA). The OIG closed this case with no action.

17-0050-INV

The complainant alleged that an entertainment company failed to compensate him for providing security at an event at Hart Plaza, and failed to provide him with the resources necessary to secure the event. The OIG found that the Recreation Department is responsible for monitoring all events at Hart Plaza. They routinely send inspectors to evaluate the security situation at events. Recreation Department records did not indicate that there were any security issues. Furthermore, it is not within the OIG's jurisdiction to evaluate a business relationship between two private entities. Therefore, the OIG closed the case with no action.

17-0053-INV

The complainant filed a complaint with the OIG and HRD alleging the repairs made to his home through an HRD-administered grant were poorly done. HRD ordered the contractor to return to the complainant's home and make the necessary repairs. The OIG concluded HRD was the appropriate agency to handle the complaint as there was no indication of fraud or abuse. The OIG closed the case with no further actions taken.

17-0054-INV

The complainant received a letter from a company claiming to be a collection agency for the City of Detroit stating he owed City income taxes for 2013. The complainant claimed he never lived in Michigan and has no children or family that lives in Michigan. The complainant contacted the OIG because he has been unable to contact the City's Income Tax Department to confirm that the collection agency is a city vendor. The OIG provided the complainant with the proper contact information for the City's Income Tax Department and closed the case.

17-0068-INV

The OIG received a referral from the City of Detroit Auditor General regarding improper garnishment payments. The OIG determined that checks totaling over \$265,000 had been improperly issued to two individuals. These two individuals had no employment history with the City of Detroit and had no City of Detroit income to be garnished. Further investigation revealed the amount of the checks were improper for any legal garnishment and did not match any City of Detroit employment salaries. The OIG determined garnishments were processed solely by one employee who was the mother of the individual payees on the fraudulent checks. Subsequently, the OIG referred the case to DPD, which then referred the case to the Federal Bureau of Investigation. The employee was terminated, and later pled guilty and was sentenced to 18 months in prison. She was further ordered to pay restitution of approximately \$205,000.

17-0073-INV

The OIG received an anonymous complaint that a former DPD officer was fraudulently claiming duty disability benefits. The complainant alleged the officer plays softball, walks ½ a mile per day, rides a bike weekly, and jokes about the injury. The OIG's investigation revealed that DPD employed two officers with the same name. Personnel medical records showed one officer had duty disability retirement that was converted to a regular retirement approximately ten years ago. The other officer is active with DPD. The complainant's anonymity prevented the OIG from asking follow-up questions that would have allowed the OIG to identify which officer was the subject of the complaint. Therefore, the OIG closed the case with no action.

17-0074-INV

The complainant submitted a similar complaint for a past case (17-0071-INV) regarding a dispute between two prospective MMCC's. The primary difference between this complaint and the previous complaint is that this complainant alleged that a timely appeal against one of the MMCC's was ignored by the BZA. The OIG notified the complainant that we would not be investigating the claims that were previously alleged in 17-0071-INV, as these issues were currently involved in litigation. It has long been the practice of the OIG not to investigate claims currently being litigated. The complainant was aware of this practice, and yet continued to send information relevant to 17-0071-INV. Before the OIG could conclude this investigation, the complainant filed a lawsuit alleging that the BZA ignored a timely appeal. Therefore, the OIG adhered to its long-standing practice and closed the case with no action.

18-0005-INV

A Detroit City Councilmember received an anonymous complaint alleging DPD officers were accepting cash bribes and favors from the owner of a club. In exchange, the DPD officers ignored the criminal activity which included illegal drugs and sexual solicitation. The Councilmember forwarded copies of this complaint to the Detroit Police Chief, the Board of Police Commissioners (BOPC) and the OIG. DPD's Internal Affairs Unit investigated the complaint and found no evidence to support the allegation. The investigation only revealed the location had some Michigan Liquor Control Commission (MLCC) violations. The Chief forwarded the memo to the Detroit City Council President highlighting DPD's investigative findings. Therefore, the OIG closed the case.

18-0011-INV

A DDOT employee alleged his supervisor reprimanded him for actions "detrimental to the inventory" despite the complainant's claims he appropriately adjusted the inventory in the

computer system. He provided pictures of specific areas in one of DDOT's three stock rooms to prove items in the stock room to which he was assigned were not available anywhere in that particular stock room. Subsequently, his supervisor performed an inventory of the same stock room and submitted pictures to support existence of items the complainant indicated were not in stock. The OIG determined that neither set of pictures is irrefutable evidence of the stock on hand. Rather they only indicate the items were not pictured in the location photographed. Furthermore, without assuming the quantities recorded in the computerized inventory system was correct at some point and time, there is no reliable starting point from which to determine whether the complainant or his supervisor was correct about the inventory on hand at the time either set of pictures was taken. Therefore, the OIG closed this case with no action.

18-0012-INV

The Law Department referred an allegation made by a staffer for a former Detroit Councilmember that he used his personal residence as a district office. The OIG interviewed the complainant and reviewed City Council records. There was no evidence that this former Detroit Councilmember received any City funds to pay for a personal residence as a district office. Therefore, the OIG closed the case with no action.

18-0029-INV

The OIG received a complaint alleging that Brown Environmental Construction's (Brown Environmental) performance bonds submitted for City of Detroit contracts in 2015-2016 were fraudulent. The OIG requested documentation from the owner of Brown Environmental, including invoicing and payment information for the performance bonds, to verify the bonding documentation submitted to the City of Detroit as required by the demolition contracts. The owner failed to provide the requested documentation. Therefore, the OIG recommended that Brown Environmental not be permitted to work as a contractor or subcontractor for the City of Detroit until the performance bonds can be verified.

18-0036-INV

In 2016, the complainant alleged that a City contractor abused its authority when working on her home through a weatherization grant starting in 2010. The OIG initiated 2016-DA-0062 on the condition that the complainant provide supporting documentation. The OIG closed the case after the complainant failed to do so.

The complainant eventually sent the requested documentation in June 2018, prompting the OIG to initiate this investigation. The OIG found that the complainant's home is clearly damaged. However, after reviewing the documentation, the source of the damage is not clear. Just because work is done poorly does not mean it was abusive or fraudulent. While the complainant's case was regrettable, it lies outside of the OIG's jurisdiction. Therefore, the OIG closed the case with no action.

18-0037-INV

The OIG received a complaint alleging that a former employee with HRD accepted a position with a contractor in violation of the Charter. The complaint alleged that the employee began working for the contractor without waiting one year as required by the Charter. The OIG referred this case to the BOE. However, the BOE had already conducted an investigation and determined that the Ethics Ordinance did not bar the former employee from taking an employment offer, and there was no violation of the one year post employment prohibition. Therefore, the OIG closed the case.

18-0039-INV

The complainant alleged that a City Council staffer (subject) abused his authority by preventing DPD officers from properly responding to her request for assistance. She described an instance in which she requested police assistance to retrieve some of her personal items from the subject's home. The complainant alleged the subject abused his authority when he was allowed to hear the recording of her request for assistance. In addition, she alleged the subject abused his authority when an unknown individual informed him that she requested a personal protection order against him.

The OIG reviewed DPD records and found no evidence to substantiate the allegations. The OIG also interviewed personnel from the Wayne County Clerk's Office and the Court administration who indicated it is not uncommon for County personnel to inform the subject if a restraining order is filed against him/her.

The OIG recommended that the subject understand the responsibility he bears based on his position, and that he should avoid even the appearance of impropriety.

18-0051-INV

BSEED referred a complaint they received alleging a BSEED inspector engaged in a conflict of interest when he bought an abandoned industrial property. Shortly after the OIG initiated this investigation, the OIG closed 17-0060-INV concluding that this same inspector abused his authority by failing to submit an official disclosure of interest for a different property. Based on this report, BSEED terminated the inspector. Because this former inspector was no longer a City employee, he does not fall within the OIG's jurisdiction. Therefore, the OIG closed this case with no action.

19-0002-INV

The OIG received a complaint alleging the DLBA planned to unnecessarily demolish a salvageable home. The complainant believed this would be a waste of City resources. The OIG contacted the DLBA to identify the process through which they concluded the house should be demolished. The DLBA acquired the property in June 2015 and offered it to the public through its "Own It Now" program in September 2017. The DLBA reassessed the condition of the property a month later, and decided to slate it for demolition. Based on this information, OIG determined the DLBA made a sufficient effort to offer the property to the public for rehabilitation. Therefore, the OIG closed this case with no action.