

Quarterly Report

2nd Quarter

April 1, 2022 – June 30, 2022



July 11, 2022

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

Message from the Inspector General



This report contains summaries of investigations and audits completed by the City of Detroit Office of Inspector General (OIG) during the second quarter of this year, which covers the months of April, May, and June. It also contains statistical information pertaining to the number of complaints received, referred, and closed by OIG, as well as the number of investigations and audits closed during the quarter and pending as of close of business on June 30, 2022.

As I reported last quarter, two of our staff members left the City for other employment opportunities sometime in late February and early March. Despite losing staff members, we continued to work through COVID, making adjustments in the operation of our office as necessary. However, thanks to technology and a committed staff, whose dedication is clearly reflected in their everyday work, we continue to carry out our duties as required by the Charter.

For most, if not all, of us here at the OIG, we believe our work-product reflects who we are. Therefore, we make every effort to complete our investigations and audits in a timely manner without compromising the quality of our work. We work through our challenges collectively by having honest, frank and robust discussions about our investigations and audits. This includes debating the opposite viewpoint. My staff and I understand that, while I get to have the final say, whatever goes out from this Office will be a reflection of this Office as a whole.

We have no personal stake in the outcome of our investigations or the audits. However, as an Office, we do have a stake in earning the trust of the community whom we serve. As such, we do our best to do what is right each time. That is why our only goal is to remain and be true. We must make an honest assessment and representation of the facts as we find them. We cannot ensure honesty and integrity in our government if we are anything less than true to each other.

For those of you who have actually reviewed and read one or two of our final investigative or audit reports, you will see pages with several quotes and footnotes. The reader needs to know where the information came from. Some of the pages contain tables of numbers. Again, the reader needs to know how we organized the facts, or we calculated the final number to draw our conclusions.

Honestly, sometimes we feel like we are holding a long string of Christmas lights that are so tangled-up that as soon as we untangle part of the strand, more twists are revealed. This is why some of our investigations and audits take longer than others. While it is not easy, it is important that we show the reader a clear picture of the events that resulted in waste, abuse, fraud or corruption or that created an appearance of the same.

The OIG is mandated by the Charter to ensure honesty and integrity in our government. To achieve this, we need to remain unbiased factfinders and be consistent in how we conduct our investigations, regardless of the person's position, department or program being investigated. There will always be those who disagree with our findings, but our office will continue to work hard so the outcome of our investigations can be trusted, even when the conclusions reached are not popular.

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 requires all investigative files to be 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, and the OIG staff participated in AIG training and received their certification in their area of discipline.

How OIG Complaints Are Resolved

All complaints submitted to the OIG, regardless of the method, are given a complaint number and assigned to an OIG staff member for further review. Based on initial review of the complaint, the Inspector General may:

- 1) Close the complaint and open an investigative file with a new file number;
- 2) Have an OIG employee follow-up with the complainant to obtain additional information pertaining to the complaint; or
- 3) Close the complaint without opening an investigation.

If the Inspector General elects to close the complaint without opening an investigation, one or more of the following actions will be taken:

- 1) The OIG will send a letter or an email to the complainant, or call the complainant, stating that we have decided not to investigate your complaint or that we are closing the complaint;
- 2) Refer the complaint 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
- 3) 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 complainant¹.

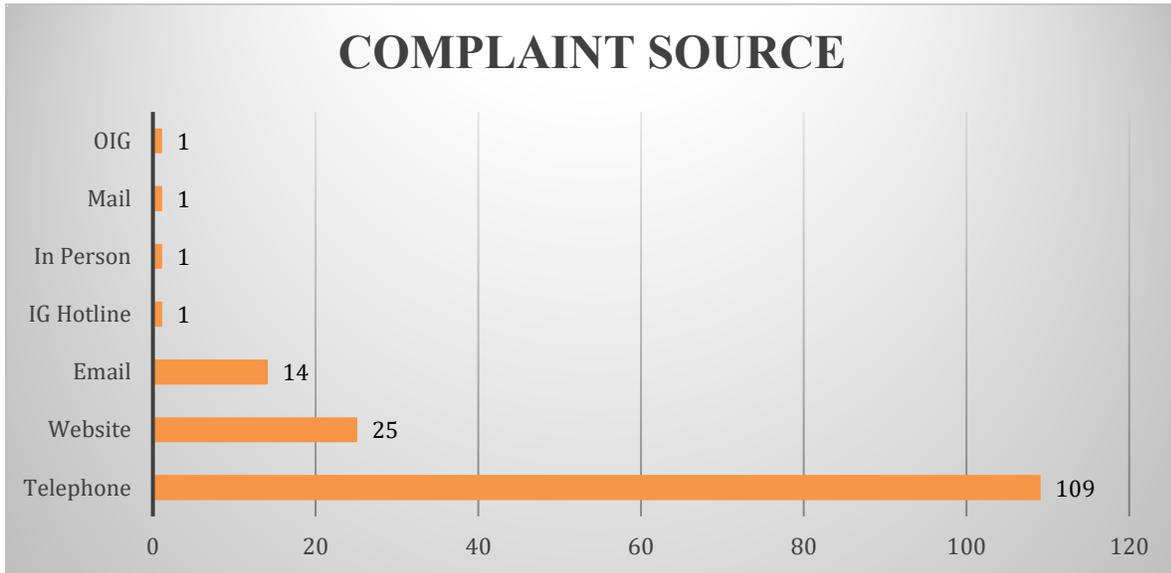
Based on the OIG's historical data, most of the complaints received by the OIG do not result in an investigation. However, every complaint is carefully reviewed before the complaint is closed without additional action or referred to another agency. For more information on how complaints are resolved, please visit www.detroitmi.gov/inspectorgeneral.

¹ 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.

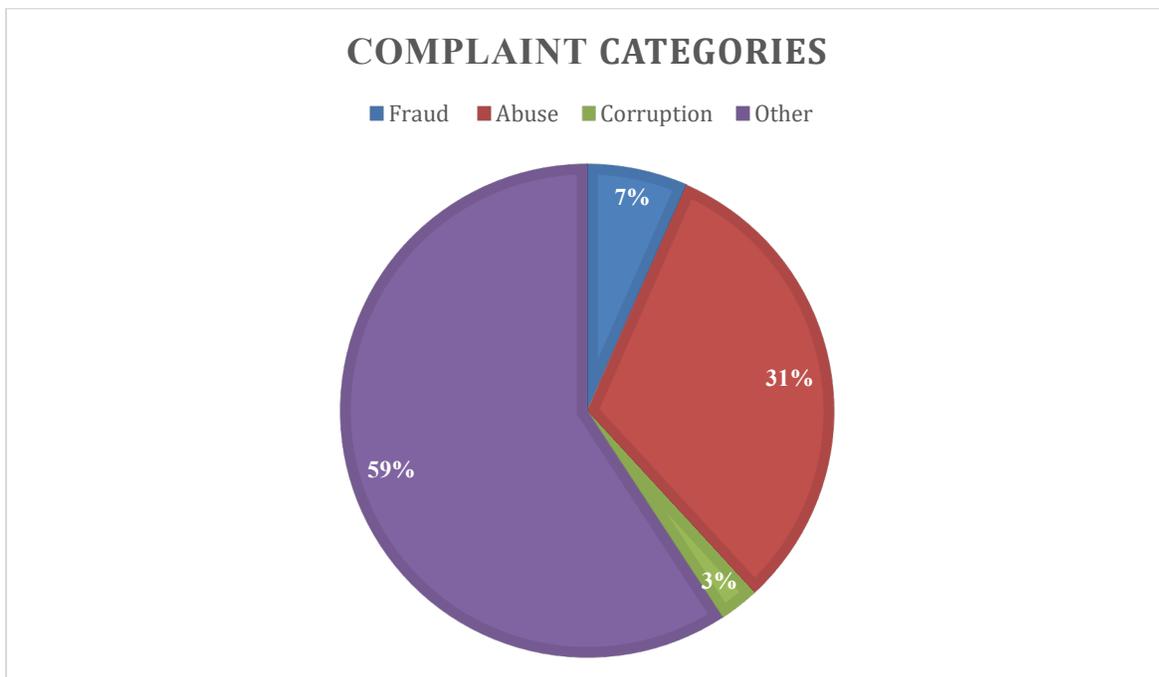
2022 2nd QUARTER COMPLAINT STATISTICS

(April 1, 2022-June 30, 2022)

Sources of Complaints Received by the OIG in the 2nd Quarter



Categories of Complaints Received by the OIG in the 2nd Quarter



How Complaints Were Resolved by the OIG in the 2nd Quarter

Complaints Pending Prior to Quarter	11
Complaints Received During the Quarter	152
Total	163
Open investigative files	4
Open audit files	0
Pending	21
Referral	104
Decline investigation (No Action)	34
Total	163

The statistics above show the OIG actively worked on 163 complaints this quarter. By the end of the quarter, 108 of the 163 complaints were resolved by either opening a new investigation or referring the matter to the appropriate agency for investigation. The OIG declined to investigate 34 of the 163 complaints. As of June 30, 2022, the OIG still had 21 complaints pending.

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 may result in findings by the OIG which 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 evidence of waste, abuse, fraud or corruption that was not contained in the initial complaint. In such instances, the OIG may initiate an 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."

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." Therefore, when our draft findings are critical, we send a copy of our draft findings, either as a draft memorandum or as a draft report to the affected parties. Thereafter, pursuant to the OIG's Administrative Hearing Rules (Hearing Rules), the parties have 14 calendar days to either provide a written response and/or seek an administrative hearing. Reports and memorandums are not finalized until the Administrative Hearing process has concluded. For additional information on this process, please visit our website at www.detroitmi.gov/inspectorgeneral.

The OIG summarizes the findings of the investigation in the OIG's final memorandum. At times, the OIG can elect to issue a formal final report instead of an internal memorandum. All formal final reports have been and will continue to be published on-line. In addition, from time to time, we exercise our discretion to publish some of our internal memoranda through the City and the OIG's website at: www.detroitmi.gov/inspectorgeneral. For more information on what type of reports and memorandums are published, please visit our website. You can also find copies of previously posted reports and memorandums.

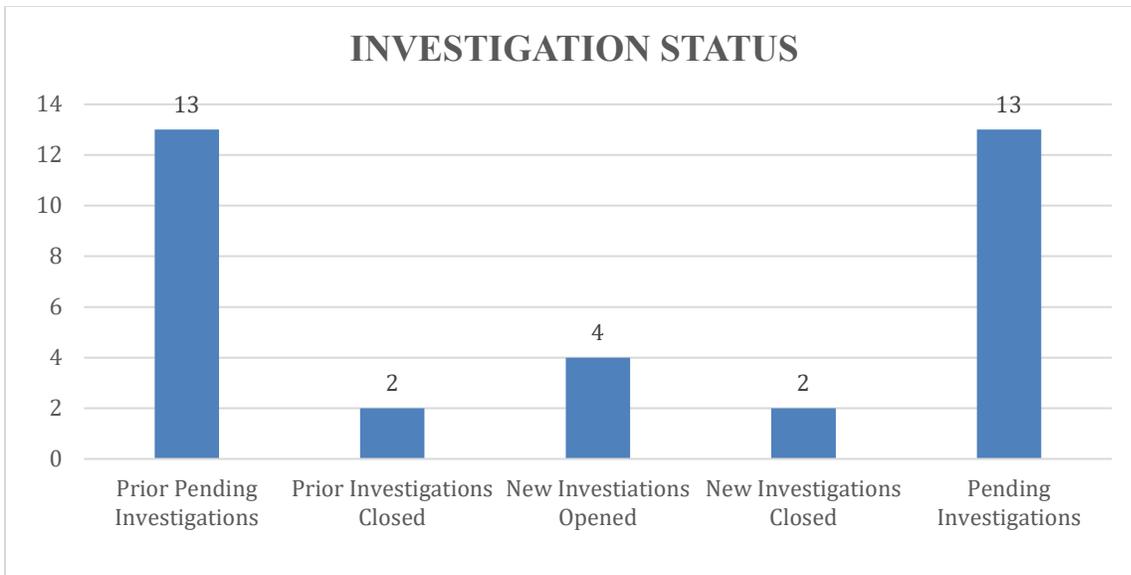
2022 2nd QUARTER INVESTIGATION STATISTICS

(April 1, 2022-June 30, 2022)

Categories of OIG Investigations Initiated by the OIG in the 2nd Quarter



Status of OIG Investigations in the 2nd Quarter



The statistics above show the OIG had 17 active investigations during the quarter. By the end of the quarter, 4 of the 17 investigations were closed. As of June 30, 2022, the OIG still had 13 investigations pending.

Summary of Investigations Closed in the 2ND Quarter of 2022

The following reflects four investigations the OIG closed in the 2ND Quarter of 2022 with an accompanying synopsis for each investigation.

22-0004-INV

The OIG received a complaint that a Building, Safety Engineering, and Environmental Department Inspector unlawfully executed a building closure on his property. Through discussions with the complainant, the OIG understood the allegations to be as follows:

1. The BSEED Inspector used false statements to improperly execute a building closure on his property.
2. The BSEED Inspector harassed and intimidated him by issuing numerous tickets with excessive fines.
3. An unidentified party used their political power to harass, intimidate and slander him to push him out of the property so they could buy the property for less than market value.
4. The complainant had a previous encounter with the Inspector that he did not agree with, resulting in complaints to the OIG and Law Department.

The complainant believes these prior complaints resulted in the Inspector “backing off” since no further action was taken between April 2021 and February 2022. The OIG determined several the allegations did not fall under the jurisdiction of the OIG and would be better addressed by the Department of Administrative Hearings. The OIG was not able to substantiate the abuse of authority allegations that did fall under the OIG’s jurisdiction. Therefore, the investigation was closed with no further action.

22-0005-INV

The OIG received a complaint that alleged a Department of Elections (DOE) employee participated in prohibited political activities during work hours by distributing nominating petitions during a training session held at the DOE. The OIG substantiated the allegation finding the DOE employee distributed the petitions and requested assistance with collecting signatures. Furthermore, because the request was made during work hours and on city property, the OIG concluded the DOE employee abused his authority, violated Section 2-106.7 of the 2012 City of Detroit Charter, as well as the City’s Universal Work Rules.

The OIG recommended appropriate discipline for the actions of the DOE employee. While DOE employees do receive Ethics training, the department does not have a specific policy regarding prohibited political activities. Therefore, the OIG recommended that the DOE create a policy and properly train staff to prevent this issue going forward. In addition, the OIG recommended to the DOE and the City of Detroit Law Department create a citywide policy regarding prohibited political activities. Finally, the OIG recommended to the elected official whose petitions were the reason for the complaint that they ensure any campaign volunteers that are also City employees are adequately trained on prohibited political activities.

22-0006-INV

This investigation was a complaint that was opened as an investigation in error. Therefore, the investigation was closed with no action. The complaint was referred to the appropriate department for further action.

22-0008-INV

The OIG received a complaint regarding the Board of Police Commissioners (BOPC). The complaint alleged that the BOPC abused their authority by voting to appoint certain individuals to long-term positions in violation of the City of Detroit Charter. The BOPC voted to reappoint current BOPC employees as Interim Board Secretary and Interim Chief Investigator for a two-year term. Both employees have worked for BOPC within the last 3 years which would make them ineligible for these positions based on the Charter. The OIG investigation found that BOPC was made aware of the Charter violation and has been provided an opportunity to correct the violation by properly filling these positions in accordance with the Charter. Therefore, the OIG closed our investigation with no further action at this time.

How OIG Audits Are Conducted and Resolved

The OIG's Forensic Auditors are specially trained to investigate programs, practices, and financial transactions to obtain evidence of fraud, abuse, waste, and corruption in City of Detroit government. The Forensic Auditors use this expertise to identify fraud risks, detect the misappropriation of City assets and make recommendations to prevent future incidents. In addition, OIG Forensic Auditors review various programs, policies, and procedures to determine whether they are sufficient to detect and prevent fraud, abuse, waste, and corruption. The OIG may initiate an audit based on information received in the complaint or based on an assessment of risk.

An audit generally involves performing one or more of the following:

- 1) A preliminary survey to gather background information and identify audit objectives.
- 2) A risk assessment to identify areas of concern.
- 3) Interviews department staff and leadership.
- 4) Review of requested documents.
- 5) Analytical procedures for detailed testing.

An OIG audit may result in findings that identify actual incidents, or actions that increase the risk of, waste, abuse, fraud, or corruption in the City's operations. If the audit 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." An audit can also result in an OIG investigation.

A report is drafted at the end of each audit that includes any conditions that increase the risk of fraud, abuse, waste, and corruption as well as recommendations to mitigate the conditions identified during the audit. 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." Therefore, when our draft findings are critical, we send a copy of our draft findings, either as a draft memorandum or as a draft report to the affected parties. Thereafter, pursuant to the OIG's Administrative Hearing Rules (Hearing Rules), the parties have 14 calendar days to either provide a written response and/or seek an administrative hearing. Reports are not finalized until the Administrative Hearing process has concluded. For additional information on this process, or to see copies of our audit reports, please visit our website at www.detroitmi.gov/inspectorgeneral.

Status of OIG Audits in the 2nd Quarter

Audits Pending Prior to 2 nd Quarter	1
Prior Audits Closed During 2 nd Quarter	1
New Audits Opened in the 2 nd Quarter	0
New Audits Closed in the 2 nd Quarter	0
Audits Pending as of 6/30/2022	1

Summary of the OIG Audit Closed in the 2nd Quarter of 2022

22-0002-AUD

The OIG initiated an audit of unauthorized purchases for the period of July 1, 2018, through June 30, 2020. The Office of Contracting and Procurement (OCP) provided the OIG with a list of 45 unauthorized purchases and the OIG selected 30 transactions for review. Based on the audit, the OIG identified an increased risk of waste, fraud, abuse due to:

1. Departments submitting unauthorized purchases without adequate supporting documentation.
2. Departments making unauthorized purchases that are not of an emergency nature.
3. Department making purchases without the oversight of the formal procurement process.
4. The OCP authorizing payment for unauthorized purchases that may have otherwise been prohibited.

The OIG recommended that the Office of the Chief Financial Officer (OCFO) reduce the risk of waste, fraud, abuse, and corruption resulting from unauthorized purchases by:

1. Enforcing the requirement that departments submit sufficient supporting documentation for transactions.
2. Instituting attestation statements for directors and departmental personnel to sign indicating that they understand their roles and responsibilities related to the procurement process.
3. Disciplining directors and departmental personnel for get round the formal procurement process.
4. Ensuring departments do not purchase goods and services from vendors whose contracts have expired.
5. Hold vendors accountable for providing goods and services without an active contractual agreement.
6. Consult the Law Department to determine feasible actions the OCFO and OCP can take when vendors provide goods and services without a contractual agreement.
7. Coordinate with the Law Department and Board of the Ethics to determine what, if any, goods and services bearing the names and likenesses of elected officials should be prohibited.

The OCFO's response does not expressly indicate that the OCFO intends to take specific actions to implement some of the recommendation as they are outlined in the report. The OIG will conduct a follow-up audit to reassess the risks resulting from unauthorized purchases.

Office of the Inspector General Organizational Structure: 2nd Quarter of 2022

Between April 1, 2022, and June 30, 2022, the City of Detroit Office of the Inspector General (OIG) consisted of the following individuals:

Ellen Ha, Esq., CIG, **Inspector General**
Kamau Marable, CIG, **Deputy Inspector General**
Jennifer Bentley, Esq., CIGI, **OIG Attorney**
Edyth D. Porter-Stanley, CIGA, CFE, **Forensic Auditor**
Beverly L. Murray, CIGA, CFE, **Forensic Auditor**
Kelechi Akinbosedede, Esq., CIGI, **Investigator**
April Page, **Investigator**
Kasha Graves, **Administrative Assistant**
Tracey Neal, **Administrative Assistant**

OIG Contact Information

Via Internet: 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 (8477)

Via OIG Telephone Line: 313-628-2517

Via Mail: City of Detroit Office of Inspector General
615 Griswold, Suite 1230
Detroit, Michigan 48226

Via Email: oig@detoig.org and/or Suggestions@detoig.org

You can also visit the OIG at the address above to file a complaint in person.