

Quarterly Report

1st Quarter

January 1, 2023 – March 31, 2023



April 10, 2023

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

Message from the Inspector General



It is difficult to believe that we have already completed the first quarter of 2023. We began the quarter with a 2-day training session at the Wayne County Community College District (WCCCD) in Detroit and ended the quarter with our budget hearing before Council. Of course, in between the two, we continued our daily activities at the office, which are summarized in the next pages.

With respect to the training session, we invited an investigative interview expert who focused on advanced interviewing techniques. Although I was skeptical at first as to what we could possibly learn about interviewing in 2 full days, to my surprise, we all learned so much that 8 am to 5 pm days went by rather quickly.

We invited staff from the only other local IG office, Detroit Public Schools Community District Office of Inspector General (DPSCD OIG). The joint training session allowed us to work with DPSCD OIG and provided us with an opportunity to learn from each other's experiences. In addition to the opportunity to collaborate, we were able to split the cost thereby saving both agencies money in the long run.

As the agency charged with rooting out waste, we were very mindful of the minimizing the costs associated with the training. We utilized a training room at WCCCD at no cost. WCCCD offers stellar facilities for use by the community as a service to the community. My staff and I covered the costs for light refreshments for the speaker and the attendees for the first day and DPSCD OIG staff covered the costs for the second day.

During this quarter, we hired a new Administrative Assistant, Kaniya Foster, who previously worked at the Department of Public Works. Also, in March, OIG's newest Investigator, April Page, received her certification as a Certified Inspector General Investigator from the Association of Inspectors General, after a week of intensive training and testing.

In addition, for the first time ever, we issued an advisory opinion letter after receiving an inquiry from the Office of Contracting and Procurement (OCP) in how to prevent potential fraud in a new program that they are considering. What is important here is that the OIG is engaged with other city departments and agencies, working together to prevent potential fraud. Likewise, as we stated in our last newsletter, we plan to work with any City agencies or departments who desire training on how to spot abuse, waste, fraud and corruption and more importantly, how to prevent them.

Throughout the quarter, Kamau Marable, Deputy Inspector General and I participated in multiple meetings as part of the City's Proportional Funding Working Group (PFWG). The PFWG consisted of representatives from the Office of Chief Financial Officer, the Budget Department, the Legislative Policy Division of City Council, the Office of Auditor General (OAG), the Office of Ombudsperson, the Board of Ethics (BOE), Council President's Office and the Law Department. The PFWG was established through a resolution of Council at the request of the City's four oversight agencies: the OAG, the OIG, the Office of Ombudsperson, and the BOE.

Under the City's Charter, for obvious reasons, the four oversight agencies identified above require proportional funding pursuant to an ordinance established and enacted by Council. Basically, the proportional funding ordinance would ensure and enable sufficient funding for the oversight agencies to independently operate without being subject to any political influence, perceived or practiced. The PFWG was established by Council so that the group can provide a list of recommendations for Council to consider when drafting the ordinance. The experience was unique in that multiple City departments and agencies, some with competing interests, had to come to a consensus. While we did encounter some challenges, we kept moving forward. It is our sincere hope that the Council will draft and enact a proportional funding ordinance prior to the beginning of the next fiscal year budget session.

Oversight agencies should be able to exercise their independence without any fear of reprisal. Just as oversight agencies cannot make determinations on a whim, budgets for oversight agencies should not be subjected to any executive or legislative whim.

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 investigations, 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:

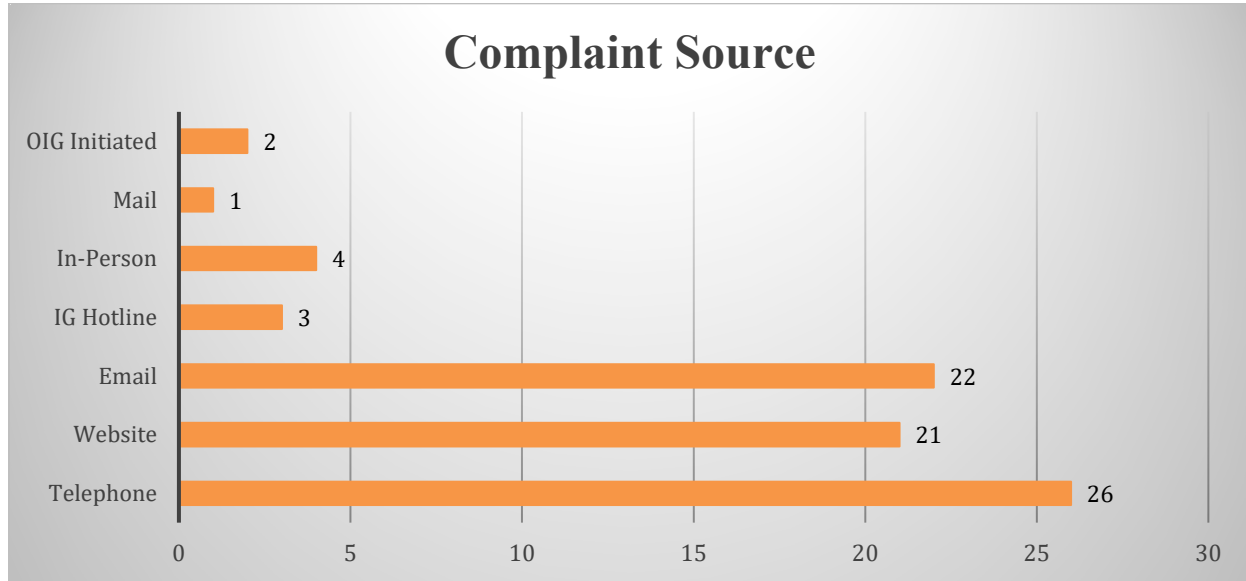
- 1) The OIG will send a letter or an email to the complainant, or call the complainant, stating that we have decided not to investigate your complaint or that we are closing the complaint;
- 2) Refer the complaint to another department, agency, or legal entity, such as the City's Ombudsman's Office, 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.

2023 1st QUARTER COMPLAINT STATISTICS (January 1, 2023 – March 31, 2023)

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



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



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

Complaints Pending Prior to Quarter	5
Complaints Received During the Quarter	79
Total	84
Open investigative files	8
Open audit files	0
Pending	14
Referral	39
Decline investigation (No Action)	23
Total	84

The statistics above show the OIG actively worked on 84 complaints this quarter. By the end of the quarter, 47 of the 84 complaints were resolved by either opening a new investigation or referring the matter to the appropriate agency for investigation. The OIG declined to investigate 23 of the 84 complaints. As of March 31, 2023, the OIG still had 14 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."

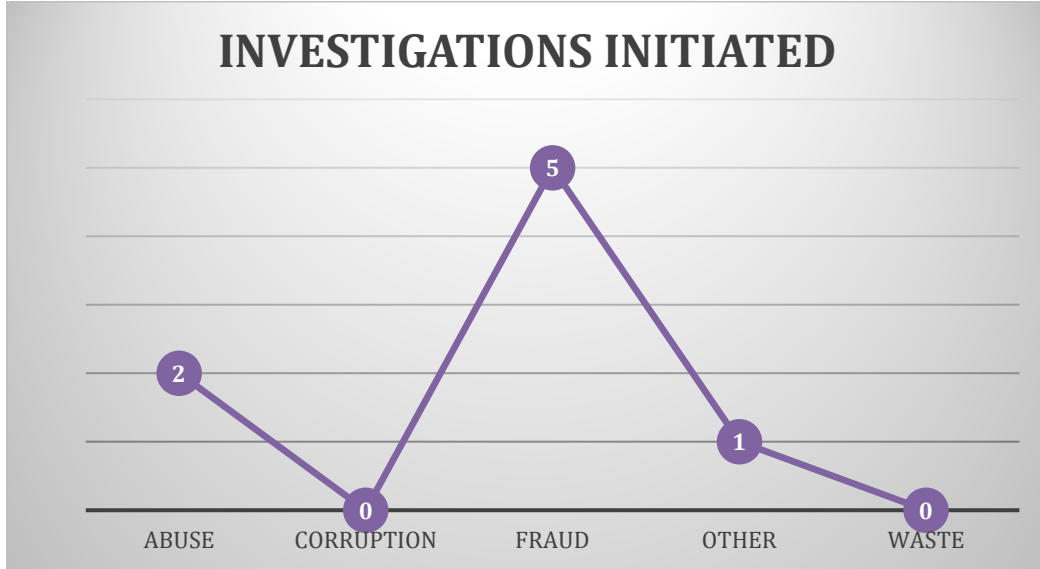
Pursuant to Section 7.5-311(1) of the Charter, "no report or recommendation that criticizes an official act shall be announced until every agency or person affected [by the report or recommendation] is allowed a reasonable opportunity to be heard at a hearing with the aid of counsel." Therefore, when 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.

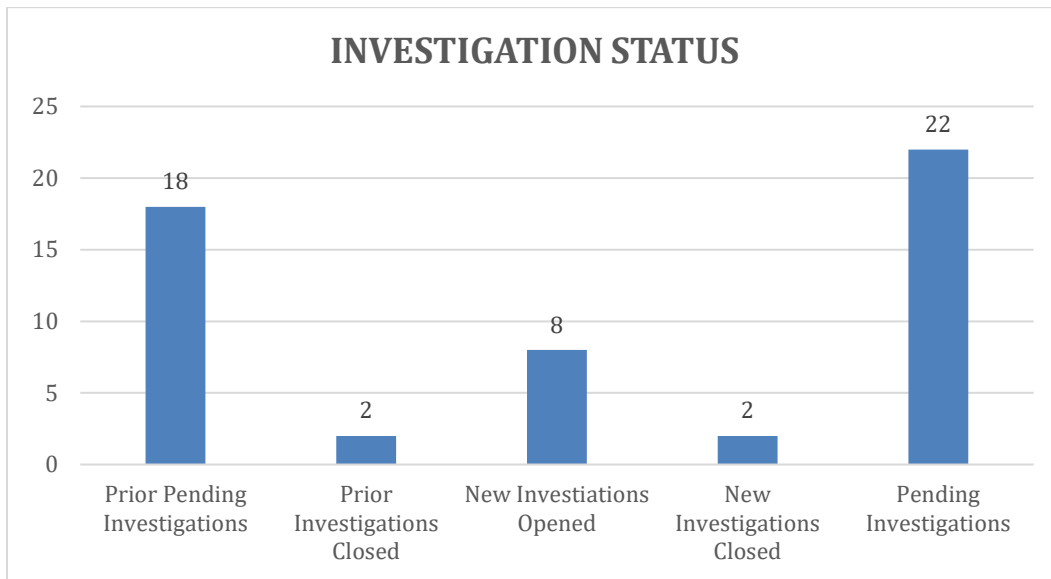
2023 1st QUARTER INVESTIGATION STATISTICS

(January 1, 2023-March 31, 2023)

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



Status of OIG Investigations in the 1st Quarter



The statistics above show the OIG had 26 active investigations during the quarter. By the end of the quarter, 4 of the 26 investigations were closed. As of March 31, 2023, the OIG still had 20 investigations pending.

Summary of Investigations Closed in the 1st Quarter of 2023

The following reflects four investigations the OIG closed in the 1st Quarter of 2023 with an accompanying synopsis for each investigation.

22-0010-INV

The OIG received a referral from the City of Detroit Board of Ethics (BOE). The BOE received a complaint that alleged Detroit Animal Care and Control (DACC) employees violated the City of Detroit's Standards of Conduct. In addition to being DACC employees, both employees also serve on the Board of the Friends of Detroit Animal Care and Control (FODACC), a non-profit organization that was created to solely benefit DACC. The OIG investigated this complaint to determine if the employees abused their authority or wasted city resources as DACC employees. Based on the evidence gathered during the investigation, the OIG did not substantiate that any abuse or waste occurred.

However, the OIG noted the roles and responsibilities of DACC and FODACC are not clearly defined. As a result, the relationship between DACC and FODACC may be problematic and give the appearance of impropriety. These concerns included the following:

- Failure to have a Memorandum of Understanding (MOU) between FODACC and DACC;
- FODACC keeping a cash box and other equipment on city owned property;
- FODACC using the DACC address as their business address;
- FODACC does not report donations annually.

Based on the above information, the OIG recommends the following:

- FODACC should adhere to the Detroit City Council Resolution, by submitting annual donation records for 2018, 2019, 2020, 2021, and 2022. FODACC should also fulfill the requirements of the Resolution moving forward.
- A written agreement for the ownership and maintenance of the x-ray machine and other equipment, if any, needs to be finalized.
- DACC and FODACC, with the assistance of the City of Detroit Law Department, should draft and formalize a MOU to address the working relationship between DACC and FODACC. The MOU would help eliminate the perception of wrongdoing regarding the interactions of DACC and FODACC.
- DACC should remove the donation cash box from its location at 7401 Chrysler Drive.
- FODACC should remove the Chrysler Drive address as their business address and, instead, use an address unrelated to DACC and any building used and/ or owned by the City of Detroit.

22-0019-INV

The OIG received an anonymous complaint containing several allegations against a private citizen which involved alleged collusion with employees of the City of Detroit Department of Water and Sewerage (DWSD) and the Wayne County Registrar of Deeds (Wayne County). The OIG has no

jurisdiction over the actions of private citizens or Wayne County. Therefore, our investigation focused on alleged inappropriate adjustments of customer DWSD accounts by DWSD employees. The OIG reviewed billing information for possible fraudulent reductions or changes of the water and sewerage balances by DWSD employees related to several properties, as alleged by the complainant. The DWSD provided transaction histories for these properties and OIG identified credit transactions (i.e., reductions) from that information. At the request of the OIG, DWSD provided sufficient explanation for each adjustment that was made on the billing accounts for those properties. Based on the information provided by DWSD, the OIG did not find any evidence that DWSD employees committed fraud by manipulating the billing transactions for the properties.

23-0002-INV

The OIG received an anonymous complaint alleging that a legal assistant at the Law Department may be being paid for the hours she does not work. However, the Law Department policy currently permits its employees to work from home 2-3 days a week. The complainant did not have any direct evidence that the legal assistant was defrauding the City by working part-time and being paid 40 hours a week. Based on the OIG's investigation, we find that some of the statements from the complainant are consistent with the data on the legal assistant's time records, which show that the legal assistant was working 2 days a week. However, based on our review of the time records, the OIG was not able to substantiate the allegation that the legal assistant committed time fraud by collecting paychecks for hours she did not work, as the legal assistant was only paid for the hours actually worked.

23-0007-INV

The OIG received a complaint from a resident alleging that she observed a City of Detroit employee at her house (property). According to the complainant, she asked the employee why she was at her house and the employee did not respond. The employee instead proceeded to walk quickly to a white Ford pickup City vehicle (vehicle) and drove away. The complainant reported that she followed the vehicle to take a picture of the license plate.

The Buildings, Safety Engineering and Environmental Department (BSEED) Environmental Affairs Division Manager informed the OIG that two BSEED Inspectors were assigned to inspect the property on January 27, 2023. Based on the OIG's investigation, we find that the Inspectors had the authority to be on the property to conduct an inspection. One Inspector evaluated the entire property and took the necessary pictures of the property. It was during this inspection that a woman, now known to be the property owner, showed up and questioned the Inspector. Although the Inspector was not wearing a BSEED uniform, she had a BSEED picture ID badge around her neck, and she was driving a City vehicle. According to the Inspector, the behavior of the property owner created a safety concern, so the Inspector left the property and returned to the vehicle.

The OIG found that there is insufficient information to conclude whether the Inspector knew that the woman driving the car was the owner of the property she inspected. In addition, even if the Inspector knew the woman was the property owner, the perceived threat to her safety was not unreasonable in this instance. As such, there is insufficient evidence to conclude that the Inspector abused her authority. The Inspector was assigned to inspect the property by her supervisor and therefore had the authority to be at the property. Since the Inspector was still in training, her

inspections were conducted under the supervision of the Inspector training her, who was waiting in the vehicle at the time of the incident. It is the Inspector's position that the demeanor of the property owner led her to believe that she was upset, and the Inspector removed herself from the area for her own safety. The Inspector's trainer and her supervisors all believe this was the best course of action in that situation. Therefore, the OIG did not find that the Inspector abused her authority by failing to identify herself when she perceived the complainant to be a threat to her safety.

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.

Note: The OIG did not have any open audits during the 1st quarter of 2023.

OIG RECOMMENDATIONS MADE TO CITY DEPARTMENTS AND AGENCIES

Status Report as of March 31, 2023

Case Number	Public Servant, Department, Board or Agency	Recommendation	Status	Recommendation Date	Public Servant, Department, Board or Agency Response
20-0001-INV	Retirement System	Develop policies to verify the pensioner's information and put benefits in escrow when a individual has been charged with fraud related to their benefits, work with attorneys to ensure changes apply with applicable laws.	Open	9/21/2022	On March 23, 2023, Dave Cetlinski reported that the recommendations have been brought up to the trustees of the system previously and they have taken it under advisement. He will let us know what happens when a decision is made.
20-0009-INV	Housing and Revitalization	Ensure bids are reasonable, monitor change orders, separate labor and material costs in bids, conduct line-item analysis.	Open	5/11/2021	Recommendations are under review by the Department.
21-0016-INV	Detroit Police Department-Human Resources (HR)Division	Revise policies to mandate when HR must hold an appeal hearing and require HR to provide a timely notification the appeal was received.	Open	3/11/2022	No response received from the department.
21-0018-INV	Detroit Fire Department	Training to all DFD employees on the Outside Employment Policy; disciplinary action for the employee that failed to adhere to the policy	Open	2/3/2022	The recommendations were reviewed and appropriate action will be taken.

Case Number	Public Servant, Department, Board or Agency	Recommendation	Status	Recommendation Date	Public Servant, Department, Board or Agency Response
21-0001-AUD	Treasury	Revise policies to instruct non-personnel to send all checks received to ODFS, Report to the State organizations that did not maintain supporting documentation as required.	Open	3/31/2022	No response from the department.
21-0002-AUD	Office of Contracting and Procurement	Require departments to submit invoices with detailed descriptions, training of department personnel, holding vendors accountable that provide goods or services without a contract, coordinate with the Law Department and Board of Ethics on purchases with the name/likeness of elected officials.	Open	6/29/2022	OCP responded that their policies already cover unauthorized purchases, that the Law Department is consulted whenever necessary, and training is already provided to City employees. The OIG responded by reiterating our specific recommendations to prevent fraud, abuse, waste, and corruption.
22-0001-INV	Elections Department	Develop a tracking system for computers, develop policies for computer use, involve Department of Innovation and Technology with computer purchases.	Open	3/29/2022	No response from the department.

Case Number	Public Servant, Department, Board or Agency	Recommendation	Status	Recommendation Date	Public Servant, Department, Board or Agency Response
22-0003-INV	Civil Rights, Inclusion and Opportunity (CRIO)	Revise policies to add an analytical component to its document review process, review the Finance Ordinance to provide clarity to contractors on requirements, training to contractors on requirements, contractor compliance with all City requests.	Open	9/13/2022	On March 23, 2023, the OIG received an email from the CRIO Director. He just hired a policy manager. This policy is a priority for them. Once they finish the policy, they will share a copy with the OIG.
22-0005-INV	Elections/City Clerk	Create a policy regarding prohibited political activities, City Clerk to train campaign volunteers that are employees on prohibited political activities.	Open	6/24/2022	No response from the department.
22-0007-INV	Office of Contracting and Procurement	Revise the procurement policy to include verification of the commodity code selected, advertise all bids that will exceed \$10,000, and additional training to staff on how to handle supplier protests.	Open	12/13/2022	No response from the department.

Case Number	Public Servant, Department, Board or Agency	Recommendation	Status	Recommendation Date	Public Servant, Department, Board or Agency Response
22-0010-INV	Detroit Animal Care and Control	Adhere to the City Council resolution requiring annual donation reports; Establish a written agreement for ownership and use of all equipment; Create a MOU to formalize the working relationship between FODACC and DACC; Remove the donation cash box from DACC property; and cease using DACC's address as the FODACC business address.	Open	2/15/2023	On March 6, 2023, DACC Director stated a draft MOU was sent to FODACC for review and response.
23-0007-INV	Buildings, Safety Engineering and Environmental Department	Coordinate with the General Services Department to revise the list of vehicles assigned to that division to accurately reflect the license plate and vehicle numbers for tracking purposes.	Open	3/28/2023	Investigation was recently closed, will follow-up in the 2 nd quarterly report.

Office of the Inspector General Organizational Structure: 1st Quarter of 2023

Between January 1, 2023, and March 31, 2023, 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**
Tiye Greene, Esq., **Associate Attorney**
Edyth D. Porter-Stanley, CIGA, CFE, **Forensic Auditor**
Beverly L. Murray, CIGA, CFE, **Forensic Auditor**
Kelechi Akinbosede, Esq., CIGI, **Investigator**
April Page, CIGI, **Investigator**
Kasha Graves, **Administrative Assistant**
Kaniya Foster, **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 or Suggestions@detoig.org

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