

City of Detroit

Office of Inspector General

2020 1st Quarterly Report

(January 1, 2020 – March 31, 2020)



Ellen Ha, Esq., CIG

Inspector General

April 13, 2020

A Message from the Inspector General



Happy belated new year everyone. While the devastating effect and the pace in which coronavirus spread throughout the world took most of us by surprise, it forced most of us to be confined within our homes with our family members. It also required us, who are able to work remotely, to learn old and new technology which enabled us to continue our work.

Eventually, time will take its course to stop the spreading of the virus and we will all be stronger for it. Detroit has overcome many challenges in the past and I firmly believe that we will rise again to overcome our latest set of challenges.

In the interim, below are some highlights of our noteworthy and significant accomplishments for the first quarter of this year.

CRIO Presentation at the OIG

On January 24, 2020, my staff and I received training from a CRIO staff member pertaining to Executive Orders 2014-1 and 2014-2.

OIG's Presentation to the 2018 Detroit Charter Commission

Over the last year and half, my staff and I had many meetings pertaining to the potential changes in the 2012 Charter of the City of Detroit involving our Office. We began January 2020 with several of these meetings, as the date to make our presentation to the 2018 Charter Revision Commission was fast approaching.

On Saturday, January 25th, we attended the Detroit Charter Commission meeting to introduce our Office to the members of the Commission and presented our case as to why certain provisions of the Charter pertaining to our Office should be clarified and/or amended in the revised Charter. Half of our Office personnel was present at the meeting to assist me with the presentation.

Follow-up with the Detroit Charter Commission

On February 13, 2020, at the request of Dorian Tyus, we sent each member of the Commission the OIG's recommended changes to the 2012 Charter, including a more concrete definition of proportional funding for all oversight agencies. We also included a separate copy of the recommended changes with comments for each proposed change, via email, to all members of the Commission, Mr. Tyus and Lamont Satchel, General Counsel for the Charter Commission. We are presently waiting for the Commission's response(s) to our proposed changes.

OIG Budget Presentation to the Detroit City Council

The budget hearing for the OIG was initially scheduled Wednesday, March 18, 2020. However, due to the recent pandemic our hearing before City Council was cancelled.

Revised OIG Administrative Hearing Rules

We re-examined the OIG's Administrative Hearing Rules (the Rules) after conducting 9 separate administrative hearings in 2019. After many discussions and based on our past experience, we decided the Rules should be made more clear and in-line with what generally transpires at the hearing. We worked with the Law Department to revise the Rules. A public hearing was held on Wednesday, April 8, 2020. In accordance with the Governor's Executive Orders 2020-21 and 2020-15, the hearing was held via audio conference.

OIG Administrative Hearings

We held one administrative hearing during this quarter.

Interim Suspensions

The OIG issued 6 interim suspensions during this quarter. On December 19, 2019, 3 of the 6 interim suspensions. The other 3 were issued on January 3, 2020 which became effective as of January 5, 2020.

Debarment/ Debarment Appeal Update

No debarments were issued during this quarter. However, it is likely debarments will be issued and appealed to City Council during the next quarter.

Individual Quarterly File Review Meetings with OIG Staff

In January, Kamau Marable, Deputy Inspector General, and I met with each investigator, auditor and attorney to discuss certain matters pertaining to their respective open investigative files. The next quarterly file review and evaluation meetings will be scheduled in early April.

Proposed Presentation(s) at the 2020 AIG Conference

We submitted two (2) outlines for proposed presentations at the next Association of Inspectors General Conference to be held in New Orleans, Louisiana in October 2020.

Update on Relocation of the Office

We have received notice from our landlord that the building will be closing for renovation and that they would like for us to leave in the next couple of months, prior to the expiration of our lease agreement. Our lease is up at the end of the year. Most of the tenants have already left the building.

Therefore, while we would have preferred renewing our lease, we have no choice but to relocate our Office elsewhere. In that regard, we are currently working with the City of Detroit Law Department in finalizing a new lease agreement. Once the lease has been finalized and approved by the Law Department, the lease will be presented to City Council for its review and approval process. Presently, we anticipate we will be moving to the Ford Building in downtown Detroit sometime later this year.

Lastly, for the safety of the OIG staff and the public, our Office in Cadillac Square is currently closed until further notice. However, all staff are working remotely and checking their emails and voicemails on a regular basis.

In the meantime, we wish you stay healthy and safe.

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. 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 2020

Between January 1, 2020 and March 31, 2020, 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***;
Jacqueline Hendricks-Moore, CIGI, CFE, **Investigator**;
Kelechi Akinbosede, Esq., CIGI, **Investigator**;
Norman Dotson, **Law Clerk**;
Kasha Graves, **Administrative Assistant**; and
Tracey Neal, **Administrative Assistant**.

It is important to note the City of Detroit has three (3) different agencies which employ auditor(s) who perform unique audit functions 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 OAG and 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 financial information is presented fairly 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's operational compliance with policies and procedures.

OIG Forensic Auditors*

The American Institute of Certified Public Accountants (AICPA) and the Institute of Internal Auditor (IIA) both state that the primary purpose of external and internal audits is not to detect and identify fraud. However, ***detecting and identifying fraud is the primary purpose of the OIG forensic auditors.***

The OIG's forensic auditors are specially trained to examine various financial records, reveal fraudulent activities, and identify criminal suspects. They are able to use this expertise to identify missing funds, and the reasoning for these missing funds, in conjunction with fraud investigations. As such, the auditors from the OIG often work with the auditors from the OAG; and audits performed by respective agencies complement one another. Some of the OIG investigations which are assigned to the OIG auditors are referrals from the OAG.

The OIG is currently working on policies and procedures to proactively identify fraudulent trends that can help spawn additional OIG investigations and cases for criminal prosecution.

How OIG Complaints Are Received

The OIG receives complaints in the following manner:

Via Internet: www.detoig.org or www.detroitmi.gov/inspectorgeneral

(The website is on a secure server, which allows individuals to provide information on a secure electronic report form 24 hours a day, 7 days a week.)

Via Telephone Hotline: 313-964-TIPS or 313-964-8477

Via OIG Telephone Line: 313-628-2517

Via Facsimile: 313-628-2793

Via Mail: City of Detroit Office of Inspector General
65 Cadillac Square, Suite 3210*
Detroit, Michigan 48226

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

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.

**We anticipate we will be moving from 65 Cadillac Square sometime in the next couple of months to the Ford Building.*

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."

2020 1st QUARTER OIG STATISTICS

(January 1, 2020 – March 31, 2020)

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

Complaint Source	Number Received
Internet (Website)	16
Telephone Hotline	4
OIG Telephone	1
Mail	0
Personal Visit	2
Email	19
OIG Initiation	1
Total	45

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

Categories of Complaints	Number Received
Waste	0
Abuse	15
Fraud	6
Corruption	1
Other	23

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

Open investigative files	5
Decline investigation or Referral	32

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

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

Status of OIG Investigations in the 1st Quarter

Open	Closed
9	8

Short Summary of Investigations Closed in the 1st Quarter of 2020

The following reflects eight (8) investigations the OIG closed in the 1st Quarter of 2020 with an accompanying synopsis for each investigation.

18-0013-INV

The Office of Inspector General (OIG) received a complaint alleging that two police authorized tow companies, A.C. Towing and L.I.J.B.S. Enterprises, were owned by two siblings Isaac Foster and Barry Foster, respectively. While Isaac Foster does work for A.C. Towing and L.I.J.B.S., the OIG investigation found no evidence that he is the owner of A.C. Towing. The current towing rules do not prohibit his employment at both companies. The complaint also questioned the subcontracting relationship between A.C. Towing and L.I.J.B.S. Enterprises. The OIG investigation found that the subcontracting relationship was approved by the Detroit Police Department (DPD). Finally, the investigation found that A.C. Towing, as well as LIJBS, were not remitting the administrative fees collected to DPD in a timely manner. An OIG audit of the administrative fees for all DPD towers is recommended to ensure that all the fees owed to the City are properly collected.

18-0053-INV

The complaint alleged that the former Director of the City of Detroit Health Department (Health), Dr. Joneigh Khaldun, abused her authority in hiring for the position of Chief Integration Officer. The OIG's investigation concluded that the position was created and intended for one individual, Valentina Djelaj, and was not in line with City of Detroit hiring practices for competitive positions. The OIG concluded that Dr. Khaldun wasted city resources and abused her authority in hiring Valentina Djelaj. Dr. Khaldun did not agree with the OIG's findings and requested an administrative hearing to dispute the findings. However, Dr. Khaldun did not provide any new evidence to counter the evidence uncovered by the OIG, or change OIG's position that she abused her authority. Therefore, the OIG recommended the Human Resources Department (HR) provide training to all hiring managers on the proper procedures in posting jobs.

19-0005-INV

The OIG received a complaint which alleged McDonagh, a Chicago based demolition company participating in the Hardest Hit Fund (HHF) Demolition Program, buried debris on residential lots. This complaint was referred to the Special Inspector General for the Troubled Asset Relief Program (SIGTARP). It was determined that, though debris was left in the open hole, there was no evidence that illegal or potentially dangerous materials were buried.

19-0027-INV

The complaint alleged that grant funds were being mishandled by an employee in the Detroit Health Department. The OIG was not able to gather the necessary information from the complainant, who was a former employee of the Health Department that did not respond to our requests. The OIG contacted the grant provider, the Kresge Foundation, who did not express any concerns about the grant. The OIG could not move forward with the investigation without specific details on how the grant funds were being used improperly. The case was closed without further investigation.

19-0030-INV

Following an audit conducted by the City of Detroit Office of Auditor General, the OIG initiated an investigation into the activities which resulted in 6420 Hanson being mistakenly demolished instead of 6424 Hanson. The OIG investigation found no evidence of any fraud or corruption by any public servant or contractor pertaining to this matter, and concluded the mistaken demolition to be an innocent mistake. Furthermore, the OIG found that the Detroit Building Authority and the Detroit Land Bank Authority established sufficient policies and procedures to limit such occurrence of errors in the demolition program. Accordingly, this case was closed.

19-0031-INV

The complaint alleged that funds from a day camp program at a Detroit recreation center were stolen. At the time the complaint was received, the subject employee had been suspended pending discharge. The employee has since been discharged for negligence, which was upheld through the grievance process. The subject employee is no longer within the jurisdiction of the OIG. Accordingly, the case was closed with no further action.

19-0034-INV

The complaint alleged that V&F Towing, a police authorized tow company, violated the Rules of Police Authorized Towing (the Rules) by providing towing and recovery services to a member of the Detroit Police Department (DPD) without authorization from the DPD Dispatch Center. The OIG investigation found that V&F engaged in repeated violations of the Rules to the detriment of other authorized police tow companies. As such, the OIG found that V&F Towing financially benefited from the violation of the Rules. The OIG recommends the following to DPD:

- Provide the OIG report to the Board of Police Commissioners (BOPC) to issue appropriate discipline to V&F for violating the Rules;
- Conduct annual audits of police authorized towers in accordance with the Rules to ensure compliance with the Police Authorized Towing Permit, the Rules, and the DPD Manual related to towing;

- Provide additional training to officers related to DPD's towing policies and procedures; and
- Provide additional training to police authorized towers related to DPD's towing policies and procedures.

20-0002-INV

The complaint alleged that a paramedic with the Detroit Fire Department Emergency Medical Services (DFD EMS) and an applicant for the 2019 Lieutenant promotion was given special treatment not offered to the other candidates. The OIG found that the candidate went through the same examination and interview process that other candidates went through for the DFD EMS Lieutenant promotion, and performed well enough to make the final list of eligible candidates for the promotion. The OIG found no evidence that the candidate received any preferential treatment during the interview or that the candidate was offered the promotion. Accordingly, this case was closed.