

# City of Detroit

## Office of Inspector General

**4<sup>th</sup> Quarter (Oct 1 – Dec 31, 2020) &  
End of the Year (Jan 1 – Dec 31, 2020) Report**



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

**January 11, 2021**

## A Message from the Inspector General



Years from now, when we think of Calendar Year 2020, we will also remember COVID and its disruptive effect on the world. Each of us has had to face different and difficult challenges in 2020 that we would never have contemplated in years past.

COVID restricted our freedom and confined some of us in isolation for different lengths of time. It became an inconvenience and annoyance as we shielded our faces and washed our hands one more time. It threatened our lives whether we felt threatened or not. It took away those whom we love, and respect. At times, for some, it lured us into utter loneliness and despair. However, in the midst of such negativity, some showed courage and strength to pull us together in our resolve to unite and to survive.

The COVID experience should serve as a reminder to everyone that when we work together towards a common goal, we can achieve even the loftiest of our goals. For example, humankind suffers from different ailments and diseases which we have yet to cure or to prevent from taking their toll and effect. However, with COVID, it was different. While the world struggled to adjust to the new norm, people around the world worked together to contain the spread and to create a vaccine. It seemed impossible at first.

Driven by a common goal and forged together in common interest, we've begun to put out the fire. When united in our minds and actions we can achieve wonders. What seemed impossible at first can be made possible through sheer determination and hard work. COVID should be a vivid reminder of just that.

As we embrace another new year, we have much to reflect upon. When doing so, we must remember those whom we've lost in 2020 and celebrate their lives. We must now provide meaning in their death by ensuring our survival is a meaningful one.

A meaningful life requires that we reflect on the past so that we do not repeat the same mistakes. As we live our lives, we should recognize that a life without mistakes or mishaps is not a real life lived. Not one of us have the ability to practice life before we live it. In fact, we are all on life's stage where unintended consequences become life's lesson and experience.

We examine history, whether yesterday or a thousand years ago, to learn what did not work and what not to do. We must ensure that history that we do not want to repeat by making improvements in the present, as we hope for a better future. There is always room for improvement in everything we do, including how we govern ourselves. However, improvements cannot be made without first examining what transpired. Likewise, good governance requires the ability to examine the past to see what can be improved. More importantly, good governance requires commitment to correct and improve what can be changed.

As we greet 2021, we must embrace the year and make the best of the present in order to create a better future. Regardless of our background, be it race, ethnicity, gender, religion, age, profession, social and/or economic status, we all have a role to play in life's stage. How we play that role is up to each of us. Moreover, when we play the part, we must do so with hope for the better. Hope is what gives meaning to our present and fuels our future. It is only when we act and engage ourselves today for tomorrow's sake can we realize hope.

As the Office of Inspector General reflects on its accomplishments in 2020, discussed below, it will continue to act to ensure integrity and honesty in our government with hope for a better new year.

As evident by the publication of this report, my staff and I are proud to report that all of the 2020 OIG's Quarterly Reports have been timely submitted and published. In addition to the quarterly reports, we continued to hold weekly staff meetings and quarterly review evaluations/meetings with each investigator, forensic auditor, and attorney to discuss the progress of their respective open files and goals for the upcoming quarter for each matter. The following pages contains statistics for the 4<sup>th</sup> quarter and the end of the year and a brief synopsis of investigations we closed during the 4<sup>th</sup> quarter.

Synopsis of our closed investigations during the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> quarter of 2020 can be found in the OIG's quarterly report for each quarter, which are available for your information and review at [www.detoig.org](http://www.detoig.org).

### **Administrative Hearing**

During this quarter, we held an administrative hearing pertaining to towing, via Google Meet and referred our final findings to the Detroit Police Department with recommendation that they forward our report to the Detroit Board of Police Commissioners for appropriate action.

### **Amendment to the OIG Administrative Hearing Rules**

On April 8, 2020, we held a public hearing of Google the amendment to the OIG Administrative Hearing Rules. The amended rules became effective April 23, 2020.

### **OIG Investigation Memorandums and Reports**

As reported in the following pages, we closed 52 complaints and 6 investigations during the 4<sup>th</sup> quarter. Overall, we closed 150 complaints and 22 investigation during 2020.

With respect to closing our investigations, we did so by way of internal memoranda for Request to Initiate Action (RTIA), Request to Close (RTC) or by way of issuing formal reports which were published on the City and the OIG website at [www.detoig.org](http://www.detoig.org).

Pursuant to inquiries made by Council during the fourth quarter of 2020, we also provided information to members of Council pertaining to OIG memoranda and OIG reports, as well as the differences between memorandums and reports. We also provided an outline to Council and to the public, via our website ([www.detoig.org](http://www.detoig.org)), outlining the difference in publication of OIG memoranda and formal reports.

## **OIG Presentations**

During Calendar Year 2020, we attended and met with members of the following organizations and participated in presentation before:

City of Detroit Charter Revision Commission and Committee Meetings;

City of Detroit Demolition Department;

City of Detroit Office of Contracts and Procurement;

City of Detroit General Services Department; and

Detroit City Council Internal Operations Standing Committee and the Committee of the Whole.

Some of the presentations were done with the attorneys from the US Department of Justice Antitrust Division.

Due to the COVID pandemic, the annual Association of Inspectors General (AIG) conference in New Orleans was cancelled. Therefore, our Office was not able to present in the 2020 AIG conference.

Despite the pandemic, my staff and I have maintained our professional certifications in 2020 by completing our continuing education requirements.

## **Move to the Ford Building**

As reported in prior quarterly report, our Office is no longer located at Cadillac Square. Our lease expired at the end of 2020 and we were notified by our landlord that the building will be closed for renovation.

In that regard, we are pleased to report that our lease with the Ford Building was presented to Council and was approved by Council during the fourth Quarter of 2020. We anticipate the renovation of our new office space will be completed by March this year. In the interim, due to COVID-19, my staff and I continue to work from our respective homes.

*Lastly, as we close Calendar Year 2020 and begin our journey into a new year, which already has been met with an unimaginable event at the United States Capitol, let us work together with renewed strength and commitment to make the remainder of 2021 a better year. Good governance begins with each of us and requires participation from every one of us.*

## **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: 4<sup>th</sup> Quarter of 2019

Between October 1, 2019 and December 31, 2019, 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**.

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It is important to note the City of Detroit has three (3) different agencies which employ auditor(s) who perform unique 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](http://www.detoig.org) or [www.detroitmi.gov/inspectorgeneral](http://www.detroitmi.gov/inspectorgeneral)

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

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

**Via OIG Telephone Line:** 313-628-2517 or 313-628-2114

**Via Facsimile:** 313-628-2793

**Via Mail:** City of Detroit Office of Inspector General  
65 Cadillac Square, Suite 3210  
Detroit, Michigan 48207

**Some complaints are received, via a referral, from various City departments and/or 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."

# 2020 4<sup>th</sup> QUARTER OIG STATISTICS

(October 1, 2020 – December 31, 2020)

## Sources of Complaints Received by the OIG in the 4<sup>th</sup> Quarter

<b>Complaint Source</b>	<b>Number Received</b>
Internet (Website)	21
Telephone Hotline	7
OIG Telephone	3
Mail	1
Personal Visit	0
Email	14
OIG Initiation	0
<b>Total</b>	<b>46</b>

## Categories of Complaints Received by the OIG in the 4<sup>th</sup> Quarter

<b>Categories of Complaints</b>	<b>Number Received</b>
Waste	0
Abuse	6
Fraud	3
Corruption	2
Other	35
<b>Total</b>	<b>46</b>

## How Complaints Were Resolved by the OIG in the 4<sup>th</sup> Quarter

<b>Open investigative files</b>	3
<b>Decline investigation or Referral</b>	52

### Categories of OIG Investigations Initiated by the OIG in the 4<sup>th</sup> Quarter

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

### Status of OIG Investigations in the 4<sup>th</sup> Quarter

Open	Closed
3	6

# 2020 YEAR-END OIG STATISTICS

(January 1, 2020– December 31, 2020)

## Sources of Complaints Received by the OIG in 2020

<b>Complaint Source</b>	<b>Number Received</b>
Internet (Website)	60
Telephone Hotline	14
OIG Telephone	7
Mail	2
Personal Visit	2
Email	69
OIG Initiation	4
Other	0
<b>Total</b>	<b>160</b>

## Categories of Complaints Received by the OIG in 2020

<b>Categories of Complaints</b>	<b>Number Received</b>
Waste	1
Abuse	38
Fraud	18
Corruption	5
Other	98

## How Complaints Were Resolved by the OIG in 2020

<b>Open investigative files</b>	24
<b>Decline investigation or Referral</b>	150

## Categories of OIG Investigations Initiated by the OIG in 2020

Categories of Investigations	Number Initiated
Waste	0
Abuse	14
Fraud	9
Corruption	2
Other	3

## Status of OIG Investigations in 2020

Open	Closed
48	22



## Short Summary of Investigations Closed in the 4<sup>th</sup> Quarter of 2020

The following reflects six (6) investigations the OIG closed in the 4<sup>th</sup> Quarter of 2020 with an accompanying synopsis for each investigation.

### 19-0037-INV

The Office of Inspector General (OIG) received a complaint from a homeowner regarding abuse of authority by a Housing and Revitalization Department (HRD) employee. The homeowner alleged the HRD employee abused his authority and was involved in a corrupt behavior by denying the homeowner's request to change the contractor HRD selected to perform work on the complainant's home. Based on the OIG's investigation, we concluded the HRD employee worked with the contractor to ensure the contractor addressed the homeowner's concerns. In conclusion, the OIG did not find any evidence to support the allegations that the HRD employee abused his authority and/or was engaged in corruption.

However, while reviewing HRD's records pertaining to this investigation, the OIG found waste in how HRD used grant funding to finance repairs through its Neighborhood Stabilization Program (NSP). As such, the OIG recommended that HRD implement the following:

1. Deny any bid that is 10% over or under the estimate for the project as indicated by HRD's procurement policy; and
2. Revise the procurement policy to state that HRD employees must negotiate with bidders to ensure each line item in the bid is:
  - a. Reasonably based on HRD's estimate;
  - b. Within 10% of the amount of the same line item/repair cost in HRD's estimate; and
  - c. Include reasonable costs of materials required for the repair and the labor required to install the materials.

### 20-0007-INV

While investigating allegations of misconduct by a tow company, which was referred by the Detroit Police Department (DPD), the Office of Inspector General (OIG) found evidence of misconduct by another tow company, Michigan Auto Recovery Services, Inc. (MAR). Therefore, the OIG initiated an investigation against MAR and found:

1. MARS violated the Rules Governing Police Authorized Tows (*Rules*) by accepting tows directly from DPD officers, and charging unauthorized fees for DPD tows; and
2. MARS violated the terms of the City's towing permit by subcontracting with non-authorized towing companies for DPD tows.

Pursuant to a request made by MAR on November 5, 2020, an OIG Administrative Hearing was held for this matter. While MAR disputed OIG's findings at the hearing, they provided no

additional or new evidence, including any testimony, which would show that the OIG's findings in the draft report were inaccurate or incorrect.

Therefore, the OIG recommended DPD take following actions:

1. Provide the Detroit Board of Police Commissioners (BOPC) with a copy of the OIG memorandum for their review and to issue appropriate discipline in accordance with the City's policy;
2. DPD Tow Monitor implement a policy requiring all secondary tow activity to be invoiced separately from Police Authorized Tow invoices; and
3. Conduct an annual audit of police authorized towers in accordance with the *Rules* to ensure compliance.

#### 20-0010-INV

While conducting an investigation into a separate and unrelated matter that involved the Buildings Safety Engineering and Environmental Department (BSEED), the OIG discovered information that BSEED inspectors may have falsified documents concerning their work hours. The OIG investigation found no evidence that BSEED employees falsified any documents pertaining to their work hours. Therefore, the case was closed without any further action.

#### 20-0012-INV

The OIG received a complaint which alleged an unidentified individual fraudulently changed the bank account information in the UltiPro Self-Service portal (UltiPro) belonging to another employee. As a result, the employee's paycheck was allegedly deposited into a bank account that did not belong to the employee.

The OIG initiated an investigation to determine whether UltiPro has the proper notification and verification standards to prevent employees using shared workstations from accessing personal payroll accounts and other private information belonging to other employees. The OIG found that: 1) the employee did not adequately safeguard his UltiPro user identification and password; 2) the Detroit Public Library (DPL)'s employees shared workstation, which created a risk that was taken advantage of by another DPL employee; and 3) UltiPro's notification process was active in reporting the changes to the employee's payroll account, however, it was not strong enough to prevent the incident.

Therefore, the OIG recommended that UltiPro implement additional and stronger standards to supplement its notification and verification processes. One such security standard is known as two-factor authentication, which is a computer security measure used to protect the identity of users in the event of a password loss or theft.

## 20-0017-INV

The OIG received a complaint that alleged Urban Medical Farms received a permit from the Building, Safety, Engineering, and Environmental Department (BSEED) despite not obtaining the required dimensional variance. This allegedly allowed them to operate in a building with a footprint exceeding 30,000 square feet. It was also alleged that a Legislative Policy Division (LPD) Zoning Specialist and member of the Medical Marijuana Review Committee for the City Planning Commission (CPC), inappropriately spoke on behalf of Urban Medical Farms at the October 29, 2019 Board of Zoning Appeals (BZA) hearing.

The OIG found that BSEED erroneously gave Urban Medical Farms permits based on the confusing wording of the Board of Zoning Appeals (BZA) Decision and Order. The OIG also found no evidence that the zoning specialist's testimony unduly influenced the BZA since the BZA did not vote for the variance required for Urban Medical Farms to operate.

## 20-0025-INV

The City of Detroit Office of Inspector General (OIG) received an anonymous complaint that a Detroit Water and Sewage Department (DWSD) employee was using city-issued vehicles for personal use. In investigating the allegation, the OIG reviewed: surveillance video and photos; GPS data for the vehicle assigned to the employee in question; the DWSD fleet vehicle use policy; additional information provided by DWSD. After completing the document review, the OIG interviewed the employee's supervisor and the employee.

Based on our investigation, the OIG did not find any DWSD policy was violated by the employee. Therefore, the investigation was closed with no further action.