

City of Detroit

Office of Inspector General

2021 1st Quarterly Report

(January 1, 2021 – March 31, 2021)



Ellen Ha, Esq., CIG
Inspector General

April 12, 2021

A Message from the Inspector General



The City of Detroit Office of Inspector General (OIG) was created by the 2012 Charter of the City of Detroit (the Charter). The quarterly report, beginning on page 3, explains why the OIG was created, what purpose it serves the City, and how the OIG operates within the City. Pages 3-4 of the report also explains that our Office is a part of a larger community of local, state and federal inspectors general.

The City of Detroit OIG is one of only three OIGs in the State of Michigan. No other city in Michigan has an Inspector General (IG), much less an OIG. In addition to the City of Detroit OIG, there are two additional OIGs within Michigan. The two are at the Detroit Public Schools Community District (DPSCD) and the Michigan Department of Health and Human Services (DHHS). The offices of inspector general in DPSCD and DHHS serve similar purpose as the City of Detroit OIG. As such, for most people, the concept of OIG still remains rare in Michigan.

However, it is important to note that OIGs are not unique to Michigan. In fact, some cities and states have several OIGs. In most cases, the OIG was created out of necessity based on historical events for the particular city or state. For the federal government, there are over 70 OIGs for different federal agencies, including the United States military.

Despite the fact that our Office has been in existence for over eight years, questions still remain about our role in City government. As such, I am taking this opportunity to further explain why we do what we do. Our office was modeled on the Association of Inspectors General (AIG) Principles and Standards for Offices of Inspector General (Green Book). The Green Book was created by a committee of the AIG Board of Directors to establish generally accepted inspector general principles and standards. The Green Book sets the national standards for OIG offices. In fact, all of my eligible staff and I received training and hold our respective certification from the AIG.

The Green Book highlights that certain external factors can restrict the efforts or interfere with the OIG's ability to form independent and objective opinions and conclusions. One such external factor is the "improper political pressures that affect the selection of areas for review, the performance of those reviews, and the objective reporting of conclusion without fear of censure." See, Green Book, page 9. This is why the Charter mandates our Office to be an independent agency and provides jurisdiction over all public servants, city contractors and subcontractors, etc. This is also why the IG is provided with the authority to initiate audits and investigations without a complaint.

The Green Book also states that the OIG "should incorporate a strategy to identify the causes of fraud, waste, and abuse, and a commitment to help overcome these problems." It states that OIG prevention efforts may include a "routine procedure for OIG staff to identify and report prevention opportunities identified in their work, and for OIG managers to refer these to appropriate officials." See, Green Book, page 11. This is why when we find no waste, abuse, fraud or corruption, we go into detail on the actions taken and not taken, which identifies vulnerabilities that could potentially result in waste, abuse, fraud or corruption. In order to prevent future action(s) which may rise to the level of waste, abuse, fraud or corruption, we produce detailed memorandums or reports so that people can understand how we arrived at our recommendations and conclusions. Deterrence and awareness lead to prevention.

The “Quality Standards for Investigations” identified in the Green Book specify that “investigations focus on obtaining factual evidence for use in determining whether criminal, civil, or administrative actions should be initiated against specific parties for their actions or lack of actions. In the course of such investigations, the OIGs might identify high-risk areas and determine where internal controls should be strengthened. These findings are brought to the attention of appropriate officials for corrective action.” See, Green Book, page 25. This is why we make recommendations even when we do not find waste, abuse, fraud or corruption.

Also, in the “Quality Standards for Investigations,” the Green Book explains that “ultimate investigation success depends on whether necessary corrective actions are taken.” See, Green Book, page 31. As such, we issue a written memorandum or report for each investigation, which identifies our concerns and questions we believe can become problematic in the future.

OIG investigations help identify high-risk areas and determine where internal controls should be strengthened. The Green Book states that “reviews of legislation and regulations serve to strengthen controls and ensure that the public interest is protected without imposing unnecessary burdens.” It also notes that OIG may have responsibilities in addition to audits and investigations. This may include “inspecting, evaluating, reviewing, studying, and/or analyzing government operations and programs for the purposes of providing information for decision-making, and of making recommendations to improve programs, policies, or procedures.” See, Green Book, page 33.

This is why we do not dictate or demand that various City departments or agencies change their respective policies or procedures. Rather, by providing recommendations, we hope the departments and agencies review and consider our recommendations and act accordingly. The success of our Office, and therefore the City, in preventing any future waste, abuse, fraud or corruption requires a partnership with all public servants, departments and agencies. Without their willingness to accept our constructive critiques and implementation of our recommendations, vulnerabilities identified by our Office will continue to exist and potentially perpetuate the abuse, waste, fraud and corruption.

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 2021

Between January 1, 2021 and March 31, 2021, 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, Esq., **Associate Attorney**;
Kasha Graves, **Administrative Assistant**; and
Tracey Neal, **Administrative Assistant**.

It gives me great pleasure to reintroduce Norman Dotson in this quarterly report. Mr. Dotson was hired as a TASS employee and held a functional title of a Law Clerk to the OIG sometime in 2019. On January 25, 2021, I had the honor and the privilege to move Mr. Dotson to be sworn-in as member of the State Bar of Michigan before the Honorable Nicholas Hood, III, a Wayne County Circuit Court Judge. As such, Mr. Dotson now holds a functional title of Associate Attorney for the OIG and performs his duty in the capacity as an Associate Attorney for the OIG.

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 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 48226

Due to the closure of the building at Cadillac Square and the expiration of our lease, we anticipate to move to our new office space sometime next quarter. Our **new address is:*

****615 Griswold, Suite 1230
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 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 initiate 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 memorandum/report. 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:

<https://detroitmi.gov/government/office-inspector-general> or www.detoig.org.

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." 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 days to either to provide a written response and/or seek an administrative hearing.

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. The purpose of the written response and the administration hearing is to provide the affected parties with an opportunity to point out to the OIG why the findings and the conclusions in the draft memorandum or report contain error(s). In support of their position, the affected parties can submit any new evidence or information, by way of providing additional documents or testimonies of additional witnesses. It is important to note that the OIG's proceedings are administrative and not adversarial in nature. Therefore, submission of additional record or testimony are not governed by the Michigan Rules of Evidence.

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.”

When Are OIG Investigative Summaries Published?

The information regarding what we publish may also be found on our website at <https://detroitmi.gov/government/office-inspector-general> under the FAQ section. The following is a short response to the inquiry the OIG submitted and presented to the Internal Operations Standing Committee of the Detroit City Council.

Section 75-306 (2) of the 2012 Charter of City of Detroit (the Charter) requires the OIG to “issue quarterly reports to the City Council and Mayor concerning results of investigations and audits undertaken by the OIG.” It further states “all reports shall be a public record and additionally published electronically on the World Wide Web.”

Therefore, ***all OIG’s quarterly reports and 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: <https://detroitmi.gov/government/office-inspector-general> or www.detoig.org.

The purpose of the formal report is to assist public servants, City agencies, contractors and all other bodies that fall under the jurisdiction of the OIG, as well as the public, in preventing waste, abuse, fraud, or corruption by providing a detailed analysis related to the recommendation made in the formal report.

Generally, after an OIG file manager (FM)¹ completes his/her/their investigation or audit, the FM seeks to close the investigation or initiate an action by submitting a memorandum to the Inspector General (IG), or when necessary, to the Deputy IG (DIG). After the IG or the DIG completes the review of the memorandum, the IG or the DIG must approve the FM’s Request To Close (RTC) or Request To Initiate (RTI) an action. We typically do not publish our internal memoranda, unless we find that the publication the RTC or the RTI may be of a significant public interest. Here are some of the reasons why we exercise such discretion:

1. We want to encourage FMs to be candid and frank with their analyses, interpretations, evaluations, assessments of their findings and recommendations, without any external pressure or influence;
2. Some of the allegations or complaints require our Office to seek and confirm certain information that are personal and private to an individual;
3. Some of the complaints we receive are politically or personally motivated between individuals that lack merit, and cannot be substantiated. However, the allegations by themselves, if published, can be prejudicial or harmful to an individual; and
4. Sometimes the allegations by themselves can identify the complainant even if the complainant wished to remain anonymous and, as such, publication of such memorandum could have a negative impact on submitting or filing any future complaint.

In order to maintain the integrity and the efficiency of our Office, we must maintain our independence. Our independence is dependent on our ability to exercise discretionary authority in the operation of the Office without any undue influence, bias or fear of reprisal. As such, we

¹ The FM is typically an OIG attorney, investigator, forensic auditor, law clerk or intern or a combination of OIG staff.

remain engaged and committed to the privilege and the opportunity that are provided to us through the Charter.

2021 1st QUARTER OIG STATISTICS

(January 1, 2021 – March 31, 2021)

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

Complaint Source	Number Received
Internet (Website)	21
Telephone Hotline	3
OIG Telephone	2
Mail	0
Personal Visit	0
Email	11
OIG Initiation	0
Total	37

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

Categories of Complaints	Number Received
Waste	0
Abuse	8
Fraud	4
Corruption	4
Other	21

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

Open investigative files	4
Decline investigation or Referral	41

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

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

Status of OIG Investigations in the 1st Quarter

Open	Closed
4	12

Short Summary of Investigations Closed in the 1st Quarter of 2021

The following reflects twelve (12) investigations the OIG closed in the 1st Quarter of 2021 with an accompanying synopsis for each investigation.

18-0017-INV

The OIG received a complaint that alleged a demolition contractor used unapproved I-94 backfill at 24 properties throughout the City of Detroit. The OIG found that, based on the evidence, it is likely that Den-Man Contractors, Inc. used the unapproved dirt source at a cost of \$62,124.50. Therefore, the OIG forwarded our findings to the Detroit Land Bank Authority (DLBA) and Demolition Department to review all relevant information and take appropriate action in accordance with the *Scope of Services* and the relevant DLBA and Demolition Department policies and procedures.

19-0012-INV

The OIG received a complaint that alleged several demolition contractors used unapproved I-94 backfill at five properties throughout the City of Detroit. The OIG found that, based on the evidence, it is likely that Adamo, Rickman, Dore & Associates, and Blue Star used the unapproved dirt source. Therefore, the OIG forwarded our findings to the Detroit Land Bank Authority (DLBA) and Demolition Department to review all relevant information and take appropriate action in accordance with the *Scope of Services* and the relevant DLBA and Demolition Department policies and procedures.

19-0018-INV

The OIG received a complaint that alleged the following concerns about the Motor City Match program:

- The program wasted resources and could not adequately account for monthly program spending, which was partially substantiated;
- Supervisors in the Office of Development and Grants ignored concerns raised by a former employee that the payment requests were not reasonable and did not meet HUD standards, which was substantiated;
- ODG supervisors pressured employees to approve the payment requests despite their reservations, which was not substantiated; and
- The payment requests did not receive the same level of monitoring of that requests from other sub-recipients received, which was not substantiated.

The OIG through the course of its investigation also identified the following findings:

- The payment requests included an overhead rate not allowed by HUD;
- DEGC did not properly document direct assistance provided by staff to participating businesses;

- There were three draw requests to HUD totaling approximately \$250,000 that did not have invoice support (a separate OIG investigation was opened to further investigate)
- Costs that were previously disallowed were included in the resubmitted calculations to support the programs; and
- The City recalculated the salary and fringe benefit rate, thereby including expenses in the resubmission that were not part of the original draw requests to justify said expenses.

While the report received a lot of attention and scrutiny, some of which was incorrect and misleading, the overall take-away from the report was the need for increased training and better monitoring of sub-recipient activities to prevent waste in the form of returned grant money.

20-0001-AUD

The OIG initiated a forensic audit of Detroit Department of Transportation's (DDOT) disposition of scrap parts the Vehicle Maintenance Department (VMD) removed from coaches during preventative and unscheduled maintenance for the audit period for the period July 1, 2018 through June 30, 2019. During the audit period, DDOT personnel was unable to account for what happened to scrap metal parts removed from coaches following preventative and unscheduled maintenance. Furthermore, the OIG found DDOT had not taken advantage of scrap metal disposition options that can potentially generate revenue. The OIG concluded that due to the absence of policies and procedures related to the disposition of scrap parts, DDOT was susceptible to waste, fraud, abuse and corruption. Specifically the OIG's findings were as follows:

- An unauthorized hauler truck had access to the scrap bin behind DDOT's main garage.
- DDOT VMD and MMD were not able to account for parts mechanics removed from DDOT coaches for the period July 1, 2018 through June 30, 2019. This includes parts identified as having been accumulated in the main garage.
- DDOT's existing policies and procedures do not provide adequate guidance to ensure mechanics and other DDOT personnel properly handle disposition of parts that have scrap value.
- DDOT does not have a contract with any vendor or internal process to ensure parts removed from coaches can be sold as scrap, which would generate additional revenue for DDOT and by extension the City of Detroit.
- The City of Detroit's Office of the Chief Financial Officer (OCFO) does not have policies and procedures to monitor the financial and operational inventory controls of departments.

Based on the conditions identified during the audit, the OIG recommended that DDOT:

- Establish policies and procedures to restrict unauthorized individuals from obtaining access to the scrap, especially the scrap bin in the yard of the main campus.
- Identify all the scrap parts with scrap value, including but not limited to those accumulated in the main garage unit repair area, which mechanics removed from coaches.

- Revise the VMD and MMD policies and procedures to formalize employee expectations related to parts with scrap value that VMD mechanics remove from coaches. These policies and procedures should focus on safeguarding parts from waste, fraud, abuse or corruptions.
- Work with the OCFO to determine whether it is more cost effective and efficient for DDOT to generate revenue by processing and selling the scrap parts VMD mechanics removes from coaches or to establish a contract with a vendor.
- The OCFO establish financial and inventory policies and procedures to monitor and ensure the department efficiently and effectively disposes of scrap parts that has monetary value.

20-0013-INV

On June 9, 2020, the OIG received a complaint that alleged McDonagh Demolition (McDonagh) was unable to provide the Detroit Land Bank Authority (DLBA) with the required topsoil documentation for five properties. Therefore, in accordance with the Hardest Hit Fund (HHF) Demolition Program *Scope of Services*, McDonagh tested the suitability of the topsoil which was found to not meet program standards. Based on these test results, all of McDonagh's contracted demolition sites were tested because all properties used the same topsoil source. The results showed that 81 of the 89 sites located in Detroit neighborhoods failed to meet program standards.

The focus of the OIG investigation was to determine if any DLBA and/or City of Detroit Demolition Department (Demo Department) employee abused his/her/their authority with the timing of or actions taken as a result of the topsoil testing. The OIG found

- The DLBA likely did not abuse their authority with the actions taken as a result of the topsoil testing. However, many of the DLBA's actions and explanations are questionable. For example, the DLBA stated they chose to review program standards because so many properties failing to meet requirements was a new issue and they wanted to pursue the science. However, 14,995 demolitions were able to be completed based on existing program requirements. The DLBA engaged in this time consuming process after less than 1% (0.54% to be exact) of demolitions completed were not done with topsoil that met *Part 201: Generic Cleanup Criteria* as required by the *Scope of Services*. Yet 99.46% of demolitions were able to meet program requirements.
- The Demo Department did not abuse their authority with their actions taken as a result of the topsoil testing. All evidence suggests that the final decision making rested with the DLBA.

The OIG also sought to determine if the DLBA and/or Demo Department wasted any city resources, including time, effort, and taxpayer dollars, in the steps taken to determine the soil suitability. The OIG found

- The DLBA wasted city resources in the steps taken to determine soil suitability. For example, the DLBA engaged experts ASTI Environmental (ASTI) and Dickinson Wright

at a cost of at least \$99,743.50 to determine if the topsoil used by McDonagh was acceptable for Detroit neighborhoods.

- The Demo Department wasted city resources because of the course of action determined by the DLBA.

20-0014-INV

The OIG received two Board of Ethics (Board) complaints, which were referred by the Board's General Counsel. In the first complaint, the complainant alleged that the Executive Director to the Board violated Detroit City Code 2-5-61 by engaging in outside employment activities without authorization or disclosure to the Board. In the second complaint, the complainant alleged that the Executive Director to the Board violated Detroit City Code 2-5-61, 2-5-62 and 2-5-107, by sharing privileged and confidential information belonging to the Board with a third party. The OIG also investigated another complaint related to these complaints because it contained information related to the allegations that the Executive Director disclosed confidential information to a third-party.

The OIG found that the Executive Director has a duty and responsibility to timely disclose and complete the HR outside employment disclosure form. The OIG concluded that the Executive Director for the Board abused her authority by not adhering to the City's policy. As to allegations of improper disclosure of privileged and confidential information, the OIG did not find any evidence to support such allegations against the Executive Director.

20-0015-INV

The OIG received a complaint that alleged a new contract for ParkDetroit Parking Application was improperly bid and steered to the winning bidder, Flowbird. The OIG was not able to substantiate the allegations of the complaint. The OIG recommended changes to the procurement policy to prevent the appearance of impropriety in the procurement process.

20-0016-INV

The OIG conducted a forensic audit of the Department of Transportation (DDOT) Vehicle Maintenance Department (VMD) policies and procedures regarding the disposition of vehicle parts. The audit revealed that DDOT's VMD and Materials Management Department (MMD) could not account for the parts removed from the coaches during maintenance that were discarded as scrap metal parts. Also, the audit revealed that an unauthorized hauler truck had access to the scrap metal parts dumpster at DDOT's main garage.

Based on the audit's findings the OIG initiated an investigation to determine what happened to the discarded scrap metal parts removed from DDOT's coaches during the OIG's audit period.

The OIG concluded the followings:

- Red Metal Recycling (RMR) was the company that was emptying the dumpster with the scrap metal parts for DDOT during the OIG's audit period. RMR did not have a contract with the City or DDOT to provide such service. RMR never billed the City or DDOT for their services. Likewise, RMR never provided any monetary compensation to the City or DDOT for the scrap metal parts they collected. The OIG found this matter problematic because DDOT did not go through the proper procurement process to have RMR vetted and approved as a city contractor. Furthermore, the City and the DDOT missed multiple opportunities to generate potential revenue for the City.
- In December 2019, DDOT revised its scrap parts policy and implemented a scrap parts program where the City is receiving revenue for scrap metal parts collected by a city approved contractor.
- On May 11, 2020, DDOT hired a new Executive Director Transit for DDOT and he has been implementing corrective actions to address the OIG's findings and recommendations to increase oversight and improve DDOT's operational efficiency.

Therefore, the investigation was closed with no further action taken.

20-0018-INV, 20-0019-INV, 20-0020-INV and 20-0021-INV

The OIG received several complaints alleging abuse of authority by the Detroit Board of Police Commissioners Chairperson and Board Secretary. The OIG found no evidence to substantiate allegations of abuse of authority by the Chairperson or Board Secretary as alleged by the complainant. However, the OIG made recommendations to the Board including hiring a parliamentarian. Therefore, the investigation was closed with no further action taken.