

OFFICE OF THE AUDITOR GENERAL
 AUDIT OF CIVIL RIGHTS, INCLUSION, AND OPPORTUNITY DEPARTMENT THIRD REPORT ON COMPLIANCE FEE DOLLARS
 OPERATIONS
 April 2023

Implementation Tracking of Departmental Responses

FINDING #	AUDIT FINDING	RECOMMENDATIONS		RESPONSIBLE DEPARTMENT	DEPARTMENT RESPONSE(S)	ESTIMATED/ PLANNED IMPLEMENTATION DATE	CONTACT PERSON	CONTACT PERSON NUMBER/ EMAIL
		REF.	SPECIFIC RECOMMENDATION					

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1.	CRIO Did Not Assess Compliance Fees In Accordance With Executive Order 2016-1 Resulting In Potential Loss Of Revenues To The City	A	Correct the formula set in their assessment template (the template of "Monthly Contractor Summary Report") and adopt an appropriate formula to assess compliance fees.	Incentives Compliance	<p>We believe the formula CRIO has historically used to calculate the Compliance Fee's accurately reflects the language in Executive Order 2021-2, Section 7.</p> <p>EO 2021-2, Section 6., requires the following to be submitted by the contractor.</p> <ul style="list-style-type: none"> a) Total work hours b) Total work hours by Detroiters c) If applicable, for a contractor that fell short of the Workforce Target <ul style="list-style-type: none"> 1. "Raw number of total work-hours by which the contractor fell short of the Workforce Target" 2. "Percentage of total work-hours by which the contractor fell short of the Workforce Target" <p>Section 7. method of calculation states, "For each work-hour comprising the first 10% of the total work-hours by which the contractor fell short of the Workforce Target, 5% of the average hourly wage paid by the contractor during the preceding measurement period."</p> <p>Section 6. distinguishes a difference between "total work hours" (used by OAG) and "total work hours by which the contractor fell short" (used by CRIO).</p> <p>CRIO's calculation is based on the qualifying statement in the language of Section 7., "...total work hours by which the contractor fell short..." (6.c.1.). We argue that the raw hours by which the contractor falls short, are the total hours (6a) minus the Detroit hours (6b), which gives you the "fell short" hours.</p> <p>Formulas used by CRIO, for a 26% shortfall: 5% x Avg. Hourly Wage x Fell Short Hours x 10% 10% x Avg. Hourly Wage x Fell Short Hours x 10% 15% x Avg. Hourly Wage x Fell Short Hours x 6%</p>	In Place	Anthony Zander – Director	zandera@Detroitmi.gov (313) 407-7226
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		B	Review the assessment template (the template of "Monthly Contractor Summary Report") and any associated forms annually, to ensure the template is accurate and updated according to the revisions to the City's executive orders.	Incentives Compliance	CRIO will implement an annual quality review of all Executive Order documents, and applicable references, to ensure accuracy and compliance with the EO. This is part of an existing plan to provide a non-required annual Executive Order 2021-2, Executive Summary Report.	Implementation July 1, 2023	Tenika Griggs – Deputy Director	Tenika.Griggs@Detroitmi.gov (313) 418-7280
		C	Implement procedures to safeguard sensitive fields (i.e., locking the formulas for calculation of compliance status and compliance fees) of the assessment template. Ensure that any editing or updating of the assessment template is only allowed by authorized personnel.	Incentives Compliance Data and Policy	The formulas used on the assessment template are currently safeguarded and locked. Updates and edits to the Monthly Contractor Summary Report / Contribution Form" and the "Count Sheet", can only be edited by authorized personnel.	In Place.	Tenika Griggs – Deputy Director	Tenika.Griggs@Detroitmi.gov (313) 418-7280
		D	Define and document accountabilities of the compliance fees assessment reports in CRIO's administrative policies. (i.e., responsibilities for maintaining, updating, and revising of the assessment template)	Incentives Compliance Data and Policy	CRIO will implement an annual quality assurance review, which will include any additional control tools (to track responsibilities, assignments, time requirements, etc.) to ensure all Executive Order related materials are compliant. This is part of an existing plan to provide a non-required annual Executive Order 2021-2, Executive Summary Report.	Implementation July 1, 2023	Tenika Griggs – Deputy Director	Tenika.Griggs@Detroitmi.gov (313) 418-7280

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2.	CRIO Did Not Comply With Executive Order 2016-1 Regarding Timely Contractor Compliance Evaluations And Monthly Reporting For Billings	A	Develop and document the measurement period determination.	Incentives Compliance	<p>CRIO generally monitors within a monthly measurement period. There is currently only one contractor that reports quarterly, in which the reason of this determination is unknown, as it is prior to the compliance team employees and leadership staff.</p> <p>However, we will add a measurement period determination document to our onboarding process. The determination will be based on responsible contracting, compliance consistency and the length of the project.</p>	Implementation July 1, 2023	Tenika Griggs – Deputy Director	Tenika.Griggs@Detroitmi.gov (313) 418-7280
		B	Evaluate contractors' compliance either monthly or quarterly in accordance with the requirement of the executive order. Complete compliance evaluation for each contractor who is subject to the executive order.	Incentives Compliance	<p>CRIO currently evaluates contractor compliance on a monthly basis.</p> <p>If a contractor fails to submit documents by the 15th of each month and or fails to pay into the workforce contribution fund within 30 days on invoice date, a compliance escalation process begins.</p>	Already in place. Began in 2020.	Tenika Griggs – Deputy Director	Tenika.Griggs@Detroitmi.gov (313) 418-7280

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		C	<p>Ensure to submit the Monthly Contractor Summary Reports timely. Continue to maintain and develop the compliance fees master dataset and sufficiently document the compliance fees metrics whereby the compliance fees can be fully tracked, analyzed, and reported Establish a mechanism by which the inclusion performance can be measured.</p>	<p>Incentives Compliance Data and Policy</p>	<p>CRIO currently has a master incentives Metrics Smartsheet that details the status of all Executive Order projects. On this metrics we are able to see and comment on project statuses with the Compliance Analyst. If we notice a project is behind in payments or submission, this is where that priority notice is identified so that we can consistently verify the compliance status, and escalations mechanisms needed for each project</p> <p>If a general contractor does not submit payrolls by the 15th of a given month, compliance escalation steps begin. This helps to ensure we meet the 30-day submission timeline to input monthly contractor summary reports into the Oracle smartsheet for invoicing. It is important to note that delays may occur in this process, especially if the general contractor or subcontractor documentation is insufficient or inaccurate.</p> <p>CRIO does maintain a master dataset that documents compliance fees metrics. We utilize a master Executive Order 2021-2 Smartsheet which populates an outward database whereby the compliance fees can be fully tracked, analyzed, and reported internally and externally.</p> <p><i>EO Dashboard:</i> https://detroitmi.maps.arcgis.com/apps/dashboards/dashboard?appid=787e76aff2440fb696e398fe09a34f</p> <p>CRIO will implement a quarterly quality control review of Monthly Contractors Summary Reports across all Compliance Analysts to ensure the accuracy and completion of the form meets Executive Order and proper documentation requirements.</p>	<p>Already in place. Quarterly Review Implementation: July 1, 2023.</p>	<p>Tenika Griggs – Deputy Director</p>	<p>Tenika.Griggs@Detroitmi.gov (313) 418-7280</p>
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		D	Develop procedures to ensure the compliance fees billing information is communicated timely to the ODFS special projects team within the OCFO.	Incentives Compliance OCFO	<p>CRIO currently has a master incentives Metrics Smartsheet that details the status of all Executive Order projects. On this metrics we are able to see and comment on project statuses with the Compliance Analyst. If we notice a project is behind in payments or submission, this is where that priority notice is identified so that we can consistently verify the compliance status, and escalations mechanisms needed for each project</p> <p>If a general contractor does not submit payrolls by the 15th of a given month, compliance escalation steps begin. This helps to ensure we meet the 30-day submission timeline to input monthly contractor summary reports into the Oracle smartsheet for invoicing. It is important to note that delays may occur in this process, especially if the general contractor or subcontractor documentation is insufficient or inaccurate.</p> <p>CRIO will implement a quarterly quality control review of Monthly Contractors Summary Reports across all Compliance Analysts to ensure the accuracy and completion of the form meets Executive Order and proper documentation requirements.</p>	<p>Already in place.</p> <p>Quarterly Review Implementation: July 1, 2023.</p>	Tenika Griggs – Deputy Director	Tenika.Griggs@Detroitmi.gov (313) 418-7280

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3.	CRIO Does Not Have A Process That Ensures They Capture And Monitor All Projects Subject To Executive Order 2016-1	A	Expand and create definitive communication channels with all potential stakeholders who are sources of information relating to projects subject to the executive order. Develop a mechanism to proactively capture and monitor this data.		<p>CRIO holds monthly meetings with various City Departments who manage projects that are bound by the Executive Order to ensure we are aware, prepared, and included in upcoming developments that meet the threshold. This helps CRIO to be sure we are capturing all projects.</p> <p>If a new project, either public or private, is being planned, CRIO's Incentives Compliance Team reaches out to the project's General Contractor or the Developer to onboard the project and prepare for Executive Order monitoring.</p>	Already in place. Began in 2022.	Tenika Griggs – Deputy Director	Tenika.Griggs@Detroitmi.gov (313) 418-7280
		B	Collect and document sufficient project information (i.e., project contract value, project site, project life, project start date and end date, labor cost estimates, project status, etc.) and establish a mechanism to determine compliance fees to be expected. Develop a procedure to ensure that the projects information is updated timely, accordingly, and completely.	Incentives Compliance	<p>As part of the onboarding process, the project manager, General Contractor or Developer of a public or private project which exceeds \$3m or a Demo project which exceed \$50k, completes the CRIO project information form: form</p> <p>That form records the project name, cost, start date, end date, address, and contact information for the project's point person who will interact with CRIO.</p> <p>CRIO meets with the developer/ contractor throughout the life of the project. This open line of communication ensures that any changes, or barriers, are communicated and addressed.</p>	Already in place. Began in 2020.	Tenika Griggs – Deputy Director	Tenika.Griggs@Detroitmi.gov (313) 418-7280

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		C	Design and implement applicable procedures to ensure that the projects are monitored from start to the end, and continuously monitor the project's close-out.	Incentives Compliance	<p>CRIO's monthly meetings with City Departments and the DEGC allow CRIO to be informed of projects before they begin. This allows CRIO to proactively engage with the contractor prior to construction and allows CRIO to effectively monitor the projects and to avoid the issues of 2016-2019.</p> <p>CRIO has procedures in place to ensure projects are being monitored from start to end. This includes monthly meetings with various City Departments, the incentive's metric starts and end date columns, site visits, etc. In addition, CRIO provides a letter to the developer that the close-out process is complete.</p> <p>CRIO meets with the developer/ contractor throughout the life of the project. This open line of communication ensures that any changes, or barriers, are communicated and addressed.</p>	Already in place. Began in 2022	Tenika Griggs – Deputy Director	Tenika.Griggs@Detroitmi.gov (313) 418-7280