

OFFICE OF INSPECTOR GENERAL CITY OF JACKSONVILLE



REPORT OF INVESTIGATION 2016-0001

HOUSING AND COMMUNITY DEVELOPMENT DIVISION
CONTRACT COMPLIANCE INTERNAL CONTROLS STRENGTHENED

LISA A. GREEN
INSPECTOR GENERAL

JULY 16, 2019

DATE ISSUED

“Enhancing Public Trust in Government Through Independent and Responsible Oversight”

EXECUTIVE SUMMARY

In September of 2015, the Office of Inspector General (OIG) received a referral from the City of Jacksonville (COJ) Employee and Labor Relations, Employee Services Department, regarding possible procurement policy violations by Darrell Griffin (Griffin), a COJ employee,¹ who had held the position of Affordable Housing Coordinator (an appointed position), Housing and Community Development Division (Housing), Neighborhoods Department.² In September of 2015, the COJ's Council Auditor's Office released the State Housing Initiatives Partnership (SHIP) Audit #769 (SHIP Audit), which identified conflicts of interest in four Rental Rehabilitation Program Grant Agreements (contracts); specifically, company officers of the Developers were also owners of the construction companies chosen to perform rehabilitation work. Griffin managed these Rental Rehabilitation Program contracts.

Based upon records reviewed and statements obtained, including Griffin's, during this investigation, the OIG *substantiated* the allegation that Griffin allowed Developers (Grantees) to hire construction companies owned by their own officers on four Rental Rehabilitation Program projects, in violation of the *Conflict of Interest* provision contained in each Rental Rehabilitation Program contract.

The SHIP Audit also noted the four contracts contained a *Procurement* provision, which stipulated, in part, "Any purchase over \$30,000 to \$50,000 requires four written quotes." The investigation also *substantiated* the allegation that Griffin failed to ensure the Grantees adhered to the *Procurement* provision within each Rental Rehabilitation Program contract.

During the course of the records review related to the above allegations, the investigation disclosed Griffin used COJ resources (e-mail, scanners, and computer) for personal use in violation of the COJ *Electronic Communications, Equipment and Media Policy* (effective July 1, 2010 and effective October 14, 2015).

The OIG provided Griffin an opportunity to comment on the draft Report of Investigation, and based upon Griffin's written response received in December of 2018, the OIG conducted an additional review. This included a review of additional Housing contracts for other Housing Rehabilitation Programs in effect prior to the end of June of 2011, including the Neighborhood Stabilization Program (NSP) and Community Housing Development Organization (CHDO). The OIG determined that there were several violations of the *Conflict of Interest* provisions in contracts administered under these programs. These conflicts of interest appear to have ceased after June of 2011.

In November of 2018, based on OIG's recommended corrective actions, the Office of Mayor Curry strengthened internal controls related to the contract compliance and monitoring within

¹ Griffin retired from the COJ early June of 2019.

² Griffin held this position from August of 2007 to September of 2015. Shortly after the SHIP Audit was released, Griffin was reverted to a Recreation Planning and Grants Coordinator (a civil service position), Parks, Recreation and Community Services Department.

Housing and Community Development. In addition, the Administration created a policy and attestation form for Housing and Community Development Division (program-wide) to ensure COJ employees formally document and certify that no conflict of interest exists between any COJ employee and any grantee, contractors/known subcontractors, and/or individuals applying for or receiving funds from the COJ.

Housing Program Managers employed between 2009 and 2012, to include Griffin, who oversaw Housing Rental Rehabilitation Programs addressed in this investigation, are no longer employed with the COJ.

INVESTIGATIVE REPORT

ALLEGATIONS

Darrell Griffin, while in the position of Affordable Housing Coordinator, Housing and Community Development Division (Housing), Neighborhoods, (1) allowed Developers (Grantees) to hire construction companies owned by their officers on four Rental Rehabilitation Program contracts, and (2) failed to ensure the Grantees adhered to the Procurement provision within each Rental Rehabilitation Program contract. The source of these allegations was the COJ's Council Auditor's Office SHIP Audit # 769 (SHIP Audit), specifically findings 3-2 and 3-3.

GOVERNING DIRECTIVES

State Housing Initiatives Partnership (SHIP) Directives

- *Florida Statutes, Part VII, § 420.907-420.9079, State Housing Initiatives Partnership Act*
- *SHIP Program Manual (revised March 2008)*

City of Jacksonville (COJ) Ordinance Code

- *Chapter 555 – Jacksonville Affordable Housing Program*
- *City of Jacksonville/Duval County Local Housing Assistance Plan for fiscal years 2009-2010, 2010-2011, and 2011-2012, enacted by Ordinance 2009-277-E, April, 28, 2009*
- *§126.110 - Public official bid and contract disclosure and prohibition*

COJ Policies and Procedures

- *COJ Procurement Manual (effective November 2007 and effective August 2013)*

COJ Housing and Neighborhoods Department Policies, Procedures, Guidelines

- *Rental and Rehabilitation Program Guidelines for Acquisition-Rehabilitation (updated July 2008)*
- *Rental Rehabilitation Program Guidelines for Rehabilitation Only (updated July 2008)*
- *Rental Rehabilitation Program Application (July 2008)*

COJ/Program Grant Agreements (Contracts)

- *Rental Rehabilitation Program Grant Agreement Between The City of Jacksonville and Wealth Watchers, Inc.*, effective October 29, 2010 (Project Address: 228 Spring Street, Jacksonville, FL) [**Spring Street**];
- *Rental Rehabilitation Program Grant Agreement Between The City of Jacksonville and Wealth Watchers, Inc.*, effective October 29, 2010 (Project Address: 1773 West 4th Street, Jacksonville, FL) [**West 4th Street**];
- *Rental Rehabilitation Program Grant Agreement Between The City of Jacksonville and Wealth Watchers, Inc.*, effective October 29, 2010 (Project Address: 6851 Tinkerbell Lane, Jacksonville, FL) [**Tinkerbell Lane**]; and
- *State Housing Initiative Partnership Program Grant Agreement Between The City of Jacksonville and Helpful Citizens Incorporated*, effective January 7, 2011 (Project Address: 1913 West 11th Street, Jacksonville, FL) [**West 11th Street**]

BACKGROUND

Referral Labor Relations Office, Employee Services Department

In September of 2015, as a result of the Council Auditor's Office SHIP Audit, the COJ Labor Relations Office, Employee Services Department, requested the OIG review possible misconduct on the part of Griffin.

SHIP Program

The SHIP Program was established by Florida Statutes, Part VII, §420.907 - 420.9079, State Housing Initiatives Partnership Act. The SHIP Program is administered by the Florida Housing Finance Corporation and provides funding to local governments as an incentive to produce and pursue affordable homeownership and multifamily housing to individuals with low to moderate income. SHIP funds are derived from mortgage documentary stamps (taxes) collected when individuals purchase a home. SHIP funds are collected and distributed to local governments throughout Florida. The amount of SHIP funds distributed to each county is determined by a formula based upon a county's population.

In accordance with §420.9072, Florida Statutes, the COJ established *Ordinance Code Chapter 555, Jacksonville Affordable Housing Program*. Chapter 555 authorizes the Jacksonville Housing Assistance Plan (Plan), and governs the administration of SHIP funds received by the COJ. Additionally, Chapter 555 designates the Jacksonville Housing and Community Development Commission the authority and responsibility to implement and administer the Plan. The Plan identifies the COJ's strategies for the efficient use of SHIP funds and implements COJ's affordable housing programs. The COJ's Housing and Community Development Division administers the COJ's affordable housing programs.

COJ Rental Rehabilitation Program

The COJ's Rental Rehabilitation Program is one of the affordable housing programs established by the Plan and administered by the COJ's Housing and Community Development Division. Per the 2008 Rental and Rehabilitation Program guidelines, the program was described as a "joint effort between the City of Jacksonville and local lenders to provide financing to developers with the primary purpose to increase and/or maintain the supply of affordable rental housing units for low and moderate-income families." Applicants could be for profit and/or not-for-profit Developers who own the rental housing property. Applicants could also be individuals who own rental housing property.

COJ Council Auditor's Office - SHIP Audit and supporting documentation

In October of 2012, the Council Auditor's Office initiated an audit of SHIP funded programs administered by the Housing and Community Development Division. The SHIP Audit scope covered the period October 1, 2009 to September 30, 2012. The final SHIP Audit report was released on September 23, 2015.

During the audit, thirteen Rental Rehabilitation Program projects were identified as being within the scope of the audit period. Of those, the Council Auditor's Office reviewed project files for nine Rental Rehabilitation Program projects. Of note, SHIP Audit Findings 3-2 and 3-3 are highlighted (*verbatim, in part*) below:

Finding 3 – 2 *Conflict of Interest for Rental Rehabilitation Work*

We discovered that in four out of nine Rental Rehabilitation project files reviewed, the owners of two different construction companies that were chosen to do the rehabilitation work were also officers of two of the NFP's³ that had been awarded the funds for the projects...This appears to be a significant conflict of interest. It also appears that the Program Manager for the Rental Rehabilitation programs had knowledge of this conflict of interest and did nothing to stop this from occurring, as all of the records we reviewed were from the files maintained by the Program Manager.

Additionally, Finding 3-2 supporting documentation (*verbatim, in part*) also disclosed the following:

For all three Wealth Watchers projects the winning construction company was Dvorak Construction. Dvorak is owned by Ed Gaston. Ed Gaston⁴ submitted a bid to Carrie Davis, President of Wealth Watchers. Wealth Watchers received one other bid from Shadow Stones Construction which was addressed to Ed Gaston. For the Not-for-Profit Helpful Citizens, the

³ NFP is the acronym for Not-For-Profit entities.

⁴ Gaston was also Vice President of Community Development for Wealth Watchers.

winning construction company was B.A. Wilson Construction, of which B.A. Wilson is an officer. B.A. Wilson is also the President of Helpful Citizens.

Finding 3 – 3 *Improper Number of Quotes for Rental Rehabilitation Projects*

...the NFPs did not appear to follow the agreement with the City in regard to the number of written quotes to be received on the projects ... Based on the Rental Rehabilitation Program Grant Agreement, eight of the projects should have received four written quotes and one should have received three written quotes.

INVESTIGATIVE FINDINGS

OIG RECORDS REVIEW

The OIG reviewed various records including applicable Florida Statutes; COJ *Ordinance Code*; Florida State and COJ Housing policies and procedures; the SHIP Audit and related audit documentation and various COJ records to include contracts and procurement manuals. The records review found the following (*in part*):

§126.110, Ordinance Code, Public official bid and contract disclosure and prohibition

(a) A public official who knows that he or she has a financial interest in a bid or contract shall make disclosure in writing to the Division or using agency, whichever is receiving or has received the bid or contract...

COJ Procurement Manuals

The 2007 Procurement Manual specified under *Section IV - Informal Purchases, A. Solicitation For Quotations*, the standard procedure for an informal purchase with estimated costs ranging from \$30,001 to \$50,000 required a minimum of four written solicited quotes.

The 2013 Procurement Manual specified under *Section IV - Informal Purchases, A. Solicitation For Quotes*, the standard procedure for an informal purchase with estimated costs ranging from \$30,001 to \$65,000 required a minimum of four written solicited quotes.

Rental Rehabilitation Program Policies, Procedures, and Guidelines

The four Rental Rehabilitation Program contracts (Spring Street, West 4th Street, Tinkerbelle Lane, and West 11th Street) questioned in the SHIP Audit were executed in 2010 and 2011.⁵ The OIG reviewed the applicable 2008 guidelines, procedures, and application requirements relating to the selection of a Contractor by the Developer (Applicant).

⁵ The 2007 COJ Procurement Manual was in effect during the timeframe the four contracts were executed.

According to the *Rental and Rehabilitation Program Guidelines for Acquisition-Rehabilitation* (updated July 2008), and the *Rental Rehabilitation Program Guidelines for Rehabilitation Only* (updated July 2008), under *Contractor Requirements*, “*The City maintains a list of licensed general and residential contractors from which the applicant may select a contractor. However, the applicant may select a contractor of his or her choice.*” [emphasis added]

Per the *Rental Rehabilitation Program Application* (July 2008), under *Checklist*, the applicant should provide a “*Completed application with an itemized and accepted bid from a Licensed General Contractor.*” [emphasis added]

As specified in the applicable 2008 program guidelines and application, a written proposal was to be obtained from “a” licensed general contractor. A comparison of the 2008 program guidelines and the 2008 application between the 2007 Procurement Manual (in effect during 2008), revealed the solicitation requirements per the 2008 program guidelines and application were *not* in agreement with the solicitation requirements of the 2007 Procurement Manual. According to the 2007 Procurement Manual, projects with estimated costs between \$30,001- \$50,000 required a minimum of *four* written solicited quotes.

Additional COJ Housing Records Reviewed

The OIG reviewed various historical Housing program guidelines, procedures, fliers, and PowerPoint presentations relating to the selection of a contractor.⁶ These records included, in part, the *Small Investor Rental Rehabilitation Program (SIRRP)* (undated flier); *Jacksonville Housing Commission HOME Purchase and Rehabilitation Program* (undated flier); *Jacksonville Housing Commission HOME Purchase and Rehabilitation (HOME-PAR) Program Guidelines* (Draft Guidelines dated March 2006); *Housing Rehabilitation Program Guidelines* (July 2008, June 2010, and April 2013); *Limited Repair Program Procedures* (revised December 2003); the *Neighborhood Stabilization Program (NSP) Policies and Procedures Manual* (NSP Manual) (dated June 29, 2011); *NSP Construction Single Family Homes Rehabilitation Subcontractor Review Session* PowerPoint (undated); *NSP Bidding Process & Construction Management Single Family Homes Rehabilitation General Contractor Review Session* PowerPoint (undated); and *NSP Frequently Asked Questions* (FAQ) material previously on the City’s Housing website.

Based on a review of the above-referenced Housing records, the OIG concluded the only materials which referenced that Developers could self-perform as a contractor were found within the NSP PowerPoint materials and the NSP FAQs. The NSP, a federally-funded program, provides financing to Developers for the purchase and rehabilitation of foreclosed homes. Housing discontinued allowing Developers to self-perform as contractors within NSP with the issuance of the NSP Manual, dated June 29, 2011. Specifically, per the NSP Manual, *Step VI: Bidding/Pre-Construction, Section B. GC and Sub Eligibility*, “A GC⁷ who is affiliated, or controlled by Developer will not be eligible to bid on any projects owned by that same Developer.”

⁶ Griffin provided these documents to the OIG during the investigation in an effort to demonstrate a practice of self-performing within Housing.

⁷ GC is the acronym for General Contractor.

Based on a review of the above-referenced NSP Housing materials (NSP Manual, NSP PowerPoints, and the NSP FAQs), the OIG determined these guidelines and materials, were unrelated to the COJ Rental Rehabilitation Program and the four contracts outlined in the SHIP Audit. Further, Rental Rehabilitation Program guidelines, procedures, and fliers do not specify that a Developer could self-perform as a Contractor.

COJ/Program Grant Agreements (Contracts)

The OIG reviewed contract provisions for the four contracts (Spring Street, West 4th Street, Tinkerbelle Lane, and West 11th Street), identified in the SHIP Audit. These four contracts were entered into during 2010 and 2011. Specifically, the OIG reviewed provisions 12.15, *Conflict of Interest*, and 12.19, *Procurement*, and found the language was identical in each contract, as provided (verbatim) below:

12.15 Conflict of Interest

The parties hereto shall follow the provisions of Section 126.112⁸, Jacksonville Ordinance Code, with respect to required disclosures by public officials who have or acquire a financial interest in a bid or contract with City, to the extent the parties are aware of the same. No person who is an employee, agent, consultant, officer, or elected official or appointed official of the City, or of any designated public agencies, or contractor or subcontractors which are receiving Grant funds or who exercise or have exercised any functions or responsibilities with respect to Program activities or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have a (sic) interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties during their tenure or for one year thereafter. In addition, in the procurement of labor, supplies, equipment, construction and services by Grantee or by any general contractor, subcontractor, materialmen, laborer or other persons working on the improvements, the conflict of interest provisions of any applicable federal, state or local law, rule, regulation or policy shall be adhered to by the same.

12.19 Procurement

The Grantee agrees to adhere to the following City procurement requirements in its purchase of labor, materials, supplies, and equipment, and will maintain written documentation in its records:

- *Any purchase up to \$2,500 requires 1 written quote;*
- *Any purchase over \$2,500 to \$15,000 requires 2 written quotes;*

⁸ Through testimony, and a review of the *Ordinance Code*, the OIG learned this citation should be §126.110, *Ordinance Code*.

- Any purchase over \$15,000 to \$30,000 requires 3 written quotes;
- Any purchase over \$30,000⁹ to \$50,000 requires 4 written quotes;
- Any purchase over \$50,000 requires a formal bid procedure (advertising and sealed bids); ...

The project costs associated with the four contracts (Spring Street, West 4th Street, Tinkerbell Lane, and West 11th Street) highlighted in the SHIP Audit were estimated not to exceed \$50,000. Per a review of the four contracts and in accordance with provision 12.19, *Procurement*, each grantee was required to obtain a minimum of four written quotes for the purchase of labor, materials, supplies, and equipment. The Procurement provision requirement was the same as required per the COJ 2007 Procurement Manual.

COJ Housing Rental Rehabilitation Program Project Files

OIG reviewed Rental Rehabilitation Program project files for the four contracts outlined in the SHIP Audit. Per a review of the files, the OIG found two bid proposals for each project as summarized in the charts below (“*” denotes the contractor selected by the developer):

Wealth Watchers Rental Rehabilitation Project Files				
Project Location	Date	Bid Submitted By	Bid Directed To	Bid Amount
Spring Street	02/15/2010	Dvorak Construction, Inc. * (Ed Gaston)	Carrie Davis, President	\$49,105
Spring Street	04/13/2010	Shadow Stones Construction, Inc.	Ed Gaston, Vice President of Community Development	\$60,000
West 4th Street	02/15/2010	Dvorak Construction, Inc. * (Ed Gaston)	Carrie Davis, President	\$47,246.29
West 4th Street	04/13/2010	Shadow Stones Construction, Inc.	Carrie Davis, President	\$60,000
Tinkerbell Lane	02/15/2010	Dvorak Construction, Inc. * (Ed Gaston)	Carrie Davis, President	\$49,594
Tinkerbell Lane	04/13/2010	Shadow Stones Construction, Inc.	Ed Gaston, Vice President	\$65,000

Helpful Citizens Incorporated Rental Rehabilitation Project File				
Project Location	Date	Bid Submitted By	Bid Directed To	Bid Amount
West 11th Street	Undated	B.A. Wilson Construction, Inc. *	Bernard A. Wilson, President	\$53,586.61 ¹⁰
West 11th Street	06/21/2010	Shadow Stones Construction, Inc.	Darrell Griffin (COJ)	\$57,531.87

⁹ Per the Procurement Manual effective in November of 2007, the dollar threshold requiring four written quotes was \$30,001 to \$50,000. As such the verbiage in the contract provision was in error.

¹⁰ Housing documentation (Proceed Order) confirmed a formal bid was not required because the owner was to contribute \$3,586.61 towards the rehabilitation of the home, thereby keeping the agreement to \$50,000.

Of note, the review corroborated SHIP Audit Finding 3-3, in that the number of bids obtained by the Developers did not meet the requirements outlined in the contracts, specifically section 12.19, *Procurement* (text referenced above, refer to page 8 and 9). Furthermore, per a review of the 2007 Procurement Manual, four written quotes based on the project costs for these contracts were required.

The OIG also reviewed City e-mails and open source material and learned the following about the Developers:

- 1) Ed Gaston owned Dvorak Construction Incorporated and also served as a Vice-President of Community Development for Wealth Watchers Inc. at the time the bids for the Spring Street, West 4th Street, and Tinkerbell Lane projects were submitted; and
- 2) Bernard A. Wilson was the owner of B.A. Wilson Construction, Inc. and was the President of Helpful Citizens Incorporated at the time the bid for the West 11th Street project was submitted.

The review of the project files, City e-mails, and open source material corroborated the SHIP Audit Finding 3-2, that a conflict of interest existed between the Developer and the Contractor selected for each project, in violation of 12.15, *Conflict of Interest* (text referenced above, refer to page 8).

Review of Deposition Records

During the investigation, the OIG reviewed Housing employee deposition records for Dayatra Coles,¹¹ Affordable Housing Coordinator, and Laura Stagner-Crites, Director of Finance-Housing, related to a 2016 lawsuit. Relevant information, in substance, is summarized below:

Dayatra Coles Deposition Records (in part)

Dayatra Coles (Coles), Affordable Housing Coordinator, explained she was the State Housing Initiative Program (SHIP) Administrator. As SHIP Administrator, she was the primary contact between the City and the State and was responsible for reporting the City's allocation of SHIP funds. SHIP funds were used for various programs to include, but not limited to, the Rental Rehabilitation Program and the Limited Repair Program.

Griffin's role as the Affordable Housing Coordinator included meeting with Developers of "*for-profit and non-profit organizations that wanted to come into Jacksonville and create affordable housing bridge.*" Griffin assisted them with the Rental Rehabilitation Program application process. Griffin also assisted homeowners who needed assistance with "*affordable rental housing.*"

Coles stated every program within the Division had an appropriate "*boilerplate*" contract. She confirmed the 12.15 *Conflict of Interest* provision was included in each of the Division's "*boilerplate*" contracts. Coles was not involved in drafting the Rental Rehabilitation Program

¹¹ Coles resigned in June of 2018.

contracts [in 2010/2011]. Additionally, Coles was not involved in developing the program guidelines for the Rental Rehabilitation Program.

Coles was present during the exit conference for the SHIP Audit. Coles confirmed Thomas Carter, Public Accounts Auditor III, Council Auditor's Office, mentioned during the exit conference there was a "*conflict of interest*" as it related to some of the projects with the Developer and the Contractor having some relationship. Coles recalled Carter mentioned "*there were challenges or questions about bids and how many bids there were and who was doing the work in reference to the procurement code and the documentation.*"

Coles confirmed Laura Stagner-Crites provided her the opportunity to review the draft SHIP Audit Report on or about July 22, 2015. Stagner-Crites asked Coles for assistance in responding to the audit recommendations.

Coles confirmed "*self-performing had happened in our Division in the past.*" She stated "*self-performance was allowed in NSP.*" She stated for a short time, a former NSP Program Manager allowed self-performing whereby Developers could also act as General Contractors.

Coles confirmed that in the past the practice of obtaining the number of quotes as required [per COJ Procurement Manual] was not followed by Housing employees. She further confirmed that in the past she had failed to obtain the number of bids required (by City Procurement) for the Limited Repair Program (owner-occupied). Coles confirmed there was a past policy and procedure whereby the City (Housing) allowed the homeowner (owner-occupied rehabilitation) to select the contractor from a list of contractors. The policy at the time (no timeframe specified) was that the homeowner would choose the general contractor.

Coles confirmed owner-occupied rehabilitation was different from the Rental Rehabilitation Program coordinated by Griffin, in that the developer owned the property and the City entered into a contract with the Developer.

Laura Stagner-Crites Deposition Records (in part)

Laura Stagner-Crites (Stagner-Crites), Director of Finance-Housing, stated that for the last ten years Coles was the SHIP Administrator. In this capacity, Coles was responsible for the collection of the data needed to meet State reporting requirements and for the completion of the SHIP annual report.

The Rental Rehabilitation Program was funded by multiple funding sources (i.e. HOME Investment Partnership Program [HOME], SHIP and Community Development Block Grant [CDBG]). Housing staff used a "*boilerplate*" contract format for Rental Rehabilitation Program contracts between the COJ and applicants. This boilerplate was created as a "*team effort*" by Stagner-Crites, Griffin, and one or two other Housing employees. These "*boilerplate*" contracts would be reviewed by the Office of General Counsel (OGC).

She stated her *“role was to ensure that the provisions that needed to be in the contract in order to adhere to City Code were in the contract.”* When the *“boilerplate”* contract was prepared it would not contain any specific project information.

All *“boilerplate”* contracts that were *“grant contracts”* included a conflict of interest provision. The four Rental Rehabilitation Programs contracts reflected in the SHIP audit contained a 12.15 *Conflict of Interest* provision. The *Conflict of Interest* provision included in the *“boilerplate”* contracts would be substantially the same; however, the wording may contain slight differences depending on funding sources (Federal, State, etc.). Additionally, all *“boilerplate”* contracts included a *Procurement* provision, *“a standard requirement in all City contracts.”* The four Rental Rehabilitation Program contracts identified in the SHIP audit contained the 12.19, *Procurement*, provision.

Griffin was *“responsible for the receipt of the applications and the review of those applications and the due diligence associated with the project.”* Commitment letters for the projects were issued by the Housing Director.

In support of the SHIP Audit (in response to the auditor’s initial request for project files), Stagner-Crites requested that Griffin provide the Rental Rehabilitation Program project files to her. She reviewed the Rental Rehabilitation Program project files and she identified issues relating to the *“inadequate number of bids and the contractors who performed the work.”*

Approximately, between the time of October of 2012 and May of 2013, Stagner-Crites met with former COJ employee Elaine Spencer, Chief, Housing and Community Development Division, and Griffin to discuss the issues she identified. Stagner-Crites recalled Griffin stating, *“Well, we don’t do it like that anymore.”*

At the time the four Rental Rehabilitation Program contracts were signed and funded (2010 and 2011); she was unaware the contracts were non-compliant with the City’s Procurement Code and the *Procurement* provision. Stagner-Crites was unaware that a conflict of interest existed between the Developer and the Contractor. Stagner-Crites stated she was not responsible for reviewing Griffin’s work.

TESTIMONY

Statement of Laura Stagner-Crites, Director of Finance-Housing and Neighborhoods Department

Stagner-Crites stated that in 2009 a former COJ Housing employee managed NSP. The former employee allowed Developers (non-profits), who were also Contractors to self-perform and bid on the non-profit projects. During this time, Stagner-Crites remembered a *“policy or practice”* that allowed self-performing in the NSP program. This practice ended when Coles took over the program. Stagner-Crites stated COJ contracts have always *“spelled out”* what constituted a conflict of interest.

Statement of Elaine Spencer, former Chief of Housing, Housing and Community Development Department

Elaine Spencer (Spencer), former Chief of Housing, served as the Chief of Housing for approximately three years, beginning in March of 2012, until she retired in 2015. As Chief, she supervised the Housing Division staff and managed City Housing program funds from both the United States Department of Housing and Urban Development (HUD) and the SHIP Program.

Spencer was Griffin's supervisor. Griffin held the position of Affordable Housing Coordinator and managed the COJ's Affordable Housing Program, which included the Rental Rehabilitation Program. Griffin was responsible in part for oversight of new construction projects. Griffin coordinated with Developers and was responsible for the procurement process for the programs he managed. Spencer was unaware Griffin had failed to ensure the Developers obtained the number of bids required by the COJ Procurement Manual.

Statement of Greg Pease, Chief, Procurement Division, Finance and Administration

Greg Pease (Pease), Chief, Procurement Division, advised the Procurement Division began overseeing Housing's informal construction bids under Office of Mayor Curry's Administration in 2015. Prior to this time, Housing conducted its own informal bidding process.

Pease explained a "boilerplate" contract served as a template contract with standardized verbiage. Additionally, all COJ contracts are required to contain a "clause" regarding conflicts of interest. The intent of the *Conflict of Interest* provision is to require public officials to disclose if they had a conflict of interest. He stated the verbiage in provision 12.15, *Conflict of Interest*, for the Spring Street¹² contract appeared to be standard language. However, he was unaware if the verbiage pertaining to contractors included in provision 12.15 of the contract originated from Housing or from OGC.

Pease stated it would be permissible to modify the *Ordinance Code* conflict of interest requirements for the contract if the contract provision was more restrictive than the standard *Ordinance Code* requirements. However, the contract requirements should not conflict with the requirements established in the *Ordinance Code*.

Pease stated the COJ Procurement Manual established the bid requirements contained in the 12.19 *Procurement* provision contained in the Spring Street contract. *Ordinance Code*, Chapter 126, Procurement Code, did not establish the requirements of the provision. The *Ordinance Code* requires the Chief of Procurement to establish rules and regulations for informal and formal purchases. The COJ Procurement Manual establishes these rules, including the dollar value thresholds and the minimum number of quotes required.

Pease stated Housing might have specific requirements for informal bidding within their own section of the *Ordinance Code*. However, without reviewing the Housing ordinances and researching Housing's contracting authority, he was unsure.

¹² The OIG provided Pease the opportunity to review the Spring Street contract, which served as a representative sample of the four Rental Rehabilitation Program contracts that contained the same verbiage for provision 12.15 and 12.19.

In regards to the Spring Street contract, Pease stated that Housing should have ensured the Developers received four written quotes based on the project cost and the dollar amount thresholds provided in the contract. Pease stated Housing staff should have solicited four written quotes and chosen the lowest quote.

After having reviewed Housing's Rental Rehabilitation guidelines (updated July 2008) and the Rental Rehabilitation application (effective July 2008), Pease agreed the verbiage in both documents stipulated the Developer was to submit a bid from "a contractor." However, Pease did not interpret "a contractor" to mean that the Housing staff should have solicited only one written quote. He opined the bid submitted from "a contractor" should be the lowest quote from the four solicited written quotes.

Pease explained that a signed contract would supersede Housing guidelines. If the signed contract stipulated four written quotes were needed based upon the project cost, then Housing staff should have ensured the Developer obtained four written quotes. Pease advised the Housing employee who had oversight over the contract was responsible for contract compliance unless stated otherwise.

Statement of Thomas Carter, Public Accounts Auditor III, Council Auditor's Office

In October of 2012, Thomas Carter (Carter), Public Accounts Auditor III, sent an e-mail to Stagner-Crites and Coles to schedule an entrance conference meeting in order to discuss the programs under review (SHIP programs). Carter's main point of contact during the SHIP Audit was Stagner-Crites. Coles acted as a secondary point of contact since she was the SHIP Administrator.

During the entrance conference meeting Carter requested policies, procedures, and Standard Operating Procedures (SOPs) applicable to the SHIP funded programs. During the audit he conducted interviews (not audio recorded or under oath) with multiple Housing employees. The interviews covered job duties and information regarding the SHIP funded programs.

In reviewing Housing records, Carter identified thirteen Rental Rehabilitation Program projects for the SHIP Audit period (October 1, 2009 to September 30, 2012), of which he reviewed a sampling of nine project files. Carter advised the only Housing records he received from Griffin (or Griffin's staff) were the nine Rental Rehabilitation Program project files. He stated Griffin did not provide him any policies, procedures, or guidelines regarding the Rental Rehabilitation Program.

Carter stated the exit conference occurred in October of 2014, and included Stagner-Crites, Coles, Spencer (for part of the meeting), Griffin, and a former Housing Financial Manager. During the exit conference, Carter discussed all of the audit findings to include Findings 3-2, *Conflict of Interest for Rental Rehabilitation Work*, and 3-3, *Improper Number of Quotes for Rental Rehabilitation Projects*.

Carter explained during the exit conference that based upon his review of the nine Rental Rehabilitation Program project files, four of the nine Rental Rehabilitation Program project files had *Conflict of Interest* provision violations. He reviewed the signed contracts between the COJ

and the non-profit applicants (Developers). He noticed three out of the four Rental Rehabilitation Program project files contained a written quote that had been submitted to Wealth Watchers from Dvorak Construction, Inc. - Ed Gaston, President. Gaston was also a Vice President with Wealth Watchers.

Carter stated each of the three Wealth Watchers project files contained two written bids. The bids were from the same two companies, Dvorak Construction, Inc. and Shadow Stones Construction, Inc. (Shadow Stones - Abdel Al-Haleem, President). The bid proposal(s) from Dvorak Construction, Inc., all dated February 15, 2010, and all signed by Ed Gaston, were addressed to Carrie Davis, President of Wealth Watchers.

The bid proposals from Shadow Stones, all dated April 13, 2010, were addressed to Ed Gaston at Wealth Watchers. Ultimately, Wealth Watchers selected Gaston's company (Dvorak Construction, Inc.) as the winning bidder for the three Rental Rehabilitation Program projects. Carter concluded Wealth Watchers (the Developer) had self-performed as the contractor. Carter considered this a conflict of interest under provision 12.15, *Conflict of Interest*.

The fourth Rental Rehabilitation Program project file involved the Applicant (Developer) Helpful Citizens Incorporated and contained a signed contract between the COJ and Helpful Citizens Incorporated. The project file contained only two bids, one from B.A. Wilson Construction, Inc. and the other bid from Shadow Stones. Ultimately, Helpful Citizens Incorporated chose B.A. Wilson Construction, Inc. as the winning bidder for the one Rental Rehabilitation Program project. Bernard A. Wilson was the President of both Helpful Citizens Incorporated and B.A. Wilson Construction, Inc. Carter considered this a conflict of interest under provision 12.15, *Conflict of Interest*.

Carter was aware the contracts reviewed as part of the Rental Rehabilitation Program were considered to be "boilerplate" (template) contracts. This meant the contracts contained standardized verbiage (i.e. provisions 12.15, *Conflict of Interest*, and 12.19, *Procurement*). He understood the developer information (company name, property address, and dollar amount associated with the contract) would be added or inserted into the contract by Housing employees.

Carter was unaware who created the template or reviewed these contracts within Housing. He examined the contracts to ensure each of them had been signed by all parties (Applicants/Developers and COJ officials). He stated each of the applicants (Wealth Watchers and Helpful Citizens Incorporated) signed the contracts and should have adhered to the contracts as written.

He stated the conflict of interest was with the Developers (Wealth Watchers and Helpful Citizens Incorporated) self-performing as the contractors on the Rental Rehabilitation Program projects. It was clear in the Rental Rehabilitation Program contracts, under provision 12.15, *Conflict of Interest*, that contractors or subcontractors (Developers self-performing) could not have a personal or financial interest in the contract.

Carter opined that Griffin, as the Project Manager of the Rental Rehabilitation Program, had knowledge of the conflict of interest because "the quotes and the letters and the contracts were

all in the files, in his (Griffin's) files." Carter stated there were documents in each of the Rental Rehabilitation Program project files that contained Griffin's signature.

The signed Rental Rehabilitation Program contracts stipulated the process and conditions to which the COJ and developer must abide from the beginning of the project to the disbursement funding. Carter stated the audit findings were based on his interviews and the Housing records he reviewed.

During the SHIP Audit, no Housing employee mentioned the term "*self-performing*" or told him "*self-performing*" was allowed. Nor was Carter provided with any policies or procedures that stated self-performing was allowed.

In regards to Finding 3-3, *Improper Number of Quotes for Rental Rehabilitation Projects*, Carter discovered within each of the four Rental Rehabilitation Program contracts provision 12.19, *Procurement*, which stipulated four written quotes were needed for projects costing within a "\$30,000 to \$50,000" threshold. Carter stated Wealth Watchers and Helpful Citizens Incorporated, as applicants did not adhere to the contracts as written in regards to the number of written quotes required. Carter stated he "*was auditing by the contract.*" Carter stated four written quotes were needed by the Developers.

Carter stated the project costs for each of the four signed contracts were over \$50,000 and noted that projects with estimated costs over \$50,000 should go through a formal bid process. Carter asked Stagner-Crites if the dollar amounts associated with each of the contracts, (which was approximately \$51,000) should have gone through a formal bid as required by contract provision 12.19, *Procurement*. Stagner-Crites explained to him the original bids (project cost) submitted were less than the \$50,000 threshold noted in provision 12.19, *Procurement*. The final dollar amount reflected on the first page of the contracts included closing costs.

Carter stated, at no time during the SHIP Audit was it mentioned to him that Housing staff did *not* have to adhere to either the COJ Procurement Code or the Procurement Manual in regards to the Rental Rehabilitation Program.

Carter explained internal Housing policies, procedures, and guidelines would *not* have superseded the COJ's Procurement Code or the COJ's Procurement Manual. Housing policies, procedures, and guidelines should always adhere to the COJ's Procurement Code and/or the COJ's Procurement Manual. He reiterated he audited with the mindset that the contract "*trumped*" any Housing policy (i.e. guideline, SOP, etc.). He opined the signed Rental Rehabilitation Program contracts were legally binding documents and Housing policies/guidelines were not legally binding documents.

Carter explained that after the release of the final SHIP Audit in September of 2015, Wealth Watchers and a Council Member held a meeting regarding the SHIP Audit. Present at this meeting were Carrie Davis, President of Wealth Watchers, Inc.; Gaston; Stagner-Crites; Kirk Sherman, former Council Auditor; Carter; and other individuals. At this meeting, Davis provided documentation, including an undated Housing *NSP PowerPoint*, that specified a

“Developer may self perform as a GC (General Contractor) if established as a GC 60 days prior to NSP program.” This was the first time Carter heard the term *“self-performing.”*

At the meeting, Davis also provided a copy of Frequently Asked Questions (FAQs) from the COJ’s Housing Division website that also reflected Developers could self-perform as Contractors under NSP. He stated Sherman and he (Carter) told Wealth Watchers and the Council Member that the audit was not regarding NSP, but was regarding SHIP and, with that, the meeting ended.

Carter met with Griffin approximately two or three times during the SHIP Audit and asked Griffin various *“simple”* questions regarding the Rental Rehabilitation Program. He formally interviewed Griffin on December 17, 2012. However, at the time of Griffin’s interview, Carter had *not* discovered the issue with the conflict of interest (Finding 3-2) or the failure to secure the required number of bids (Finding 3-3). He did not mention Finding 3-2 and Finding 3-3 to Griffin until the exit conference meeting.

In response to Carter discussing Finding 3-2 at the exit conference meeting, Griffin stated *“agreed - currently changing policy.”* In response to Finding 3-3, Griffin stated, *“will investigate - agreed.”* Carter stated Griffin’s comments were incorporated into the *Record of Audit Findings*. Carter stated Griffin also mentioned *“we don’t do it that way anymore”* but could not recall to which Finding (3-2 or 3-3) Griffin was responding.

Carter stated at no time did Griffin contact him or provide any records relating to Findings 3-2 or 3-3 during the exit conference meeting or up until the release of the final audit report in September of 2015. During the exit conference meeting, Coles did not say anything about self-performing or the Rental Rehabilitation Program. Carter stated Coles was not responsible for the Rental Rehabilitation Program.

Carter stated Griffin (as the Affordable Housing Coordinator) was the *“contract compliance person”* and was responsible for ensuring compliance with the Rental Rehabilitation Program contracts. The Rental Rehabilitation Program contracts in question for Findings 3-2 and 3-3 were legal binding documents and he based his audit Findings (3-2 and 3-3) on these signed Rental Rehabilitation Program contracts.

Statement of Darrell Griffin, former Recreation Planning and Grants Coordinator, Parks, Recreation and Community Services

Griffin had been employed with COJ since March of 1989, and had held multiple positions within the COJ to include Chief of Housing (Housing Services Division) from 2001 to 2007; Affordable Housing Coordinator (Housing and Community Development) from December of 2007 to September of 2015; and Recreation Planning and Grants Coordinator, Parks and Recreation and Community Services Department, from September of 2015 to current.¹³

While he was in the position of the Affordable Housing Coordinator, he had multiple supervisors whom he identified as Wight Greger, Director of Housing and Community Development (December of 2007 - October of 2011); Elaine Spencer, Chief of Housing and Community

¹³ Griffin retired in June of 2019.

Development (April of 2012 - June of 2015); and Laura Stagner-Crites, Director of Finance, Neighborhoods, who also supervised Griffin when she became the Acting Chief of Housing and Community Development in June of 2015, until Griffin left Housing in September of 2015.

Griffin explained the Rental Rehabilitation Program was funded primarily from SHIP funds and various federal funds. The program provided for the acquisition and rehabilitation of single/multiple family projects to be used for rental to low and moderate income individuals and families. He stated participants could be non-profit or for-profit organizations, experienced or inexperienced Developers, and individuals.

Griffin stated as the Chief of Housing (2001 to 2007) he oversaw the Rental Rehabilitation Program and as the Affordable Housing Coordinator (2007 to 2015) he managed the Rental Rehabilitation Program.

As the Affordable Housing Coordinator, Griffin managed and was responsible for the day-to-day operations of Housing's Rental Rehabilitation Program. His duties included, but were not limited to, overseeing, reviewing, and explaining the Rental Rehabilitation Program application process to applicants; coordinating inspections of homes; providing inspection paperwork to the Housing Finance section (who prepared the contracts); reviewing the contracts (prepared by the Housing Finance section) with the applicants; acting as the COJ liaison between the COJ, the Developers (aka the applicants), and the contractors on the Rental Rehabilitation Program projects; overseeing and participating in field visits in order to approve contractor draw payments; and verifying completion of all permits upon completion of the final inspection.

Griffin confirmed that Housing had written policies and procedures for the Rental Rehabilitation Program. Griffin opined that during the SHIP Audit Housing employees did not provide adequate information to the auditor conducting the SHIP Audit. Specifically, Housing employees did not give the auditor Rental Rehabilitation Program guidelines. He stated Housing employees provided the auditor with Housing Rehabilitation guidelines for the Limited Repair Program. He stated the Rental Rehabilitation Program had "plenty" of unwritten rules and the guidelines were *not* set in stone.

Griffin stated he was the original "editor" of the May 2007 *Housing Rehabilitation Program Policies* and the document had been reviewed by the Housing Director. He wanted something in writing for everyone, as past policy was either unwritten or fragmented. Griffin stated he had a hand in editing and/or reviewing the following guidelines: *Housing Rehabilitation Program Guidelines*, *Rental Rehabilitation Program Guidelines for Rehabilitation Only*, and *Rental and Rehabilitation Program Guidelines for Acquisition-Rehabilitation* (all updated July 2008), and the *Housing Rehabilitation Program Guidelines* (updated June 2010.) Additionally, Griffin stated he had e-mail documentation from the Housing Director showing that she assisted in writing and approving the *Rental Rehabilitation Program Guidelines for Rehabilitation Only* and *Rental and Rehabilitation Program Guidelines for Acquisition-Rehabilitation* (both updated July 2008).

Griffin stated applicants wanting to be considered for the Rental Rehabilitation Program were required to apply using *Rental Rehabilitation Program Application* (effective July 2008). Griffin

reviewed the applications and per the guidelines, each applicant could receive up to \$50,000. He stated under the Rental Rehabilitation Program funds were awarded “*first come, first served*” as long as it was a viable project.

Housing contracts, to include the Rental Rehabilitation Program contracts (between the COJ and the developer), were reviewed by Stagner-Crites, the OGC, COJ project managers (such as himself), and the Housing Director. Housing used “*boilerplate*” contracts as a template for multiple programs. In general, the contract process involved “*checks and balances*,” which included a review by the Finance Team, who then forwarded the contract to OGC for review and approval. The contract would go to the project manager, such as Griffin, and ultimately to the Division Chief and Department Director for review and approval. Once the contract was approved, Griffin would prepare a commitment letter. The Housing Director signed and approved the commitment letter, which was sent to the Developer who had been selected to receive the funding.

Griffin advised that the bid process used by applicants for the Rental Rehabilitation Program was an informal bid process. He stated per program guidelines (updated July 2008) and the *Rental Rehabilitation Program Application* (effective July 2008) only one quote was needed for an informal bid. He stated the *Housing Rehabilitation Program Policies* (effective May 2007 and July 2008); the *Rental Rehabilitation Program Guidelines for Rehabilitation Only* and *Rental and Rehabilitation Program Guidelines for Acquisition-Rehabilitation* (both updated July 2008); *Rental Rehabilitation Program Application* (effective July 2008); and *Housing Rehabilitation Program Guidelines* (updated June 2010) all specified “*a contractor*,” which he stated he interpreted to mean *one* contractor.

However, Griffin instructed the applicants to provide bid proposals from two contractors, despite the instructions on the *Rental Rehabilitation Program Application*, which according to Griffin required “*only one bid*.” He stated by asking for two bids, he went above and beyond the Rental Rehabilitation Program requirements. According to Griffin, the Housing staff followed Rental Rehabilitation Program internal guidelines (approved by the Housing Director and the Division Chief), rather than the COJ Procurement Manual.

Griffin stated he adhered to the *Rental Rehabilitation Program Guidelines for Rehabilitation Only* and *Rental and Rehabilitation Program Guidelines for Acquisition-Rehabilitation* (both updated July 2008) as written and *Housing Rehabilitation Program Guidelines* (updated June 2010) for each of the contracts (Spring Street, West 4th Street, Tinkerbell Lane and West 11th Street). He stated these four contracts were “*boilerplate*” contracts. He confirmed he had reviewed the four contracts at the time of execution and he knew that each contract contained the *Conflict of Interest* provision. Griffin stated that the *Conflict of Interest* provision was violated in each of these four contracts.

Wealth Watchers was the Developer for the Spring Street, West 4th Street, and Tinkerbell Lane contracts. Wealth Watchers participated in all Housing programs and was a long-standing partner with the COJ. Wealth Watchers developed single and multi-family housing projects, managed housing counseling programs, and provided financial counseling programs for citizens. Griffin knew Ed Gaston as the Vice President of Operations for Wealth Watchers who oversaw

the organization's development projects. Gaston was Griffin's point of contact for Wealth Watchers regarding Housing Rental Rehabilitation Program projects.

Griffin stated that between 2001 and 2006 Gaston was a COJ employee who reported directly to him. Gaston was a Project Manager (Housing SHIP Coordinator) and his job duties included, in part, the administration of the SHIP Program. Griffin described Gaston as an associate and stated they were not personal friends.

Griffin stated Wealth Watchers submitted applications for the Rental Rehabilitation Program. Wealth Watchers (as a Developer) was responsible for determining which contractor was selected to perform the rental rehabilitation. He clarified that Wealth Watchers obtained two (2) bids from two General Contractors, Dvorak Construction, Incorporated and Shadow Stones Construction, Inc. for each of the three projects (Spring Street, West 4th Street, and Tinkerbell Lane). Wealth Watchers selected Dvorak Construction, Incorporated as the lowest qualified bid of the two contractor proposals submitted. Griffin further explained that Ed Gaston was the President of Dvorak Construction, Incorporated.

Griffin confirmed Shadow Stones Construction, Inc. was one of the contractors on several Rental Rehabilitation Program applications submitted by Wealth Watchers. He stated Abdel Al-Haleem was the President of Shadow Stones Construction, Inc. To his knowledge Al-Haleem was never awarded a contract (as a General Contractor) with the COJ Rental Rehabilitation Program.

Griffin stated that between 1999 and 2000, Griffin directly supervised COJ employee Al-Haleem, while employed as a Project Manager in the Housing Division. Al-Haleem's job title was Housing Rehabilitation Inspector, and his job duties included assisting on Limited Repair Program projects, conducting inspections, and writing cost comparison reports. Griffin described Al-Haleem as an associate but stated they were not personal friends.

Griffin confirmed a conflict of interest existed between Wealth Watchers and Gaston's company (Dvorak Construction, Incorporated) based upon the verbiage in the "*boilerplate*" contract. Originally, during the OIG interview, Griffin confirmed Wealth Watchers was "*self-performing*" as a contractor, but then later contradicted his statement and stated, "*No*" Wealth Watchers were not self-performing. Griffin then stated "*historically self-performing*" was a routinely accepted practice within Housing.

Griffin stated Helpful Citizens Incorporated was the Developer for the West 11th Street contract. Bernard A. Wilson created and was the Executive Director of Helpful Citizens Incorporated. Griffin explained Helpful Citizens Incorporated was a non-profit community housing organization that developed single-family housing. Wilson was a licensed General Contractor who routinely worked with Housing's Limited Repair Program and became interested in becoming a "*Developer.*" Griffin stated he was not personal friends with Wilson.

Helpful Citizens Incorporated submitted an application for the Rental Rehabilitation Program (West 11th Street) project. Griffin stated that Helpful Citizens Incorporated obtained two (2) bids from two general contractors, B.A. Wilson Construction, Inc. and Shadow Stones Construction, Inc. Helpful Citizens Incorporated selected B.A. Wilson Construction, Inc., which was the

lowest qualified bidder. The President of B.A. Wilson Construction, Inc. was Wilson (same as above referenced Bernard A. Wilson).

Griffin stated he already knew Wilson was self-performing as the contractor, and stated per NSP guidelines contractors could self-perform. He stated, “*All (Housing) programs adhered to self-performing.*”

Griffin stated self-performance was allowed based on the historical precedents set by Housing and the NSP program guidelines; however, the only written policies or procedures for self-performing were found within the NSP program guidelines. He stated everyone within Housing was aware self-performing was occurring among Developers and that this practice was allowed. Griffin admitted that the Rental Rehabilitation Program and NSP were *not* the same programs, and he was *not* responsible for NSP.

Griffin stated he did not consider it a “*conflict of interest*” that he reviewed the Rental Rehabilitation Program applications submitted by Wealth Watchers, which involved Gaston’s personal construction company, as he and Gaston were not personal friends. In addition, Griffin did not think it was a “*conflict of interest*” that he reviewed the Rental Rehabilitation Program applications submitted by Helpful Citizens Incorporated, which involved Wilson’s and Al-Haleem’s personal construction companies, as he was not personal friends with Wilson or Al-Haleem.

Griffin agreed that there was a conflict between the verbiage used in the “*boilerplate*” contracts (approved by Housing Director and OGC) and the Housing Guidelines, which were intended to be used “*across the board*” for several Housing programs. He stated the conflict was between the wording in the Housing guidelines and the wording in the contract provisions, specifically the *Conflict of Interest* and the *Procurement* provisions.

Griffin stated he was familiar with the COJ Procurement Code used to procure goods and services. He stated Housing was “*federally funded*” and that no COJ funds were used to fund the Division. Because of this, employees within Housing did *not* adhere to the COJ Procurement Code.

Griffin was somewhat familiar with the COJ Procurement Manual, which he stated was the procedure for acquiring goods and services when using COJ funds. Griffin stated he had *never* used the COJ Procurement Code in his position as Affordable Housing Coordinator.

Griffin stated the four contracts (Spring Street, West 4th Street, Tinkerbelle Lane, and West 11th Street) contained a section titled *12.19 Procurement*, which stipulated, in part, “*Any purchase over \$30,000 to \$50,000 requires four written quotes.*” Griffin stated that “*two*” contractor proposals were obtained for each contract and the lowest proposal was selected. Griffin stated that he did *not* adhere to the COJ procurement process (Procurement Manual or Procurement Code) in regards to the contracts (Spring Street, West 4th Street, Tinkerbelle Lane, and West 11th Street). According to Griffin, these quote requirements did *not* apply because the contract was a “*boilerplate contract.*” He reiterated he had adhered to the Rental Rehabilitation Program Guidelines because “*federal funds*” paid for Housing operations and projects, not COJ funds.

He stated the former Housing Director made the decision to *not* adhere to the COJ procurement process, based upon her approval of the Rental Rehabilitation Program guidelines. Griffin stated it was the Director's "*call*" and he (Griffin) did not have any input into that decision. He stated historically since 1989, the Housing Division had never adhered to the COJ procurement policies (COJ Procurement Code and COJ Procurement Manual).

Griffin stated he had spoken with COJ Procurement Division Chief Pease (could not recall date), who, according to Griffin, supported allowing the Housing Division to *not* follow COJ procurement guidelines with respect to federally-funded programs.

Griffin stated that in 2012 Housing began to follow the COJ procurement process. Prior to 2012, the only policies, procedures, and/or guidelines Griffin adhered to were from the Rental Rehabilitation Program guidelines. He stated this change took effect after the Rental Rehabilitation Program projects mentioned in the SHIP Audit (Spring Street, West 4th Street, Tinkerbell Lane, and West 11th Street).

SUMMARY OF FINDINGS

The SHIP Audit identified conflicts of interest in four Rental Rehabilitation Program contracts (Spring Street, West 4th Street, Tinkerbell Lane, and West 11th Street), specifically, in that the Developer was hiring construction companies owned by its officers. Griffin confirmed he had reviewed the four contracts at the time of execution and he knew that each contained the *Conflict of Interest* provision. Griffin stated that the *Conflict of Interest* provision was violated in each of these four contracts.

Griffin stated the four contracts (Spring Street, West 4th Street, Tinkerbell Lane, and West 11th Street) contained a section titled *12.19 Procurement*, which stipulated, in part, "*Any purchase over \$30,000 to \$50,000 requires four written quotes.*" Griffin stated that he did *not* adhere to the COJ procurement process (Procurement Manual or Procurement Code) in regards to the contracts (Spring Street, West 4th Street, Tinkerbell Lane, and West 11th Street). According to Griffin, these quote requirements did not apply because the contract was a "*boilerplate contract*" and he relied on the direction of the former Housing Director.

Griffin stated he had *never* used the COJ Procurement Code in his position of Affordable Housing Coordinator. According to Griffin, the Housing staff followed Rental Rehabilitation Program internal guidelines (approved by the former Housing Director), rather than the COJ Procurement Manual.

Griffin stated that in 2012 the Housing Division began to follow the COJ procurement process. Prior to 2012, the only policies, procedures, and/or guidelines Griffin adhered to were from the Rental Rehabilitation Program guidelines. He stated this change took effect after the Rental Rehabilitation Program projects mentioned in the SHIP Audit (Spring Street, West 4th Street, Tinkerbell Lane, and West 11th Street).

Based on testimony, the provisions contained in the signed contracts (Spring Street, West 4th Street, Tinkerbell Lane, and West 11th Street) superseded the Rental Rehabilitation guidelines. In addition, the OIG determined the 2008 Rental Rehabilitation Guidelines (both *Acquisition-Rehabilitation* and *Rehabilitation Only*) were *not* consistent with the COJ Procurement Manual and the signed 2010 and 2011 contracts, specifically in regards to the number of quotes needed to adhere to COJ procurement requirements.

The investigation did not determine Griffin had a financial interest in any of the Developer's businesses.

CONCLUSION

Based upon records reviewed and statements obtained during this investigation, including Griffin's own admission, the OIG *substantiated* that Griffin (1) allowed Developers to hire construction companies owned by their officers on four Rental Rehabilitation Program projects, in violation of the *Conflict of Interest* provision contained in each project contract and (2) failed to ensure the Developers adhered to the *Procurement* provision within each contract.

ADDITIONAL INVESTIGATIVE FINDING

During the course of reviewing records related to the above allegations, the investigation disclosed Griffin used COJ resources (e-mail, scanners, and computer) for personal use. The OIG determined Griffin violated COJ *Electronic Communications, Equipment and Media Policy* (effective July 1, 2010 and effective October 14, 2015) as summarized below:

The OIG conducted a limited review of Griffin's COJ e-mail and found that between January of 2012 and March of 2017¹⁴, in addition to storing **320** personal photographs on his COJ computer, Griffin used both his COJ e-mail account and various COJ scanner(s) for personal use on numerous occasions.

GOVERNING DIRECTIVES

COJ Policies and Procedures

- *COJ Electronic Communications, Equipment and Media Policy* (effective July 1, 2010 and effective October 14, 2015)

COJ Civil Service and Personnel Rules and Regulations

- *COJ Civil Service and Personnel Rules and Regulations* (effective October 1, 2010 and effective September 21, 2016), §9.05, *Reduction in Compensation, Demotions, Suspensions Without Pay and Dismissals*

¹⁴ The OIG reviewed e-mails sent from Griffin's COJ e-mail account prior to 2012, but relevant e-mails relating to this investigation were between January of 2012 and March of 2017. The OIG review did not include any e-mails from April of 2017 forward.

INVESTIGATIVE FINDINGS

OIG RECORDS REVIEW

The OIG reviewed various records, including applicable COJ policies and civil service rules and found the following (*in part*):

COJ Policies and Procedures

Electronic Communications, Equipment and Media Policy (effective July 1, 2010 and October 14, 2015¹⁵), outlines the appropriate use of technology resources owned by the COJ and specified, in part, the following (verbatim) as to Internet/Email/Online Usage/Equipment/Media:

City Resources are for City Business - *City-owned technology resources shall serve the business needs of the City of Jacksonville.*

Confidentiality - *City-held information on the constituents of the City of Jacksonville may not be disclosed without a clear business need, or public disclosure request.*

Limited Personal Use - *City owned technology resources may be used for personal purposes on a limited basis, providing the following requirements are met:*

- *No marginal cost to the City*
- *No interference with work responsibilities*
- *No disruption to the workplace*
- *Supervisor is aware of use and approves*

Music/Video - *City computers must not be used to store music/audio/video files for personal use.*

Specific Prohibitions and Limitations (in part) - *City policies regarding acceptable behavior and communication will apply to the use of the Internet and messaging. Specifically prohibited use includes but is not limited to:*

- *Conducting a private business;*
- *Sharing or storing unlicensed software or audio/video files...*
- *Using personal storage devices on City-owned personal workstations and laptop computers. These devices include, but are not limited to, USB storage & smart phones. (This prohibition became effective October 14, 2015.)*

¹⁵ Neither the current policy, effective May 24, 2019, nor prior versions, effective March 21, 2018 and May 11, 2017, are applicable to this investigation.

Employee Responsibilities (in part) –

- *Monitor personal use of the internet, messaging, and other applications, to ensure that the City is being appropriately served.*
- *Adhere to City standards as discussed in the policy language above.*
- *Read and adhere to relevant policies.*
- *No files of a personal or work nature are to be stored on the employee's local "C: drive". (effective October 14, 2015)*

Policy Enforcement – *In order to safeguard City resources ... if violations of this policy are discovered, the City will take appropriate actions to resolve the issue and violators may be subject to disciplinary measures ...*

COJ Civil Service and Personnel Rules and Regulations (effective October 1, 2010 and September 21, 2016), §9.05 *Reduction in Compensation, Demotions, Suspensions Without Pay and Dismissals*, specifies in part:

Except for voluntary demotions or demotions resulting from reduction in force or reduction in compensation, for other than disciplinary reasons, employees with permanent status in the Civil Service may only have their compensation reduced, be demoted, suspended without pay or dismissed for cause.

(1) Cause shall include, but is not limited to, negligence (careless workmanship or slovenliness in the performance of duty); ... willful violation of the provisions of law or department rules;... inefficiency or inability to perform assigned duties ...

Review of Griffin's COJ E-mail Account

The OIG reviewed Griffin's COJ e-mail account (dgriffin@coj.net) and discovered between January of 2012 and March of 2017¹⁶ Griffin sent and/or received approximately **155** e-mails from his COJ e-mail account to his personal e-mail address. Included in these e-mails, Griffin sent COJ business records (including but not limited to Rental Rehabilitation Program internal memorandums and working documents) directly to or courtesy copied his personal e-mail address. Griffin also used his COJ e-mail account to send and receive e-mails and exchange photographs with his immediate and extended family.

In addition, Griffin e-mailed an Excel spreadsheet to a non-City employee that contained information related to his personal rental properties (secondary employment).¹⁷ The same Excel spreadsheet also contained multiple "*sheets*" which included a "*sheet*" that contained COJ

¹⁶ The OIG limited its review of emails to January of 2012 through March of 2017.

¹⁷ Griffin testified this was in error. However, OIG noted that the spreadsheet comingled official business with Griffin's rental property information (secondary employment), and other non-business related sporting event information.

official Rental Rehabilitation Program applicant information (names, addresses, e-mail accounts, telephone numbers and costs associated with projects). In addition, the same spreadsheet also contained multiple “*sheets*” related to a sporting venue’s seating chart and pricing information.

Based on the limited e-mail review, Griffin used his COJ e-mail account to send and/or receive e-mails that were personal in nature, which included topics and/or attachments as highlighted below:

- Family photographs, photographs of family vacations, photographs of weddings, a birth certificate, graduation invitation, e-mails related to the summer jobs program for one of Griffin’s daughters;
- Employment questionnaire for out of state employment;
- Copies of Griffin’s W-9 (for his rental properties), verifications of Residency forms for Griffin’s tenants;
- Internal Revenue Service Tax Return (*which included Griffin’s social security number*);
- Financial personal loan documents (*which included Griffin’s social security number*);
- *Original Application for Homestead and Related Tax Exemptions* for Griffin; and
- Griffin’s electric bill

The limited e-mail review also revealed that although Griffin testified he did not have a personal relationship with Gaston, Griffin’s COJ e-mail account contained a courtesy copy of an e-mail between Gaston and Griffin’s daughter. The e-mail related to Gaston assisting Griffin’s daughter with a graphic design project. Additionally, an e-mail between Griffin’s wife and Griffin with a subject line of “*Darrell jr list.xls*” included an attachment (list) with Gaston’s name (misspelled on the list).¹⁸

The review also found that on several occasions Griffin and/or his former assistant (no longer with the COJ) accepted invitations on his COJ Outlook Calendar for personal medical appointments, senior awards, and graduation ceremonies for his children.

The OIG review found that Griffin sent multiple personal pictures (i.e. family photographs, vacation photographs, photographs of him playing basketball, etc.) using his COJ e-mail account to non-COJ individuals and also sent COJ business-related records and data to his personal e-mail address.

The OIG’s limited review of Griffin’s COJ e-mail account found that between January of 2012 and March of 2017 Griffin also used COJ scanner(s) on multiple occasions for personal use in order to scan and e-mail some of the aforementioned personal-in-nature e-mails, which included:

- Individual and family photographs;
- A family member’s funeral program;
- Concealed Carry Permit application and fingerprints;
- Verification of Residency form(s) for tenants;

¹⁸ Griffin confirmed it was an announcement list for his son’s high school graduation and confirmed that it was Gaston’s name on the list.

- Eviction Packet for Failure to Pay Rent and Damages;
- 2012 Federal Tax return;
- Financial institution loan records;
- *Original Application for Homestead and Related Tax Exemptions* for Griffin; and
- Electric bill

Griffin's COJ Computer

The OIG reviewed the COJ computer hard drive assigned to Griffin when he held the position of the Affordable Housing Coordinator. The review concluded Griffin's COJ computer contained approximately **320** personal pictures (family photographs) located within the "*local C: drive,*" specifically within the Desktop, My Documents, My Pictures, and Windows Photo Gallery folders, that had been stored between 2012 and 2015. Additionally, a 50th wedding anniversary video (627 MB) was stored on his computer. Griffin's COJ computer and COJ e-mail account also contained still photographs from the video.

TESTIMONY

Statement of Darrell Griffin, former Recreation Planning and Grants Coordinator, Parks, Recreation and Community Services

Griffin stated the former Housing Director and former Chief of Housing had given him verbal permission to work from his residence on projects as needed. As Affordable Housing Coordinator, he worked as needed at his residence on Excel spreadsheets and various reports and created program guidelines and PowerPoint presentations.

Griffin was aware of the *COJ Electronic Communications, Equipment and Media Policy* (effective July 1, 2010, and October 14, 2015). He stated he signed and acknowledged that he had received, read, and understood the policy.¹⁹

Griffin confirmed he sent COJ data to himself via his COJ e-mail account to his personal e-mail account. Griffin stated he never used any COJ data for personal businesses or secondary employment. He explained in order to work from home he stored COJ data on COJ and personal thumb drives. If Griffin did not have his thumb drive(s) available, he would e-mail himself COJ data in order to work from home. Griffin did not ask permission to do this and "*just did it.*"

Griffin was provided the opportunity to review approximately **155** e-mails contained within his COJ e-mail account (dgriffin@coj.net) between January of 2012 and March of 2017. These e-mails either were originated by Griffin or were received from his personal e-mail account or other non-COJ e-mail accounts, including those of his immediate and extended family members. Included in these e-mails were multiple scanned documents and pictures. Griffin stated he did not have a scanner at home and saw no harm in using his COJ e-mail account and the COJ scanner(s) for personal use. He stated this did not "*cost the City anything.*"

¹⁹ The OIG verified the acknowledgement forms are on file for both policies.

In the course of the OIG interview, Griffin reviewed **155** e-mails and provided the following information (in part):

Griffin confirmed he sent and received e-mails from his COJ e-mail account related to his rental property (secondary employment).²⁰ However, Griffin stated he was not using his COJ e-mail account to run a separate business.

Griffin confirmed he sent COJ Rental Rehabilitation Program project data contained in a spreadsheet to a non-COJ individual (friend) in error and did not intend to send the information to the individual. Nevertheless, Griffin did not consider this COJ-held data to be confidential and would have sent any of this information to any “*John Q Public*.”

Griffin accepted Outlook appointment invitations from his children when they “*popped up*” to his COJ e-mail address. He stated a former assistant might have also accepted some of the Outlook invitations on his behalf. Griffin stated his children had his work contact information, including his e-mail address and telephone numbers, so they could contact him as needed. Griffin did not see this as an issue.

Griffin stated Gaston (Wealth Watchers) was a former COJ co-worker and an associate. Griffin confirmed Gaston’s name was listed on the list of invitees exchanged between Griffin and his wife. Griffin said Gaston was sent a graduation “*announcement*” regarding his child’s graduation. Griffin stated this was not an invitation to the graduation or a graduation party. Additionally, Griffin confirmed receiving e-mail correspondence between Gaston and one of Griffin’s children regarding a design of a magazine cover. Griffin stated one of his children was a marketing major in college and Gaston asked whether his child could assist him in creating a magazine cover. Griffin stated he had told Gaston that his child could assist.

Griffin was unaware there were **320** personal photographs captured on his work computer hard drive. Griffin acknowledged they were his photographs, but he did not intentionally save them on the computer. The photographs may have been saved on his COJ computer while scanning or e-mailing the photographs. Griffin stated he did not have permission to store the personal photographs on his computer. Additionally, Griffin stated he never used his COJ computer to make a video for his parents 50th Wedding Anniversary (December of 2012). He stated one of his children worked on the video.

In regards to an e-mail chain concerning the COJ’s Summer Jobs Program, Griffin denied he used his COJ position to try to get a family member a job. He stated he only asked the former COJ employee in charge of the summer jobs program if there were available jobs that the family member be considered. Griffin acknowledged he was inquiring on behalf of his family member. He stated his family member did not get a position as all the “*slots*” for these positions were taken.

Griffin confirmed he used the COJ e-mail and scanner to transmit documents, containing personal confidential information (i.e. Griffin’s social security number), including his 2012

²⁰ Griffin testified he provided a secondary employment form (related to his rental properties) when he transferred to Parks, Recreation and Community Services. An attempt to locate the form within City records was unsuccessful.

Federal Tax return and bank statements to a financial institution for the purposes of securing a personal loan.

Griffin stated he used his COJ e-mail account and COJ scanner(s) for personal use without permission from supervisors.

Statement of Elaine Spencer, former Chief of Housing Division, Housing and Neighborhoods Department

Spencer explained sometimes senior staff worked on COJ projects from home. She opined the only reason Griffin may have forwarded items to his personal e-mail was because he did not have the ability or access due to a technical issue, to remote into his COJ e-mail account and retrieve his COJ e-mails.

Spencer stated she never gave Griffin permission to forward COJ records (Rental Rehabilitation Program data/projects) to his personal e-mail address. She was unaware Griffin had sent COJ records to his personal e-mail address.

Spencer stated she was aware Griffin had downloaded personal pictures to his COJ computer in order to work on a picture collage or video for his parents wedding anniversary sometime during 2013. However, she was unaware how many personal pictures Griffin downloaded to his COJ computer. Although she could not recall a specific date, she had observed him working on the pictures late in the day and could not say whether it was during Griffin's work hours. She stated she had not given Griffin permission to download personal pictures to his COJ computer. However, she stated she never discussed this with him. Spencer was unaware Griffin was using his COJ e-mail to forward personal family pictures to individuals. She stated if Griffin had asked her for permission, she would have told him "No."

Spencer stated she was aware Griffin used a personal thumb drive but stated she never gave Griffin permission to use/install a personal thumb drive into his COJ computer. She stated she never discussed the use of a personal thumb drive with Griffin and also stated she was unaware of any COJ policy that allowed or forbid the use of a personal thumb drive in a COJ computer.

Statement of Laura Stagner-Crites, Director-Finance, Housing and Neighborhoods Department, Neighborhoods Department

Stagner-Crites stated she only supervised Griffin for a short time²¹ prior to his transfer from Housing. At no time when she supervised Griffin did Griffin ever ask, nor did she give him permission, to forward COJ work-related data/information to his personal e-mail address. Griffin never asked her permission to work from home, nor did she ever give him permission to work from home. However, she stated all senior managers often work from home. Stagner-Crites was unaware Griffin had downloaded multiple personal pictures, saved pictures to his COJ computer, or had forwarded family pictures using his COJ e-mail.

²¹ Per COJ Time and Attendance System records, this was for approximately one month.

SUMMARY OF FINDINGS

In regards to the **155** e-mails, Griffin confirmed some e-mails either were originated by Griffin or were received from his personal e-mail account or other non-COJ e-mail accounts, including those of his immediate and extended family members. In addition, Griffin admitted he sent COJ Rental Rehabilitation Program project data to a friend. However, Griffin stated the data was not confidential and it was sent in error. The OIG notes that the COJ official Rental Rehabilitation Program applicant information Griffin e-mailed could have been released via a Public Records Request (PRR), however, Griffin testified this was sent in error and that it was not in response to a PRR. The OIG investigation found that Griffin was using COJ resources to comingle official COJ business and personal matters (intentional or otherwise) on the same spreadsheets. Additionally, Griffin used COJ resources to send personal confidential information (to include his social security number) via e-mail to secure a financial loan.

The *Electronic Communications, Equipment and Media Policy* (effective July 1, 2010 and October 14, 2015) specified, in part, the following (verbatim) as to Internet/Email/Online Usage/Equipment/Media: **City Resources are for City Business** - *City-owned technology resources shall serve the business needs of the City of Jacksonville... Confidentiality* - *City-held information on the constituents of the City of Jacksonville may not be disclosed without a clear business need, or public disclosure request.* The investigation disclosed that the release of the Rental Rehabilitation Program applicant information was not related to a business need or public disclosure request in violation of the policy as written.²²

The *Electronic Communications, Equipment and Media Policy* (effective July 1, 2010 and October 14, 2015) specified, in part, the following (verbatim) as to Internet/Email/Online Usage/Equipment/Media: **Limited Personal Use** - *City owned technology resources may be used for personal purposes on a limited basis, providing the following requirements are met: ... Supervisor is aware of use and approves.*

Griffin stated he was unaware that **320** pictures were stored on his COJ computer; however, Griffin admitted he used his COJ e-mail account and the COJ scanner on multiple occasions for personal use. His former supervisor testified she was aware Griffin had downloaded personal pictures to his COJ computer, although she never gave permission to do so. She also testified she never discussed this with Griffin.

Finally, the limited e-mail review and Griffin's testimony disclosed Gaston's name was listed within an attachment (list) to an e-mail exchanged between Griffin and another family member. Griffin testified this list was a high school graduation "*announcement*" list rather than an invitation list. Additionally, Griffin was courtesy copied on an e-mail chain between Gaston and one of Griffin's daughters in which Griffin's daughter assisted Gaston with a graphic design project.

²² The *Technology Use Policy, Directive 0516* (effective March 21, 2018) includes similar language as previous policies. The current policy includes prohibitions against disclosing Personal Identifiable Information (PII), such as a social security number.

CONCLUSION

Based upon records reviewed and statements obtained during the investigation, the OIG concluded that Griffin used COJ resources (e-mail, scanners, and computer) for personal use in violation of COJ *Electronic Communications, Equipment and Media Policy* (effective July 1, 2010 and effective October 14, 2015).

Although the investigation did not determine Griffin had a financial interest in any of the Developer's businesses, the e-mail review concluded Griffin might have had a closer relationship with Gaston than what he testified to during the OIG interview.

RECOMMENDED CORRECTIVE ACTIONS

The OIG recommends the following corrective actions:

1. Develop and implement a tracking spreadsheet to monitor the requirements and compliance of Housing and Community Development contracts. Provide OIG with a copy of the tracking spreadsheet.
2. Create a contract checklist and contract-monitoring matrix to be used during the life of each contract within the Housing and Community Development to ensure contract monitoring and compliance. The checklist and matrix should include a supervisory review process. Provide a copy of checklist and contract-monitoring matrix.
3. Review and update the *Conflict of Interest* provision in Housing and Community Development contracts. Specifically, consider separating the provisions into two categories, one specifically explaining what constitutes conflict of interest for public officials and employees and one section explaining what constitutes conflict of interest for contractors/subcontractors and/or individuals receiving funds from the City, in order to provide clarity. Provide the OIG with a copy of this verbiage change.
4. Develop policy and an attestation form for Housing and Community Development Division (program-wide) to ensure COJ employees formally document and certify that no conflict of interest exists between any COJ employee and any grantee, contractors/known subcontractors, and/or individuals applying for or receiving funds from the COJ. Retain the attestation form in the contract file or a location deemed appropriate. Provide the OIG with a copy of this policy and attestation form.
5. Provide refresher training to Housing and Community Development Division staff regarding the requirements within the COJ Procurement Manual (on a reoccurring timetable, as deemed appropriate).
6. Review the current *Technology Use Policy, Directive - 0516* (effective March 21, 2018), specific to **Limited Personal Use**, "*Supervisor is aware of use and approves*" provision and determine what method (memorandum, e-mail blast, addendum to current policy, or informal staff meetings) should be used to provide adequate refresher training for

supervisors and employees to heighten the awareness of this requirement. Further, update the policy, to establish a standardized acceptable protocol on how supervisory approval is documented to ensure compliance with this provision.

7. Request that Griffin re-submit his secondary employment form in accordance with *Secondary Employment Policy, Directive 0519* effective May 7, 2018, to ensure Griffin's secondary employment (rental properties, if applicable) is current and on file with the COJ. Provide verification of compliance once completed.
8. Please advise the OIG if any personnel action(s) (including all outcomes) are taken as a result of this investigation.

IDENTIFIED, QUESTIONED, AND AVOIDABLE COSTS

Identified Costs: N/A

Questioned Costs: N/A

Avoidable Costs: N/A

GRIFFIN'S RESPONSE

On November 5, 2018, the OIG mailed a copy of the draft Report of Investigation to Griffin's residential address on file with COJ. The OIG provided Griffin the opportunity to submit a written explanation or rebuttal to the findings in the draft Report of Investigation, due on or before November 15, 2018. On November 13, 2018, Griffin's attorney requested an extension, which OIG granted until November 26, 2018. On November 21, 2018, Griffin's attorney requested an additional extension, which the OIG granted until close of business on December 3, 2018. On December 3, 2018, Griffin's attorney requested an additional one-day extension until December 4, 2018. The OIG notified Griffin's attorney that the OIG would accept any response as long as it is received electronically or in person no later than 8:00 a.m. on December 4, 2018. The OIG received Griffin's written response on December 3, 2018. Griffin's response is attached in its entirety to this report.

OIG REVIEW OF GRFFIN'S RESPONSE

Based on OIG's review of Griffin's written response, the OIG Audit Unit, not previously involved in the investigation conducted an additional review. In part, per Griffin's response, Griffin believed other Housing rehabilitation programs and managers allowed self-performing in contracts and provided examples. The OIG's additional review included: (1) a review of Griffin's original materials he provided during the investigation; (2) a review of the examples of self-performing included in Griffin's response; (3) an additional review of Housing policies, procedures, and contracts in effective during the scope of the SHIP audit (October 1, 2009 and September 30, 2012) and (4) other various COJ records.

The review determined that during October 1, 2009 and September 30, 2012, funding sources for Housing programs included: HOME Investment Partnership Program (HOME), State Housing Initiatives Partnership Program (SHIP), NSP and Community Development Block Grant (CDBG).

The Housing rehabilitation programs in effect during this time were NSP, Community Housing Development Organization (CHDO), and Rental Rehabilitation Program. Owner-occupied rehabilitations Limited Repair Program and Utility Tap-In Program (UTIP) were not in effect during October 1, 2009 and September 30, 2012. No additional guidelines and/or reference materials related to Housing Programs in effect during October 1, 2009 and September 30, 2012 were discovered during this review. Housing was unable to provide any guideline or reference materials related to CHDO.

The OIG made every attempt to independently verify the information related to Griffin's twelve examples included in Griffin's response. The OIG conducted a review of Griffin's contract examples and an additional nine Housing contracts related to three separate programs: CHDO, NSP and Rental Rehabilitation Program, between October 1, 2009 and September 30, 2012. These twenty-one contracts, as outlined in the following chart, disclosed whether guidelines and/or reference materials allowed for self-performing and whether the self-performing occurred.

HOUSING & COMMUNITY DEVELOPMENT'S REHABILITATION PROGRAMS - ANALYSIS							
	Guidelines Allow Self-Performing?	Griffin's Examples	Reviewed Contracts	Contract Execution Date	Developer	Contractor	Did Self-Performing occur?
CHDO	None Provided ¹	1	8412-15	07/20/2009	Second Chance	Second Chance Help CDC	Y
	None Provided ¹		8412-19	10/29/2009	Second Chance	Second Chance Help CDC	Y
	None Provided ¹		8463-25	11/06/2009	Metro North	Friedel & Assoc Builders	N
	None Provided ¹		8332-40	08/27/2010	Grace & Truth CDC	RP Witt Construction Co	N
	None Provided ¹		8321-63	10/01/2010	NW Jax CDC	Insufficient Records ²	Unknown
	None Provided ¹		8013-51	10/01/2011	Operation New Hope	Insufficient Records ²	Unknown
RENTAL REHAB	No	12	8697-11	10/29/2010	Wealth Watchers	Dvorak Construction ³	Y
	No	10	8697-12	10/29/2010	Wealth Watchers	Dvorak Construction ³	Y
	No	11	8697-13	10/29/2010	Wealth Watchers	Dvorak Construction ³	Y
	No	9	9417-04	01/07/2011	Helpful Citizens	BA Wilson Construction ³	Y
	No		9761	06/19/2012	Lawrence Jones	REDMARQ Homes LTD	N
NSP	Yes	2	9417-01	08/21/2009	Helpful Citizens	BA Wilson Construction	Y
	Yes	3	9417	08/21/2009	Helpful Citizens	BA Wilson Construction	Y
	Yes	7	8412-18	09/21/2009	Second Chance	Second Chance Help CDC	Y
	Yes	8	8412-17	09/21/2009	Second Chance	Second Chance Help CDC	Y
	Yes		7724-19	10/12/2009	Riverside Avondale	John Kinstle Construction	N
	Yes		8697-04	11/18/2009	Wealth Watchers	Dvorak Construction	Y
	Yes	6	9356-03	03/31/2010	Helpful Citizens	BA Wilson Construction	Y
	Yes	4	9417-03	08/09/2010	Helpful Citizens	BA Wilson Construction	Y
	Yes	5	9417-02	08/23/2010	Helpful Citizens	BA Wilson Construction	Y
No		7295-40	10/01/2011	Habitat for Humanity	W.R. Rohn	N	

*All contracts reviewed contained a *Conflict of Interest* Provision and a *Procurement* Provision.

LEGEND:

Color indicates contract executed before 06/29/2011.

Color indicates contract executed after 06/29/2011.

FOOTNOTES:

1. No CHDO Program guidelines were provided by the Housing & Community Development Division.
2. The OIG was unable to determine which Contractor the Developer used and if self-performing occurred due to limited records available for review.
3. Contracts were addressed in the Council Auditor's SHIP audit #729 and the OIG Investigation.

The OIG noted the following:

- All 21 contracts reviewed contained both a *Conflict of Interest* provision and *Procurement* provision. The *Conflict of Interest* provision within the contracts prohibited self-performing;
- Contracts 9, 10, 11, and 12 were addressed in the investigative report;
- Self-performing occurred under CHDO on at least two occasions prior to June 29, 2011, and self-performing occurred under NSP on at least eight occasions prior to June 29, 2011;
- As previously noted in the investigative report, the OIG found that Developers could self-perform as a contractor in NSP PowerPoint materials and the NSP FAQs; up until the issuance of the NSP Manual effective June 29, 2011;
- Developers allowed to self-perform under the NSP prior to June 29, 2011 were in violation of the *Conflict of Interest* contract provision;
- Of the contracts reviewed, there were no instances of self-performing after June 29, 2011;
- Due to the age of the contracts being reviewed (in excess of ten years) and lack of readily available documentation, the OIG was unable to independently verify the number of written quotes obtained for each contract;
- Out of 18 contracts reviewed and executed prior to June 29, 2011:
 - 14 contracts self-performed;
 - 8 of these 14 were associated with the NSP. The NSP guidelines up to this date allowed self-performing, however the *Conflict of Interest* provision did not allow self-performing;
 - 3 contacts did not self-perform; and
 - 1 lacked adequate information to determine
- Out of 3 contracts reviewed and executed after June 29, 2011:
 - 2 contracts did not self-perform
 - 1 lacked adequate information to determine

Griffin and all program managers who oversaw the Housing contracts listed above are no longer employed with COJ. The OIG maintains, as indicated in the Executive Summary, Griffin (1) allowed Developers to hire construction companies owned by their officers, in violation of the *Conflict of Interest* provision contained in each project contract and (2) failed to ensure the Developers adhered to the *Procurement* provision within each contract.

The OIG has concluded all investigative activity concerning this investigation and no further action will be taken.

MANAGEMENT COMMENTS AND CORRECTIVE ACTIONS

On November 5, 2018, the Chief Administrative Officer, Office of Mayor Curry, City of Jacksonville, Florida, was provided the opportunity to submit a written explanation or rebuttal to the findings as stated in this draft Report of Investigation within twenty-one (21) calendar days, due on or before November 30, 2018. On November 29, 2018, a written response was received from the Office of Mayor Curry and is attached in its entirety to this report.

The Office of Mayor Curry agreed with the OIG recommendations. The response included a tracking spreadsheet to monitor the requirements and compliance of Housing and Community Development contracts; a contract checklist and contract-monitoring matrix to be used during the life of each contract within the Housing and Community Development; and the *Conflict of Interest* provision in Housing and Community Development contracts has been provided to OGC for review. The Administration created a policy and attestation form for Housing and Community Development Division (program-wide) to ensure COJ employees formally document and certify that no conflict of interest exists between any COJ employee and any grantee, contractors/known subcontractors, and/or individuals applying for or receiving funds from the COJ.

The Administration will provide annual refresher training to Housing and Community Development Division staff regarding the requirements within the COJ Procurement Manual.

Policy revisions regarding the current *Technology Use Policy, Directive – 0516 (effective March 21, 2018)*, specific to Limited Personal Use is under review for consideration as this is an ITD policy.

The Administration advised Griffin was removed from his position as the Affordable Housing Coordinator on September 5, 2015, and reverted to a Recreation Planning and Grants Coordinator, which included an annual salary reduction of \$36,673.00.

Attachments:

- 1 – Griffin’s Response, dated December 3, 2018
- 2 – Management’s Response, dated November 29, 2018

cc: IG Distribution 2016-0001

This investigation has been conducted in accordance with the ASSOCIATION OF INSPECTORS GENERAL Principles & Quality Standards for Investigations.

SHEPPARD, WHITE, KACHERGUS & DEMAGGIO, P.A.
Attorneys & Counselors at Law

215 WASHINGTON STREET
JACKSONVILLE, FLORIDA 32202

WM. J. SHEPPARD
Board Certified Criminal Trial Lawyer

MATTHEW R. KACHERGUS

BRYAN E. DEMAGGIO

904/356-9661
Telefax 904/356-9667
email: sheplaw@sheppardwhite.com

ELIZABETH L. WHITE
Also admitted to the Oregon Bar

JESSE B. WILKISON

CAMILLE E. SHEPPARD

December 3, 2018

Via: Electronic Mail and Hand Delivery

Lisa Green
Inspector General
Office of Inspector General
City of Jacksonville
231 East Forsyth Street, Suite 470
Jacksonville, FL 32202

RE: Report of Investigation 2016-0001

Dear Ms. Green:

Please accept the following as Mr. Griffin's response to the referenced report.

Thank you for the opportunity to respond to your audit report. Previously, Investigator Johnathan Paris informed me that I would be called for a follow-up interview prior to concluding the investigation to clarify any additional information or testimony received. Unfortunately, I was not contacted. I have obtained a lot of additional information since we last met. In addition, material facts included in information previously provided in staff depositions, emails, and testimony were omitted from OIG's preliminary report. I will include this information in my response, in hopes that your preliminary report will be amended once reviewed. In addition, prior to the release of the final report, I respectfully request a follow-up meeting to discuss any amendments and request an opportunity to review and respond to any revisions to the report.

As you are aware, I am currently in active litigation against Laura Stagner and the City of Jacksonville regarding their handling of SHIP Audit #769. The United States Court of Appeals for the Eleventh Circuit has scheduled oral argument in Jacksonville for the week of February 4, 2019. Considering the Office of Inspector General has had an active investigation regarding this matter since September 2015, the timing of the completion of your report is questionable.

Sec. 602.301. - There is created an Independent Office of Inspector General. The organization and administration of the Office shall be independent to assure that no interference or influence external to the Office adversely affects the independence and objectivity of the Inspector General. It further states, the Office of Inspector General serves as the conscience of the organization and as ambassadors for good government. It also provides independent oversight of government operations; communicating independent and objective information to policy and decision makers (i.e. City Council, the Mayor, and

Lisa Green
Inspector General
December 3, 2018
Page 2

other government officials). OIG ensures that government officials are accountable to the people by Offering analysis on critical government initiatives, Independent examination of problems and recommend possible solutions, issuing fact-finding reports based on professional audit and investigative standards, performing independent investigations of allegations, and providing technical and consultative advice to management.

I hope to provide further information so that your office may uphold these objectives.

The OIG has chosen to limit the scope of its investigation, focusing solely on the procurement and the conflict of interest language in the boilerplate contracts of the nine (9) Rental Rehabilitation Projects audited during the SHIP audit #769. By limiting the investigation, OIG's conclusion will be consistent with the Council Auditor's conclusion and not oppose the City's legal stance in my pending litigation against the City. Obviously, this raises issues of whether this is an independent investigation. The Rehabilitation Program was not the only program audited during SHIP audit #769. Both the Limited Repair Program and the Utility Tap-In Program were also audited during this audit period.

To achieve a comprehensive, fair and impartial investigation, the OIG should investigate the following:

1. Review the Division's contractor procurement requirements for the audit period of October 1, 2009 – September 30, 2012 for all rehabilitation programs including the Rental Rehabilitation Program, Limited Repair Program, Utility Tap-In Program and the Neighborhood Stabilization Program. This will ensure consistency throughout the Division and insure all managers soliciting bids are being held to the same standard.
2. During the audit period, review the written program guidelines for the Rental Rehabilitation Program, Limited Repair Program, Utility Tap-In Program and the Neighborhood Stabilization Program for consistency and concurrence with the procurement requirements and conflict of interest requirements in the applicable boilerplate contracts.
3. Did Housing and Community Development Division, under its NSP have a written policy that allowed developers who were also licensed contractors to complete the construction or rehabilitation on their own projects (also called "self-performing")?
4. If such a policy existed, did the NSP written program guidelines allowing developer/contractors to self-perform their own projects violate the Conflict of Interest provisions in the NSP boilerplate contract?
5. Who in the HCCD (staff members) knew about the policy to self-perform and when did they know about it?
6. Did the manner in which contractors were procured under the NSP's written program guidelines violate the City's procurement requirements in the boilerplate contract?
7. Compare the Procurement Requirements in the NSP contracts to those in the SHIP contract.
8. Was self-performing only reserved and approved for the NSP program? If not, what other programs did self-performing take place and where the proper approvals obtained from the Director, Finance Director and the Office of General Counsel?

9. It has been established that Dayatra Coles and Laura Stagner were the points of contact and/or Liaison between the Council Auditors Office and the Housing and Community Development staff during the SHIP audit. As acting Division Chief, Laura Stagner was responsible for responding to the Council Auditor's SHIP audit findings. Did Dayatra Coles and Laura Stagner violate the City of Jacksonville Ethics Code by intentionally withholding the existence of the self performing policy from the auditor Thomas Carter; and withholding the auditor's written findings from Darrell Griffin?

Investigating and answering the aforementioned questions will educate you to the past policies and procedures of the Division and render all the information you need to make an informed, fair and impartial decision regarding this matter. To refuse to further investigate, means the City is holding me to a different and higher standard (after the fact) than my former colleagues.

On October 1, 2012, the Office of the Council Auditor for the City of Jacksonville conducted its Entrance Conference Meeting (reference RP_06199-06200) which initiated a routine audit into the City's programs that used SHIP Funds. Dayatra Coles and Laura Stagner were selected from the staff of the Housing and Community Development Division (HCDD) to be the liaisons with the Council Auditors Office. On April 25, 2014, the audit was completed. The audit report was drafted by Thomas Carter, a Public Accountants Auditor for the Council Auditor's Office. During SHIP audit #769, questions arose regarding the conflict of interest provisions contained within Section 12.15 of the SHIP contracts and the Section 12.19, which contains the procurement requirements for the Grantee. The provisions contained within the SHIP contract were as follows:

12.15 Conflict of Interest – The parties hereto shall follow the provisions of Section 126.112, Jacksonville Ordinance Code, with respect to required disclosures by public officials who have or acquire a financial interest in a bid or contract with the City, to the extent the parties are aware of the same. No person who is an employee, agent, consultant, officer, or elected official or appointed official of the City, or of any designated public agencies, or contractor or subcontractors which are receiving Grant funds or who exercise or have exercised any functions or responsibilities with respect to Program activities or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties during their tenure or for one year thereafter. In addition, the procurement of labor, supplies, equipment, construction and services by Grantee or by any general contractor, subcontractor, materialman, laborer or other persons working on the improvements, the conflict of interest provisions of any applicable federal, state or local law, rule, regulation or policy shall be adhered to by the same.

12.19 Procurement – The Grantee agrees to adhere to the following City procurement requirements in its purchase of labor, materials, supplies, and equipment, and will maintain written documentation in to records:

- Any purchase up to 2,500 requires 1 written quote;
- Any purchase over 2,500 to \$15,000 requires 2 written quotes;
- Any purchase over 15,000 to \$30,000 requires 3 written quotes;
- Any purchase over 30,000 to \$50,000 requires 4 written quotes;
- Any purchase over \$50,000 requires a formal bid procedure (advertising and sealed bids); and any professional design services exceeding \$25,000 requires a formal bid procedure (advertising and sealed bids).

Lisa Green
Inspector General
December 3, 2018
Page 4

Despite the longstanding practice within the Division of allowing developers who are also contractors to perform the work on their own projects (a practice called “Self Performing”), the Rental Rehabilitation Program’s contract contained a boilerplate provision that incorporated by reference the conflict of interest provisions of § 126.122 of City of Jacksonville’s Ordinance Code. The contracts also adopted a provision of the procurement code that requires a minimum number of bids depending on the amount of the purchase up to \$50,000 and a formal bidding process to be used for bids over that amount. This provision likewise contradicted the Rental Rehabilitation Program guidelines, which simply stated “that the developer may select an approved contractor of his or her choice”. The audit findings regarding the Rental Rehab Program were not an issue of collusion by me or the non/profit developers; but a conflict between the written program guidelines and the terms and conditions of the boilerplate contract. Simply put, the program guidelines outline one policy and the boilerplate contract outlines another. This conflict also exists in other rehabilitation programs administered by the HCDD which the OIG, the Council Auditors Office and the Administration refuse to acknowledge. The fact that the same violations that occurred in the SHIP conflict of interest provisions and the City’s procurement requirements were found in the administration of the Neighborhood Stabilization Program, even though I was not affiliated with those projects, substantiates that conclusion. This exemplifies the need for the OIG to thoroughly investigation the procurement requirements for all the Division’s rehabilitation programs; and whether the Division’s former policy to allow self-performing (whether SHIP or NSP contracts) violated the conflict of interest provisions.

The OIG draft report concluded that in the administration of the Rental Rehab Program, that bids should have been procured in accordance with the 2007 Procurement Code which was in affect at that time. However, bids obtained in the same year for the Limited Repair Program, the Utility Tap-in Program, and the Neighborhood Stabilization Program were not procured in accordance with the 2007 Procurement Code; but rather in accordance with the applicable written program guidelines; as was done for the Rental Rehabilitation Program. Furthermore, on page 8 of the draft report, the OIG references the policy to self-performance under NSP discontinued in June 29, 2011. Based on OIG’s review of written program guidelines, they state the only materials that references the developers could self perform was under the NSP. Accordingly, there is an omission of the existence of the Conflict of Interest provisions in the NSP boilerplate contracts. The provisional language in section **10.2 Conflict of Interest** of the NSP boilerplate contract makes self-performing an ineligible activity. The same conflict of interest language that makes self performing an ineligible activity under the SHIP

Program also makes it ineligible under the NSP.

Griffin asked to Resign

On August 3, 2015, while I was on personal leave, Ms. Stagner’s immediate supervisor, Folks Huxford, summoned me to a meeting in the Office of General Counsel. I was unaware of the nature of the meeting; however, prior to the meeting I realized that my city emails were where no longer available to my personal phone. In addition, my parking pass and City identification badge were no longer operative. Once in the meeting, there were approximately six people including Folks Huxford, Acting Director of the Planning Department, Dan Reeves, Division Chief of Human Resources, Diane Mosely, Director of Human Resources, someone from Office of General Council and a plain close security/police officer. Mr. Huxford abruptly started the meeting by stating, “that based on a preliminary investigation, that they had grounds to ask for my letter of resignation”. I asked on what grounds and Mr. Reaves replied, “based on the results of the SHIP Audit”. I explained that I had not seen or read the Audit, but would be glad discuss it. Mr. Huxford refused to discuss the audit and

Lisa Green
Inspector General
December 3, 2018
Page 5

presented me with a letter to sign stating that I resign my position as Affordable Housing Coordinator and forgo my reversion rights. I refused to sign the letter. Mr. Huxford then presented me with another letter to sign that read that I am being placed on paid administrative leave pending the outcome of an investigation. It also stated that while on administrative leave, I was prohibited from speaking with anyone at the City during work hours except for Mr. Reaves and banned from City property. I signed the letter and was escorted out of City Hall by the security officer.

Human Resources Investigation

Daniel Reaves, an employee of the City's Human Resources Department, was asked to conduct a fact-finding investigation into the Housing and Community Development Division (HCDD) as to the SHIP audit's findings. Mr. Reeves interviewed me and other members of the HCDD staff individually. Mr. Reaves accompanied by Debra Wood met with me on two occasions during the administrative leave period. The questions centered around several topics including: 1) the Division's contractor procurement process; 2) was it a policy to allow developer/contractors to perform their own work (ie. Self-perm), 3) the Division's lien removal process; and 4) HCDD general policies and procedures. On August 31, 2015, I sent a detailed memorandum to Mr. Reaves outlining the division's procurement process and the history of the self-performance policy, as well as its widespread use throughout the division. Doc. 25-9 at 69-73. On September 3, 2015, four days later, Sam Mousa determined that the administration would accept my letter for resignation, provided to the administration in June 2015. Because I had reversion rights, I was demoted and transferred to the Parks, Recreation and Community Services Department as a Recreation Planning and Grants Coordinator; a reduction in salary of \$36,000 annually.

Release of SHIP Audit #769

On September 23, 2015, the Council Auditor's Office released Audit #769 to the general public. This was the first time that I had reviewed the findings of the Auditor and the responses provided by Laura Stagner and the HCDD staff. Though I had previously requested to review a copy of the draft audit, I was denied because the report was in "draft form". The news quickly pounced on the story of the audit findings and shortly thereafter, my name and face were aired on television and in print news. The Auditor also suggested that the two non-profits, Wealth Watchers and Helpful Citizens (who were allowed to self-perform their own projects), should be removed from the City's approved vendor's list, barred from engaging in future City contracts, as well as canceling any current contracts. Despite providing the Human Resources Division with written proof of the HCDD past and current procurement processes, and proof the Division had a written policy that allowed developer/contractors to self-perform their own projects, the Administration still allowed the Council auditor's office to publish their half truths and manipulations in a publicized final audit report for everyone to see. In the days following the release of Audit #769, I filed a law suit against the Laura Stagner and the City of Jacksonville.

Self-Performing

Self-Performing has been a longstanding practice within the HCDD. Self-performing, as practiced within the HCDD, is when a developer, who is also a licensed general or building contractor, is allowed to perform the construction or rehabilitation work on their projects. Certain construction activities, such as permitting, concrete, carpentry, framing, painting, and all functions performed by the general contractor are permitted. Some of the benefits of self-performing include: cost savings, time savings,

quality control, and improved safety. Traditionally self-performing was more prevalent in the Division's owner occupied rehab programs where organizations, such as (the now defunct) Housing Partnership of Jacksonville and Builders Care were recipients of funding to repair the homes of low and moderate income residents. Each of these organizations had a licensed general contractor on staff, who would pull permits, manage subcontractors, workers, volunteers and oversee the projects. Habijax or Habitat for Humanity was another partner that self-performed to provide affordable housing for homeownership opportunities for the residence of Jacksonville. In the early 2000s, with the emergence of the non-profit Community Housing Development Organizations (CHDOs), who were also competing for funding, CHDOs begin to seek ways of cutting cost, becoming more efficient and increasing capacity. They began obtaining their contractor's license or employing contractors on staff to perform their work. The practice of self-performing was widely known by the staff of the HCDD, the nonprofit community, and approved by then Director Wight Greger. Though the Neighborhood Stabilization Program was the first program in which the practice of self-performing was included in the policies and procedures; it was in no way the first time the practice had been approved. In each document below, it clearly reiterates that there was a policy within the Division to allow contractor developers to self perform. Please reference the following documents:

- **NSP Bidding Process & Construction Management – Single Family Homes Rehabilitation – General Contractor Review Session**

On Page 8 of the document, it illustrates the general contractor (GC) selection process which states:

- Developer may self perform as a GC, if established as a GC 60 days prior to NSP program. On page 9 of the document, the conditions in which a Developer can Self Perform as a general contractor are as follows:
 - Developer as a documented GC (general contractor) can be one of three bidders for a Developer owned project.
 - If they are the lowest bidder, they can self perform under the rules set forth for all general contractors;
 - A Developer who is also a general contractor, will not be allowed to serve as a contractor on projects owned by another developer.

- **NSP Construction – Single Family Homes Rehabilitation – Subcontractor Review Session**
<http://www.coj.net/departments/housing-and-neighborhoods/docs/nsp-subcontractor-show.aspx>

On Page 10 of the document, it illustrates the general contractor (GC) selection process which states:

- Developer may self perform as a GC 60 days prior to NSP program.

- **Neighborhood Stabilization Program Frequently Asked Questions**
<http://www.coj.net/departments/neighborhoods/docs/housing-and-community-development/nsp-rfp-faq.aspx>

A. On Page 5, the document, states: Q: If an entity is a certified contractor with the Housing and Neighborhoods Department, and they apply to be a property developer, can the developer use themselves as contractor?

B. A: Yes.

On June 29, 2011, with the implementation of the NSP Policies and Procedures Manual, the policy to allow self-performing ended. The written guideline now stated "A GC who is Affiliated, owned or controlled by a developer will not be eligible to bid on any projects owned by the same developer. These Affiliated GCS can however bid on NSP properties for other developers provided they are not an NSP approved GC". Below is a preliminary list of projects in which our CHDO developer/contractors self-performed their own projects. This does not include projects completed by Habijax, Builders Care or Housing Partnership of Jacksonville. As you see, at least 12 projects covering three (3) programs and 4 program managers were approved to self performed.

Completed NSP1 Projects						
	Agency with Contract with City of Jacksonville	Address	Street	Contractor	Type of Contract	Project Manager
1.	Second Chance Help, CDC	4022	North Davis St.	Second Chance Help CDC	CHDO	Deborah Green
2.	Helpful Citizens	1559	7 th St. West	B.A. Wilson Construction	Neighborhood Stabilization	Omega Allen/ Dayatra Coles
3.	Helpful Citizens	1460	7 th St. West	B.A. Wilson Construction	Neighborhood Stabilization	Omega Allen/ Dayatra Coles
4.	Helpful Citizens	5217	Vernon Road	B.A. Wilson Construction	Neighborhood Stabilization	Dayatra Coles
5.	Helpful Citizens	5205	Vernon Road	B.A. Wilson Construction	Neighborhood Stabilization	Dayatra Coles
6.	Helpful Citizens	1602	30 th St. West	B.A. Wilson Construction	Neighborhood Stabilization	Omega Allen/ Dayatra Coles
7.	Second Chance Help Center	7917	Denham Rd. East	Second Chance Help Center	Neighborhood Stabilization	Omega Allen
8.	Second Chance Help Center	9216	10 th Ave.	Second Chance Help Center	Neighborhood Stabilization	Omega Allen
9.	Helpful Citizens	1913	West 11th St.	B.A. Wilson Construction	Rental Rehabilitation	Darrell Griffin
10.	Wealth Watchers	228	Spring St.	B.A. Wilson Construction	Rental Rehabilitation	Darrell Griffin
11.	Wealth Watchers	6851	Tinkerbell Lane	Dvorak Construction	Rental Rehabilitation	Darrell Griffin
12.	Wealth Watchers	1773	4th St. West	Dvorak Construction	Rental Rehabilitation	Darrell Griffin

Prior Procurement Process

Per the program guidelines for the Rental Rehab Program, an itemized bid from a Licensed General Contractor must be included with the completed application, and other supporting documentation at the time of submittal. The homeowner/applicant may select a contractor from the Division's Contractors List or they may choose to select a contractor of their choice provided the contractor is a licensed general, residential or building contractor in good standing with the Department of Business and Professional Regulations (DBPR) and The Department of Consumer Affairs. Contractors not on the Division's list must submit a contractor's application with supporting documentation and be approved

Lisa Green
Inspector General
December 3, 2018
Page 8

by the City prior to being awarded a contract. It is important to add that only one bid is required for submittal, but I requested that each applicant submit two bids for each project for additional comparison and transparency.

The aforementioned process to allow the applicant to select their own contractors has been in existence as early as 1989 when the Division was a part of the Housing and Urban Development. Please reference the Rental Rehabilitation Loan Program Policy and Procedures Manual printed in November 1989. The document states on page 9-1, paragraph 9.5 "It will be the policy of the Rental Rehabilitation Loan Program to require that the property owner(s) select the contractor. The JHUD RRP staff will in no way influence or suggest to the property owner any contractor(s) for selection". Unless bidding assistance is requested by the applicant, the property owner is responsible for obtaining the contractor bids.

In more recent history, since the Housing and Community Development Division (HCDD) did not follow the City's Purchasing Code in the procurement of its contractors, it was standard procedure that we would annually request a Proprietary Award through the City's Procurement Division. In this request, we would provide a summary of each program and describe the manner in which we would procure contractors and other services. This would give the Purchasing Division an opportunity to review, approve, and/or modify the Division's procurement policies and procedures. Laura Stagner, as Finance Director, was generally the liaison between the HCDD and the Procurement Division, and would facilitate this process and represent the HCDD on the Procurement Division's agenda when the Proprietary Award was being considered by the Professional Services Evaluating Committee (PSEC). Attached is an email from Ms. Stagner to me dated January 13, 2005, in which she requested my final review and signature on the Proprietary Award letter (as then Chief of Housing Services Division) to Devin Reed (then Director of the Procurement Department). This document reiterates the policy, which allowed the homeowner the choice to select one or more contractors from the list of approved contractors. I have also provided my draft memos to the Procurement Office from previous year to illustrate that this was an annual process. My attorneys have requested the City to provide the actual executed proprietary award letter submitted by the HCDD and the corresponding award letter from the Procurement Department for each year. This will substantiate the fact that HCDD's contractor procurement policy was approved by the Procurement Division. However, to date, that information has not been provided. This was the standard procurement process for all of the Division's Rehab Programs, including the Rental Rehabilitation Program, the Limited Repair Program, and the Utility Tap-In Program. Ms. Stagner's participation in this process also shows that she had intimate knowledge of our Division's contractor procurement process; none of which was provided to the Council Auditor's office during the SHIP Audit.

This policy to allow the property owner to select their own contractor was discontinued in February 2012. The HCDD changed its policy to a competitive Request for Proposal (RFP) process to better comply with Federal HUD's mandate to hire more Section 3 and Jacksonville Small and Emerging Business (JSEB) contractors. It also complied with the City Procurement Code.

In response to audit finding 3-3, Ms. Stagner agrees with the auditors claim that additional bids should have been received in procuring contractors for the Rental Rehabilitation Program. She also states: "Additionally, while program contracts have always contained the appropriate procurement thresholds, staff agrees that using the buyers within the Procurement Division to solicit bids for construction exceeding \$2,500 would additional assurance that no actual or perceived conflicts exist". *In order to contradict this, Mr. Griffin provided the City's Office of General Counsel with a list of 30 projects in*

which the bids were obtained during the 2009 to 2010 fiscal year to determine whether the bids were procured in accordance with a procurement code. None of the projects provided, including the neighborhood stabilization program, the limited repair program, the utility tap-in program, or the community housing development organization program were determined to have formally advertised or received the appropriate number of bids to comply with the City's Procurement code.

(Reference Exhibit entitled City's response to Contractor Bids). Mr. Griffin was not the program manager for any of these programs. This substantiates the records and Mr. Griffin's claim that none of the divisions programs followed the procurement code until the policy change in February 2012. Obviously, a complete investigation of the Housing Division's past procurement policies for its rehabilitation program is needed. This also substantiates that the City is holding me to a different and higher standard (after the fact) than my former colleagues.

Neighborhood Stabilization Program

In August 2009, the City of Jacksonville launched its Neighborhood Stabilization Program (NSP) designed to help residents in the purchase of affordable homes. The NSP program works to match prospective buyers with renovated homes in at-risk foreclosure neighborhoods located in zip codes 32206, 32208, 32209, 32244 and 32254. The city is leveraging more than \$26 million in U.S. Housing and Urban Development funds to help rebuild neighborhoods caught in the housing crisis. Non-profit and for-profit developers were used to facilitate the acquisition, rehabilitation, and sale of the perspective homes.

Below are facts regarding the Neighborhood Stabilization Program:

- Seven projects rehabilitated or constructed under the Neighborhood Stabilization Program were self-performed by non-profit developers who also served as the general contractor for the project.
- Bernard Wilson is the Executive Director of Helpful Citizens and owns a licensed general contracting company called B.A. Wilson Construction, Inc. He served as the developer and the contractor in five projects funded through the NSP1 program. He also self performed the project on 11th Street under the Rental Rehab program, that is currently being questioned and investigated.
- Anthony Wyche was the Executive Director of Second Chance Help Center, Inc. His wife Deborah Wyche is the qualifying agent for their construction company also called Chance Help Center, Inc. He served as the developer and the contractor in two projects funded through the NSP1 program.
- The NSP written program guidelines state in the Bidding Process & Construction Management – Single Family Homes Rehabilitation – General Contractor Review Session: that a Developer may self perform as a GC, if established as a GC 60 days prior to NSP program.
- However, the conflict of interest language in the NSP boilerplate contract prohibits self-performing which states: **10.2 Conflict of Interest** – No person who is an employee, agent, consultant, officer, or elected official or appointed official of the Recipient, or of any designated public agencies, or sub-contractors which are receiving NSP funds or who exercise or have exercised any functions or responsibilities with respect to NSP activities or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties during their tenure or for one (1) year thereafter; it being understood that Recipient must comply with all applicable requirement, including but not limited to, Chapter 112,

Florida Statutes, and the requirements of Section 10.1 above.

- Because these contractors were allowed to serve as the developer and the general contractor; the aforementioned projects would be in violation of the Conflict of Interest of the City's Jacksonville Ordinance Code as outlined in Section 10.2 of the NSP contract.
- Seven projects were submitted for bid by developers, who also submitted bids as the general contractor, in all of those cases, the developer was the lowest bidder and self-performed, as the General Contractor.
- The NSP written program guidelines require three bids from licensed general contractors. In the Bidding Process & Construction Management – Single Family Homes Rehabilitation – General Contractor Review Session: on page 9 of the document, the conditions in which a developer can self-perform as a general contractor are as follows: developer, as a documented GC (general contractor), can be **one of three bidders** for a Developer owned project.
- However, the procurement requirements in the NSP boilerplate contract state: **9.5 Procurement** – The recipient agrees to adhere to the guidelines and rules as set forth in the NSP General Conditions, NSP Technical Construction Specifications, and NSP specific bidding instructions and any other bid documents as amended by the City from time-to-time. The Recipient will maintain written documentation and its records of:
 - Any purchase up to 2,500 requires 1 written quote;
 - Any purchase over 2,500 to \$15,000 requires 2 written quotes;
 - Any purchase over 15,000 to \$30,000 requires 3 written quotes;
 - Any purchase over 30,000 to \$50,000 requires 4 written quotes;
 - Any purchase over \$50,000 requires a formal bid procedure (advertising and sealed bids); and any professional design services exceeding \$25,000 requires a formal bid procedure (advertising and sealed bids).
- Of the 121 projects funded in part or in full through the NSP1 program, in 102 of these projects, the total project cost exceeded the \$50,000 threshold. However, none of the projects met the City's requirements, as outlined in Section 9.5 of the NSP contract, or followed the City's Procurement Code, as it relates to the bid process. None of these projects were formally advertised individually due to the \$50,000 threshold or had the required number of bids as outlined in the City's Procurement Code as previously stated in this document.
- When discussing the NSP Program, Ms. Stagner and the City's attorneys often say competitive bidding and/or sealed bids were used to procure contractors, in conjunction with the NSP program. However, competitive bidding or sealed bids alone doesn't comply with the City's Procurement Code if the formal advertisement for each project doesn't occur or if the a appropriate number of bids are not obtained.

The relevance of these NSP facts show there was a conflict between the written program guidelines and the terms and conditions of the NSP boilerplate contract. The fact that the same violations to the conflict of interest provisions and the City's Procurement requirements were found in the administration of the Neighborhood Stabilization Program, even though I was not affiliated with those projects, substantiates that conclusion. The bids for the NSP1 projects were procured in accordance with established program guidelines, as were the projects completed under the Rental Rehabilitation Program. Both programs offered the developer the opportunity to select the contractors to bid the projects as well as to self-perform if they were the lowest bidder. Darrell Griffin was not involved in any way with the procurement of any of the bids, solicitation of contractors or developers under the NSP1 program.

Information Obtained From Subpoena of Official Notes, Emails and other Records

Through the subpoena of official records, notes, emails, discovery, and depositions from the housing staff, human resources, and the Council Auditor's Office, essential information was obtained into the process and how decisions and conclusion were made during Audit #769. To date the following facts were discovered:

- A. During the course of conducting the audit, the primary points of contact to the auditor Thomas Carter were Ms. Stagner and Dayatra Coles. See the Auditor's Entrance Conference Meeting and Audit Process Outline document signed on October 1, 2012. Questions and subsequent responses regarding programmatic policies or procedures, alleged conflict of interest concerns, program bidding requirements or how contractors were procured were posed to Ms. Stagner and/or Ms. Coles. Despite the inaccurate statement made in the OIG report, that Mr. Carter interviewed Mr. Griffin two or three times during the course of the audit; Mr. Carter only did an initial interview with me at the onset of the audit. We discussed my job duties, what programs I administered and preliminary processes. Mr. Carter never conducted a followed up interview with me to discuss or confirm program guidelines, policies and procedures or his findings. During the investigation by Human Resources, in an email to Deborah Wood dated August 13, 2015, Mrs. Stagner acknowledged that the auditor, Thomas Carter was provided the wrong program guidelines in his evaluation of the Rental Rehabilitation Program. He was provided with the Housing Rehabilitation Guidelines rather than the Rental Rehabilitation Guidelines. This fact was never disclosed to the council auditor nor was the auditor's report amended to reflect this discrepancy. Please reference the Council Auditor's Record of Audit Findings document where Thomas Carter repeatedly references the Housing Rehabilitation Program Guidelines when referencing the Rental Rehabilitation Program. Though this error was discovered prior to the release of the final audit, Mrs. Stagner nor the Administration made an effort to inform the Auditors or correct the error.
- B. In an email from Deborah Wood to Laura Stagner dated August 24, 2015, Ms. Wood requests a copy of the contract, contractor quotes and other file documentation for a proposed Rental Rehabilitation Project at 8061 Marion Circle. In response Mrs. Stagner provides the requested information then states to Ms. Wood that "*Because of a change in policy, this file was thicker than the others*". What Mrs. Stagner is referencing is the change in the Division's bidding process that occurred effective February 2012. The HCDD officially changed its contractor procurement policy which previously allowed the property owner to solicit and submit one or two bids; to a process that follows the City's Procurement Code and requires the housing staff to procure bids through a formal bidding process. The significance of this email proves that Mrs. Stagner was aware of the previous contractor procurement process and the fact that there was a change in policy. In Mrs. Stagner's response to the Council Auditor's report, she agreed with the Auditor that in Audit Finding 3-3 *Improper Number of Quotes, that I didn't receive enough quotes. If the HCDD, was following the City's procurement code in 2009 when the bids in question were originally obtained, there would not be a need for a change in the previous policy as referenced by Ms. Stagner. This is a blatant misrepresentation and contradiction of the facts of the Division's prior bidding process by Mrs. Stagner.
- C. On February 17, 2009, Deborah Green, a former HCDD employee, sent an email to Mrs. Stagner requesting that she get an opinion from the Office of General Counsel because she had obtained a request for funding from a nonprofit developer who's wife was a licensed general contractor and was attempting to "self-perform" the construction work for their project. The email implies that Mrs. Stagner forwards the request to Dayatra Coles who was Mrs. Green's immediate supervisor; and Ms.

Coles refers Ms. Green to consult with Wight Gregor. Though Ms. Stagner and Ms. Coles testified in their respective depositions that they don't recall the outcome of whether the project was funded; the project in question at 4022 North Davis Street was funded under the Housing and Community Development Division's Community Housing Development Organization (CHDO) Program. The developer/contractor who completed the project was Second Chance Help CDC, and they were allowed to self-performed their own project. Please reference the Division's CHDO subsidy pool spreadsheet, the Notice of Commencement from the Clerk of the Court website and the permits obtained on the Building Inspection Division's website. On each document, Second Chance help center is identified as the owner of the property and the contractor who performed the work provided by the city. This email addressed to Ms Stagner shows that she was aware that the developer/contractor was attempting to self perform and ultimately did perform their own work. This is also significant because this was a Community Housing Development Organization (CHDO) project and not an NSP project. The records show that a minimum of 12 internal projects were approved and funded in which developer/contractors self performed their own projects. The 12 projects were managed by four (4) different project managers over three (3) different programs: the CHDO program, Rental Rehabilitation Program and the Neighborhood Stabilization Program. All projects obtained the proper approvals and signatures from the Finance Director, Laura Stagner and the Director, Wight Greger. This debunks the Auditor's claim that self performing was an isolated incident, wrongly permitted by Darrell Griffin; and the Administration's claims that self-performing was only approved under NSP project.

- D. In separate court depositions taken from Thomas Carter, Laura Stagner and Dayatra Coles, they were asked to compare the Conflict of Interest language in both the SHIP contract versus the NSP contract. They all concluded that like the SHIP contracts, the NSP contracts also contained almost identical Conflict of Interest language. Consequently, they all testified that the NSP contracts in which the developer/contractors were allowed to self-perform were also in violation of the City's Conflict of Interest provisions in the boilerplate contract. (Reference Stagner depo page#101-102; Coles depo page #83-84 & Carter Depo page#37-39) This debunks the Auditor's claim that self performing was an isolated incident, wrongly permitted by Darrell Griffin; and the Administration's abd OIG's claim that self-performing was only approved under the NSP. A PDF copy of these depositions was provided to the Office of Inspector General and a detailed explanation provided during Mr. Griffin's testimony with the OIG. Though Mr. Carter, Ms. Stagner and Ms. Coles were all interviewed by the OIG and their testimonies included in their draft report; the material fact that all agreed that the "Conflict of Interest" provisions in the NSP contract conflicted with the policy to self perform was intentionally omitted from the OIG's draft report.
- E. In an email dated August 5, 2008 Wight Greger, the Director of Housing and Neighborhoods Department, at that time, finalized the program guidelines and application for the rental rehabilitation program. In that email she copied both Dayatra Coles and Laura Stagner among other staff members. In those guidelines it states the applicant may select a contractor of his or her choice.

Mr. Griffin has provided many emails to the City of Jacksonville documenting that Wight Gregor, Laura Stagner and other staff members were copied on various correspondence to applicants, the city's attorney and closing agents. Regarding the facilitation of these projects. This further illustrates that they were kept abreast on all phases of the projects. In addition, Ms. Stagner facilitated the closings on all the projects and Wight Gregor signed off on all award letters and payment request for each project.

Though Mrs Stagner was aware of the policy to self-perform in 2009-2010 she never questioned or challenged the policy while Wight Greger was Director; nor did she object to the procurement code not being followed. It was only five years after the projects were completed and the audit was being conducted that she decided to raise an objection; and it was only directed at Mr. Griffin. The files and records will reflect, that consistent with the division's previous procurement policies, previous managers of the Rental Rehabilitation Program did not follow the procurement code, with no objection from Ms. Stagner.

Ms. Stagner is quoted in her deposition saying this reason she doesn't know about the policy to self-perform is that she doesn't read all of her emails.

- F. In official notes obtained through discovery from the City's Human Resource Office (COJ_012034 & COJ_012035); Dayatra Coles, one of the Division's managers who worked with Mrs. Stagner in responding to the Auditor's findings, was accused of threatening her staff in regards to their possible testimony with Human Resources. During a follow-up fact finding meeting, Debra Wood asks Dayatra Coles the following questions during a second interview: 1) Following your interview in Employee Services on 8/18/15, did you meet with your staff? 2) Did you state to your staff they needed to get their stories straight and if you went down, you would ensure they went down also? 3) What was the reason for this comment? 4) Do you think this was responsible as a manger? 5) Do you think that was productive to this investigation or provided a positive direction for this investigation? Unfortunately, none of Ms. Coles responses were ever provided or documented. Ms. Coles was not reprimanded or her conduct reported to the Ethics Officer or the Office of Inspector General. This important incident was omitted from HR's draft report, the Council Auditor's Final Report and The Office of Inspector General's draft report.

Ms Coles conduct was arguably in violation of the City of Jacksonville's Ethics Code which states in **Section 602.407 - Obstruction of proceedings by City officers or employees**. It is a violation of this Chapter for an officer or employee of the City to:

- (a) Corruptly, or by threat of force, or by any intimidating letter or communication, to endeavor to influence, intimidate or impede any witness in any proceeding pending before any City agency or in connection with any inquiry or investigation being had by a City agency. However, this subsection is not intended to prevent the normal information gathering and witness interviewing process associated with the preparation for any filing, hearing, or trial.

Instead of receiving disciplinary actions, Ms. Coles was ultimately rewarded with a promotion to Mr. Griffin's former position as Affordable Housing Coordinator and served in that capacity from November 2015 until she resigned in June 2018.

- G. On numerous occasions throughout the audit and the lawsuit, Ms. Stagner has raised false accusations of impropriety against me to Directors, the Mayor's Office and other superiors; without first consulting with me. She never discusses the issues with me prior to elevating them to my superiors. Ms. Stagner once accused me of forgiving liens on property owned by my then wife, through the Division's lien Removal Process. However, after being questioned by Human Resources during their fact finding investigation, I provided correspondence to the investigators that verified that I had obtained an ethics inquiry from Steve Rohan, the City's former Ethics Officer. Mr. Rohan gave approval to have the liens cleared provided the Director (at that time), Kerri Stewart approve and signed off on the lien removals; and that I could have no affiliation or approval regarding those files. We followed his instructions

accordingly and the liens were removed. Upon further review by the investigators the matter was later dropped.

Ms. Stagner also accused me of not formally advertising the availability of funding for the Rental Rehabilitation Program. Though Ms. Stagner never questioned me directly; the City's attorney's questioned me during my deposition in conjunction with the law suit. However, I was able to show the attorney in the SHIP regulations that states if the jurisdiction has a current waiting list of perspective applicants, then formal advertisement is not required. After further review those accusations were dropped.

Now I'm erroneously being accused of allowing and conflict of interest to occur and not obtaining the proper number of bids during the administration of the Rental Rehabilitation Program. These repeated and false accusations and attacks have tarnish my reputation, impugned my character and ultimately lead to my demotion and the end of a 26 1/2 year career with the Housing and Community Development Division.

- H. Dayatra Coles testified during depositions, that prior to the release of the audit to the council auditor's office, that she had a conversation with Ms. Stagner acknowledging the fact that she also managed projects in which the developer/contractors were allowed to self-perform. (Ref Coles Depo pages 43-44) However, Ms. Coles nor Ms. Stagner relayed this information to the auditor Thomas Carter or amended their responses to the draft audit. Ms Coles conduct was in violation of the City of Jacksonville's Ethics Code which states in **Section 602.407 - Obstruction of proceedings by City officers or employees**. It is a violation of this Chapter for an officer or employee of the City to:
- (b) With intent to avoid, evade, prevent or obstruct compliance in whole or in part with any investigative demand duly and properly made under any law or rule made pursuant to law, willfully to remove from any place, conceal, destroy, mutilate, alter or by other means falsify any documentary material which is the subject of the demand.
- I. During depositions, Laura Stagner was asked by the plaintiff's attorney, whether she knew the principles/officers of Wealth Watchers, Inc., Dvorak Construction Company and if she knew Ed Gaston. (Ref Stagner depo P#98-99) prior to the initiation of the SHIP contracts in question. Ms. Stagner responded "Yes". During Mr. Gaston's employment with the City of Jacksonville, his secondary employment was as a general contractor, owner of Dvorak Construction Company. That was generally known by then Director Wight Greger, Ms. Stagner, Ms. Coles and me as we all worked with Ed in the Housing Division. After leaving the City, Mr. Gaston was later employed by Wealth Watchers as Vice-President of Operations and also continued his services as a contractor. It was not surprising to see Mr. Gaston submitting bids in the name of Dvorak Construction for Wealth Watcher's projects, as the Rental Rehabilitation Guidelines stated, "the Applicant may select a contractor of their choice". With the checks and balances within the various processes within the division, it is impossible for the program manager to take a project from the submittal of an application, through contract preparation to project completion, without the inclusion of other staff. Please review the attached Rental Rehabilitation Process Map. Once the application was review and approved by me; then the process of initiating a contract begins by Ms. Stagner's team the Finance and Compliance Section. Loan commitment letters were approved and submitted to the applicant under Ms. Greger's signature. Contracts and loan documents including the contractor's information and scope of work are included for final review by me, Ms. Stagner, Ms. Greger, and the Office of General Counsel prior to signature by the Mayor. Once approved the closing in scheduled and a wire transfer is initiated by Ms. Stagner. Once the construction/rehabilitation starts, each payment request must be signed by the contractor, the

developer, the Housing Rehabilitation Inspector, Ms. Stagner (or a member of the Finance team) and the Director. Because of our previous working relationship with Mr. Gaston and the amount of review for each project, there are no scenarios in which Wight Gregor, Laura Stagner, or Dayatra Coles could claim, they were not aware that Mr. Gaston or other developers were self-performing their projects.

- J. The city asserts that it was Sam Mousa who told Lauren Stagner not to provide the audit to Darrell Griffin. However, the initiation of the audit and the auditor providing Mrs. Stagner a copy of the written findings proceeded Mr. Mousa's employment with the City. Thomas Carter provided written findings to Stagner in January 2015 and Mr. Mousa didn't start employment with the City until July 2015. Laura Stagner was the Division's liaison with the Auditor and Dayatra Coles (the SHIP Administrator) was the subject matter expert to provide documentation for the Auditor. Stagner was also the person to whom Carter delivered the written findings to and Stagner ultimately provided the City's response to the audit. It was Ms. Stagner's decision not to disclose the auditors written findings or to allow Mr. Griffin the opportunity to respond to the findings.
- K. Personal feuds and mistrust within the management team of the HCDD were well-known. In April 2010 Wight Gregor had a retreat at the Jacksonville Zoo to discuss strategic goals within the division for the upcoming year. She solicited the services of a consultant to help facilitate the conversation and strategies. Rather than strategic planning, a very in-depth, heartfelt conversation began amongst the management team about dysfunction, personal animus and at times resentment among the leadership team and within the division. The members of management team spoke of their individual issues with each other and the staff. At the end of the retreat we all huddled in a circle and vowed to communicate, work together and show a united front to the staff. For a while the management team showed great improvement which resonated among the staff. But shortly afterwards old habits begin to arise. Once again, staff begins working in silos, not promoting open and honest communication among the SMT, telling half-truths, and withholding pertinent project information. Recognizing the change, I drafted an email to the management team encourage them stay the course and continue working together. At that time my relationship with Ms. Stagner had improved and I articulated that in the email. See attached email dated April 10, 2010. Elaine Spencer solicited the help of Gail Hill, Labor Relations Specialist to conduct a two day on-site training with the management team; all to no avail. The lack of honesty, transparency, and moral character which manifested itself in the SHIP Audit was the same spirit that plagued the leadership within the Division for years. Some examples of the mean-spirited contempt they have shown include: Ms. Stagner and Ms. Coles not informing the auditor of the policy to self-perform, withholding the auditor's written findings from me, blatantly misrepresenting the Division's past procurement policies and practices, threats to members of the housing staff to get their story straight, and not providing the auditor with the correct program guidelines after the wrong guidelines were originally provided.
- L. Per the "Council Auditor's Office Entrance Conference Meeting and Audit Process Outline" dated October 1, 2012, Mr. Carter failed to provide the division with a written draft of the audit report either before or at the audit conference. During the exit conference Mr. Carter only provided a vague, oral summary of the findings. In Mr. Carter's oral description of the findings for the Rental Rehabilitation Program, no words or phrases such as "a significant conflict of interest", "not following the procurement code" or "possible disciplinary actions" were ever stated. See attached notes taken by me and Dayatra Coles at the audit exit meeting held in October 2014. What Mr. Carter said regarding the Conflict of interest finding was "4 out of 9 the winning contractor was also an officers of the Recipient". In response to that statement, Ms. Coles wrote in her notes "**Policy re: self-performance?**" (Reference City Response to RP_06189). This substantiates that in the exit interview,

Ms. Coles (one of the points of contact for the Auditor) immediately recognized that Mr. Carter was describing self-performance and she described self-performance as a “Policy” within the Division. However, like Ms. Stagner, Ms. Coles intentionally withheld this critical information from the Auditor.

- M. In response to the audit findings, Ms. Stagner provided no responses for the Rental Rehabilitation Program audit finding 3-2 and 3-3; she simply agreed with the Auditor’s findings. However, responses were provided for the other rehab programs that were applicable to the Rental Rehabilitation Program. In fact, the Division implemented new policies and procedures ***prior to the start of the audit*** that self-corrected the two major audit findings for the Rental Rehab Program (The Conflict of Interest and Procurement Requirements). In June 2011 with the implementation of the NSP Policies & Procedures Manual, self-performing had been abolished within the Division over a year prior to the start of the Audit. Likewise, in February 2012, (8 months prior to the start of the audit) the Division implemented the new Request For Proposals (RFP) process to properly procure the contractors in all the Division’s rehab programs in accordance with the Jacksonville Procurement Code. Had Ms. Stagner and Ms Coles conducted themselves in an ethical manner and inform the auditor of these facts there would have been a substantial difference in the conclusion of the audit.
- N. In November 2015, shortly after the release of the official SHIP audit to the public, a meeting that was held between Wealth Watchers and the Housing and Community Development Division. In attendance was former Councilman Reggie Brown, board chairman of the HCDD, Phillip Mobley, Kirk Sherman and Thomas Carter of the council auditor's office, Carrie Davis and Ed Gaston of Wealth Watchers and Laura Stagner. The purpose of the meeting was to discuss the SHIP audit, self-performing and the Council Auditor's recommendation to suspend Wealth Watchers from participating in the housing programs. During the meeting, Thomas Carter was provided a copy of the Rental Rehabilitation Program Guidelines, in which Mr. Carter replies “I’ve never seen this before”. This substantiates the fact that during the audit Mr. Carter was provided with the wrong program guideline in his evaluation of the Rental Rehabilitation Program. Wealth Watchers also provides the NSP FAQ and NFP PowerPoint which verifies the policy to self-perform. Ms Stagner is heard attempting to explain the difference between self performing in the SHIP Program versus NSP. However, Ms. Stagner’s facts are later refuted during the official depositions of Ms. Stagner, Mr. Carter and Ms. Coles when all were provided with the conflict of interest language in the NSP contracts, they all agreed that self performing under the NSP program was also a conflict of interest. This is material fact that the OIG has yet to acknowledge in their draft report.

Electronic Communications, Equipment, and Media Policy

In addition to addressing the findings of the SHIP audit, the OIG’s office has extended its investigation into unrelated violations of COJ’s *Electronic Communications, Equipment and Media Policy*. These findings and the investigation underlying them are a red herring, completely irrelevant to the stated purpose of this investigation and the SHIP audit that precipitated it.

The COJ Council Auditor’s Office SHIP audit’s scope covered a period from October 1, 2009 to September 30, 2012. (Report of Investigation 2016-0001 at 5). In February 2012, the Housing Department changed its self-performance policy to conform to the boilerplate conflict-of-interest provisions that were the subject of the SHIP audit. *Id.* at 23. Despite the fact that these alleged policy violations spanned only a discrete period of time that ended in early 2012, the OIG conducted a review of my COJ e-mails spanning from January 2012 to March 2017.

Lisa Green
Inspector General
December 3, 2018
Page 17

E-mails sent up to five years after the self-performance policy ended are totally irrelevant to the stated purpose of this investigation. It is not clear why the OIG's office chose to devote its resources to reviewing e-mails irrelevant to the SHIP audit and contracts, while overlooking the self-performance and conflict-of-interest policy violations of other employees that I have pointed to during my lawsuit with the City and this Response.

The fact that the OIG's office found it appropriate to perform an extensive review of irrelevant e-mails and devote ten pages of its report to these "additional investigative findings" calls into question the motivation underlying this investigation. Indeed, it suggests that the OIG is engaging in a fishing expedition for miniscule work rule violations.

While I take very seriously any allegations of wasting government resources, the findings on this issue cannot be characterized as anything more than *de minimis*. The OIG Office uncovered only 155 personal e-mails sent using my COJ account over the course of five years and 320 personal photographs that I inadvertently saved on a COJ computer.

The network and storage space these files consumed is miniscule. I am sure that the OIG would find that many other COJ employees who regularly use COJ computers have sent or stored a similar volume of personal files either inadvertently or sporadically throughout their career if their accounts were similarly reviewed¹. I am also confident that the OIG's extensive investigation into these "additional investigative findings" have consumed exponentially more COJ resources than the e-mails or photos themselves. These findings, and the investigation underlying them, serve no legitimate purpose and have no bearing on the stated purpose of this investigation.

Conclusion

In conclusion, when the Division revised its boilerplate contracts in approximately 2008, the written program guidelines for the rehabilitation programs were not updated to reflect these changes. Consequently, there were contradictions that were created between the Division's written program guidelines and the procurement procedures and the conflict of interest provisions of the boilerplate contracts, for at least two years. However, this was the case for all of the programs, not just the Rental Rehabilitation Program in which I administered. These contradictions remained until the Division ended its policy to allow self-performing in June 2011, and the implementation of the Division's new procurement procedures in February 2012. These facts are well documented in emails, testimony, file documentation and depositions that have been provided to you. There have been gross inconsistencies, misrepresentations and blatant lies leveled against me in the testimony of Ms. Stagner, Ms. Coles, and in the OIG draft report. The OIG states that self-performing was only permitted in the NSP; however they refuses to acknowledge that the same conflict of interest provisions and procurement requirements in the SHIP contracts also exist in the NSP contracts. Consequently, every project under the NSP in which self performing was allowed, was also in violation of the Conflict of Interest provisions of the boilerplate contract. I respectfully request that you fully and thoroughly investigate this matter and I will gladly meet with you again to provide further clarification.

¹ Indeed, as the audit notes, limited personal use of COJ computers is permitted with supervisor approval. I would be very surprised if any COJ employee has regularly sought permission of their supervisors before calendaring a doctor's appointment to their work calendar or forwarding documents to myself to work from home, as I have been accused of doing in the OIG's Report.

Lisa Green
Inspector General
December 3, 2018
Page 18

I have dedicated my entire professional career towards serving the residents of the City of Jacksonville. For the majority of my career, I have been in a position to help and serve the most deserving people in our community, the elderly and the low and moderate income. And I will forever be indebted to the City of Jacksonville for that experience. In six months, I will officially retire with 30 years of service effective June 5, 2019. However, these past 21/2 years have been extremely difficult. Being betrayed by colleagues that I've hired, cultivated, and worked closely with for many years; and having to battle in court with individuals and departments that I once trusted and admired. All while trying to salvage, maintain and preserve the reputation that I've worked diligently for and spent my entire professional career building. Thank you for the opportunity to respond.

Sincerely,



For

Bryan E. DeMaggio

lr[griffin.oig.response]



ONE CITY. ONE JACKSONVILLE.

City of Jacksonville, Florida

Lenny Curry, Mayor

City Hall at St. James
117 W. Duval St.
Jacksonville, FL 32202
(904) 630-CITY
www.coj.net

MEMORANDUM

DATE: November 29, 2018

TO: Lisa A. Green
Inspector General

FROM: Stephanie Burch, Esq., Director 
Neighborhoods Department

RE: Office of Inspector General draft Report of Investigation # 2016-0001 Re: Former Housing employee failed to ensure contract compliance and misused COJ resources for personal use

I have reviewed the draft report and offer the following responses to the recommended corrective actions:

OIG Recommendation 1 – Develop and implement a tracking spreadsheet to monitor the requirements and compliance of Housing and Community Development contracts. Provide OIG with a copy of the tracking spreadsheet.

Neighborhoods Department Response to Recommendation 1 – Please find spreadsheet attached to this response as Attachment 1.

OIG Recommendation 2 – Create a contract checklist and contract-monitoring matrix to be used during the life of each contract within the Housing and Community Development Division to ensure contract monitoring and compliance. The checklist and matrix should include a supervisory review process. Provide a copy of the checklist and contract-monitoring matrix.

Neighborhoods Department Response to Recommendation 2 – Please find the checklist attached to this response as Attachments 2.

OIG Recommendation 3 – Review and update the *Conflict of Interest* provision in Housing and Community Development contracts. Specifically, consider separating the provisions into two categories, one specifically explaining what constitutes a conflict of interest for public officials and employees and one section explaining what constitutes conflict of interest for

contractors/subcontractors and/or individuals receiving funds from the City, in order to provide clarity. Provide the OIG with a copy of this verbiage change.

Neighborhoods Department Response to Recommendation 3 – This request has been sent to OGC to complete. We commit to having this complete by January 31, 2019.

OIG Recommendation 4 – Develop a policy and an attestation form for Housing and Community Development Division (program-wide) to ensure City employees formally document and certify that no conflict of interest exists between any City employee and any grantee, contractors/known subcontractors, and/or individuals applying for or receiving funds from the City. Retain the attestation form in the contract file or a location deemed appropriate. Provide the OIG with a copy of this policy and attestation form.

Neighborhoods Department Response to Recommendation 4 – Please find policy and attestation form attached to this response as Attachment 3.

OIG Recommendation 5 – Provide refresher training to Housing and Community Development Division staff regarding the requirements within the COJ Procurement Manual (on a reoccurring timetable, as deemed appropriate).

Neighborhoods Department Response to Recommendation 5 – Training on this topic will be provided to the Division on an annual basis, to coincide with the beginning of each fiscal year. Training for fiscal year 2018/2019 will be completed by March 31, 2019.

OIG Recommendation 6 – Review the current Technology Use Policy, Directive -0516 (effective March 21, 2018), specific to Limited Personal Use, “Supervisor is aware of use and approves” provision and determine what method should be used to provide adequate refresher training for supervisors and employees to heighten the awareness of this requirement. Further, update the policy to establish a standardized acceptable protocol on how supervisory approval is documented to ensure compliance with this provision.

Neighborhoods Department Response to Recommendation 6 – Training on this topic will be provided to the Division on an annual basis, to coincide with the beginning of each fiscal year. Training for fiscal year 2018/2019 will be completed by March 31, 2019. This is an ITD policy and the policy revisions have been forwarded to the CIO for consideration.

OIG Recommendation 7 – Request that Griffin re-submit his secondary employment form in accordance with Secondary Employment Policy, Directive 0519 (effective May 7, 2018), to ensure

Griffin's secondary employment (rental properties, if applicable) is current and on file with the City. Provide verification of compliance once completed.

Neighborhoods Department Response to Recommendation 7 – The last secondary employment form completed by Mr. Griffin was in 2010 when he was employed by APD Urban Planning and Management. There are no other forms on file for Mr. Griffin, however he has received and acknowledged the City's Secondary Employment Policy (0519) on three different occasions, once on March 21, 2018, and twice on October 31, 2018.

OIG Recommendation 8 – Please advise the OIG if any personnel action(s) (including all outcomes) are taken as a result of this investigation.

Neighborhoods Response to Recommendation 8 – Due to the serious issues disclosed by the Council Auditor regarding Audit Report #779, the CAO agreed that Mr. Griffin should be investigated and potentially disciplined. Mr. Griffin was removed from his position as the Affordable Housing Coordinator on September 5, 2015, and reverted to a Recreation Planning and Grants Coordinator, which included an annual salary reduction of \$36,673.00.

Attachments: Compliance Tracking Spreadsheet
Contract Checklist
Conflict of Interest Policy and Attestation Form

CC: Sam E. Mousa, Chief Administrative Officer
Marlene Russell, Director Organizational Effectiveness
OIG File 2016-0001

 Housing and Community Development Division (HCDD)		COMPLIANCE SUBRECIPIENT FILE AUDIT (Bi-annual – Mid-Yr/Closeout)					
Subrecipient:		Activity #:					
Project Name:		Type:	Choose an item. PFI / PSG				
Project Manager:	Choose an item. NAME OF PM	File Fiscal Year:					
File Status:	Choose an item. OPEN / CLOSED	Funding Source:	Choose an item. CDBG / HOME / SHIP EXC / HOPEWA				
Amount:							
1. File Setup: Check that the file is complete, organized and accurate per HCDD policies and procedures.							
Yes	No	Folder 1		Yes	No	Folder 2	
<input type="checkbox"/>	<input type="checkbox"/>	Folder 1 – Tab 1		<input type="checkbox"/>	<input type="checkbox"/>	Pay Requests & Backup Documentation	
<input type="checkbox"/>	<input type="checkbox"/>	Folder 1 – Tab 2		<input checked="" type="checkbox"/>	<input type="checkbox"/>	Folder 3	
<input type="checkbox"/>	<input type="checkbox"/>	Folder 1 – Tab 3		<input type="checkbox"/>	<input type="checkbox"/>	Monthly Status Reports & Direct Benefit Reports	
<input type="checkbox"/>	<input type="checkbox"/>	Folder 1 – Tab 4		<input type="checkbox"/>	<input type="checkbox"/>	Documentation of Monitoring & Site Visits	
<input type="checkbox"/>	<input type="checkbox"/>	Folder 1 – Tab 5		<input type="checkbox"/>	<input type="checkbox"/>	Folder 4 <input type="checkbox"/> N/A	
<input type="checkbox"/>	<input type="checkbox"/>	Folder 1 – Tab 6		<input type="checkbox"/>	N/A	Section 3/Davis-Bacon Documentation	
				<input checked="" type="checkbox"/>	<input type="checkbox"/>	Folder 5 <input type="checkbox"/> N/A	
				<input type="checkbox"/>	N/A	Environmental Assessment Documentation	
2. Monitoring: Check that the Project Manager (PM) conducted required monitoring per HCDD policies and procedures.							
Yes	No	General Monitoring		Yes	No	Section 3 / Davis-Bacon <input type="checkbox"/> N/A	
<input type="checkbox"/>	<input type="checkbox"/>	Correspondence Documented		<input type="checkbox"/>	N/A	Formal Bid:	<input type="checkbox"/> Project > \$65,000
<input type="checkbox"/>	<input type="checkbox"/>	Insurance Certificates with current Effective Dates		<input type="checkbox"/>	N/A	Informal Bid:	<input type="checkbox"/> Professional Design > \$25,000
<input type="checkbox"/>	<input type="checkbox"/>	Workers' Compensation Coverage		<input type="checkbox"/>	N/A		Project < \$65,000
<input type="checkbox"/>	<input type="checkbox"/>	Pay requests: Memo & backup		<input type="checkbox"/>	N/A	Project Implementation Schedule (PIS)	
<input type="checkbox"/>	<input type="checkbox"/>	Pay requests: FAMIS Screen Print (or Copy of Check)		<input type="checkbox"/>	N/A	Pre-Bid Meeting: Click date.	
<input type="checkbox"/>	<input type="checkbox"/>	Documents signed or initialed & dated		<input type="checkbox"/>	N/A	Bid Opening: Click date.	
<input type="checkbox"/>	<input type="checkbox"/>	Subrecipient Monthly Reports are Timely		<input type="checkbox"/>	N/A	Sample Letter	
				<input type="checkbox"/>	N/A		
3. Compliance Certification: This file was reviewed for completeness, accuracy, organization and monitoring.							
Compliance Staff:	Choose an item. NAME OF COMPLIANCE AUDITOR				Date:		
Compliance Signature:					Date:		
Prog. Mgr Signature:					Date:		
Manager Signature:					Date:		

HOUSING AND COMMUNITY DEVELOPMENT DIVISION
SUBRECIPIENT CLOSE-OUT MONITORING PACKAGE

PROGRAM: _____ CONTRACT NO.: _____
AGENCY: _____ CONTRACT AMOUNT: \$ _____
TYPE OF FUNDING: _____ CONTRACT PERIOD: _____
DATE OF VISIT: _____ PHONE NO.: _____
PERSON (S) INTERVIEWED: _____

Indicate which items were reviewed and/or discussed by placing an "X" or if not applicable, "N/A".

I. Administrative Review:

_____ Personnel documentation
_____ Other: (Please Specify)

II. Programmatic Review:

_____ Monthly reports (MR)
_____ Client Records/Files
_____ Documentation of direct beneficiaries
_____ Other: (Please specify)

III. Financial Review:

_____ Ledgers/bookkeeping methods
_____ Cash receipts/expenditures
_____ HUD "Cash Requests" (copies) with supporting information.
_____ Checking Account(s)
_____ Equipment Inventory
_____ Accounts receivable/payable
_____ Other: (Please specify)

IV. Regulatory Review:

Labor Standards

_____ Prevailing Wage Decision
_____ Construction Contract Documents
_____ Bid Documents
_____ Meeting Minutes
_____ Contractor File Documentation/Payrolls
_____ Other: (Please specify)

Section 3 Economic Opportunities

- _____ Contractor Certification/Economic Opportunity Plan
- _____ Recruiting and Hiring Procedures
- _____ Employment Documents
- _____ Subcontracting Report (MBE/WBE)
- _____ Monthly Status Report
- _____ Other: (Please specify)

V. Monitoring Overview:

The above items have been monitored and/or discussed with Housing and Community Development Division staff.

DATE

PERSON(S) INTERVIEWED SIGNATURE

DATE

MONITOR(S) SIGNATURE

**HOUSING AND COMMUNITY DEVELOPMENT GRANT PROGRAM
SUBRECIPIENT FINANCIAL MONITORING CLOSEOUT REPORT**

FINANCIAL MANAGEMENT CLOSEOUT REVIEW

PROGRAM: _____ CONTRACT NUMBER: _____

AGENCY: _____ CONTRACT AMOUNT: _____

DATE OF VISIT: _____ CONTRACT PERIOD: _____

PERSON INTERVIEWED: _____

PHONE NO.: (904) _____

MONITOR: _____

Who has the responsibility for administering the project?

	YES	NO	N/A	COMMENTS
1. Does the accounting system adequately identify expenditures with respect to approved grant budget?	_____	_____	_____	_____
2. Do the accounting records adequately identify the use of block grant funds (e.g., are expenditures identified to eligible activity categories under the CDBG Program)?	_____	_____	_____	_____
3. Does the Recipient accounting system records encumbrances or obligations against CDBG funds when contracts are executed and/or purchase orders issued, etc.?	_____	_____	_____	_____
4. Are accounting records supported by source documentation (e.g., invoices, contracts, purchase orders)?	_____	_____	_____	_____

**FINANCIAL MANAGEMENT CLOSEOUT REVIEW
PAGE TWO**

RECIPIENT _____	DATE _____	MONITOR _____		
	YES	NO	N/A	COMMENTS
5. If employees work on both CDBG eligible and non-eligible activities, are appropriate time distribution (payroll) records kept?	_____	_____	_____	_____
6. Does the financial data sampled reconcile with the reports provided the City?	_____	_____	_____	_____
7. Has the Recipient requested drawdowns in excess of immediate needs?	_____	_____	_____	_____
8. Are revenue generating activities being undertaken?	_____	_____	_____	_____
9. If revenue generating activities are being undertaken:				
a. Are there revenue accounts to record it?	_____	_____	_____	_____
b. Is there a procedure to insure all program income is recorded on the revenue account?	_____	_____	_____	_____
c. Is all program income being used according to the terms of the agreement with the City?	_____	_____	_____	_____
d. Is program income being used before grant funds are requested?	_____	_____	_____	_____
10. Does agency maintain a check register?	_____	_____	_____	_____
11. Does agency maintain a voucher register?	_____	_____	_____	_____

**FINANCIAL MANAGEMENT CLOSEOUT REVIEW
PAGE THREE**

	YES	NO	N/A	COMMENTS
12. Are subsidiary ledger totals posted to the general ledger at least monthly?	_____	_____	_____	_____
13. Does a spot check of records reveal any obvious instances where the following expenditures were not necessary or reasonable for proper and efficient administration of the program?	_____	_____	_____	_____
a. salaries and related costs	_____	_____	_____	_____
b. administrative services, contracts	_____	_____	_____	_____
c. travel expenditures	_____	_____	_____	_____
d. other administrative costs	_____	_____	_____	_____
14. Has the agency submitted all reports required by the grantee?	_____	_____	_____	_____
Were they submitted on time?	_____	_____	_____	_____
Were the reports complete and accurate?	_____	_____	_____	_____
15. Is the information revealed by a site visit consistent with the records maintained by the agency and with data previously provided to the grantee?	_____	_____	_____	_____
16. Are monthly status reports provided the City reconciled to Recipient's records?	_____	_____	_____	_____
17. Has the Recipient purchased any personal property for use in carrying out the CDBG program? (i.e., typewriter, automobiles, office furniture, etc.)	_____	_____	_____	_____
18. Describe the Recipient's procedures for authorizing financial transactions.				
a. Are different persons responsible for preparing checks, signing checks and reconciling bank statements?	_____	_____	_____	_____
b. Does the Recipient require two or signatures on all checks?	_____	_____	_____	_____
c. Is prior authorization required for all transactions?	_____	_____	_____	_____

**FINANCIAL MANAGEMENT CLOSEOUT REVIEW
PAGE FOUR**

	YES	NO	N/A	COMMENTS
19. Has the Recipient disposed of any personal property purchased with CDBG funds?	_____	_____	_____	_____
20. Does agency maintain detailed property records?	_____	_____	_____	_____
21. Does the agency attach individual identification plates to all equipment and furniture?	_____	_____	_____	_____
22. Are the procurement regulations being adhered to?	_____	_____	_____	_____
23. Are the financial records kept in accordance with 24 CFR 85.20(b) or Attachment F of A-133 as applicable?	_____	_____	_____	_____
24. Has any of the work been contracted out to other parties?	_____	_____	_____	_____
25. (A) Documents Reviewed: (Check which ones reviewed)				
_____ Review of ledgers/bookkeeping methods				
_____ Cash receipts/expenditures				
_____ HUD "Cash Requests" (copies) with supporting information.				
_____ Checking account(s)				
_____ Accounts Receivable/Payable				
_____ Other				
Notation(s): _____				
(B) <u>100%</u> of budget expended to date				

**FINANCIAL MANAGEMENT CLOSEOUT REVIEW
PAGE FIVE**

26. Time period for correcting financial deficiencies/disparities. (Be specific as to the problem(s) and time frame for correcting them and how).

CONCLUSIONS: (State any positive points, area of concern, and any findings).

RECOMMENDATIONS: (State required corrective actions with time periods).

**HOUSING AND COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
COMPREHENSIVE CLOSEOUT MONITORING REPORT**

PROGRAM: _____ CONTRACT NO.: _____

AGENCY: _____ CONTRACT AMOUNT: \$ _____

DATE OF VISIT: _____ CONTRACT PERIOD: _____

PERSON INTERVIEWED: _____ PHONE NO.: _____

MONITOR: _____

A. ADMINISTRATIVE PROCEDURES

Who has the responsibility for administering the project?

Is this person familiar with the eligibility and program requirements necessary for program operation?

(Please review personnel documentation.)

B. PROGRAM/PROJECT GOAL:

A brief statement should summarize what program/project is funded to do.

C. SCOPE OF SERVICES (OBJECTIVES):

List each objective as outlined in Recipient's contract.

1. Maintain documentation that ensures eligibility and compliance with the National Objective of Community Development Block Grant Program and submit on the form provided by the city, a monthly report on the unduplicated number of person being served by the program.

Accomplishments:

**COMPREHENSIVE CLOSEOUT MONITORING REPORT
PAGE TWO**

2.

Accomplishments:

3.

Accomplishments:

4.

Accomplishments:

5.

Accomplishments:

6.

Accomplishments:

**COMPREHENSIVE CLOSEOUT MONITORING REPORT
PAGE THREE**

7.

Accomplishments:

D.

(1) How does the grantee verify actual beneficiaries of the project?

(2) Are the direct benefit forms being completed correctly?

To be included in the Grantee Performance Report (GPR), how many (unduplicated total count) people have been served during the contract period (12 months)?

E. Area(s) in which objectives are not being met as projected and reason(s):

(1) _____

(2) _____

F. Time period for correcting deficiencies/disparities. (Be specific as to the problem(s) and timeframe for correcting them and how.)

**COMPREHENSIVE CLOSEOUT MONITORING REPORT
PAGE FOUR**

G. Is there any evidence of conflict of interest?

H. Review of records/reports: (Check items reviewed)

- _____ All monthly reports received to date
- _____ Copies of monthly reports retained in Recipients files
- _____ Contract/Letter of Understanding
- _____ Client records/files
- _____ Documentation of direct beneficiaries
- _____ Labor Standards/Wage Decisions
- _____ Construction Contracts
- _____ Payrolls
- _____ Section 3 Hiring Reports
- _____ Other

Notation (s): _____

I. Percent of budget expended to date: _____ %

SUMMARY

A. CONCLUSIONS: (State any positive points, areas of concern, and any findings.)

B. RECOMMENDATIONS: (State required corrective actions with time periods.)

HOUSING AND COMMUNITY DEVELOPMENT DIVISION
SUBRECIPIENT QUARTERLY MONITORING VISITATION FORM

PROGRAM: _____ CONTRACT NO.: _____
AGENCY: _____ CONTRACT AMOUNT _____
TYPE OF FUNDING: _____ CONTRACT PERIOD: _____
DATE OF VISIT: _____ PHONE NO.: (904) _____
PROJECT #: _____
PERSON (S) INTERVIEWED: _____

Indicate which items were reviewed and/or discussed by placing an "X" or if not applicable, "N/A".

I. Administrative Review:

_____ Personnel documentation
_____ Other: (Please Specify)

II. Programmatic Review:

_____ Monthly reports (MR)
_____ Client Records/Files
_____ Documentation of direct beneficiaries
_____ Other: (Please specify)

III. Financial Review:

_____ Ledgers/bookkeeping methods
_____ Cash receipts/expenditures
_____ HUD "Cash Requests" (copies) with supporting information.
_____ Checking Account(s)
_____ Equipment Inventory
_____ Accounts receivable/payable
_____ Other: (Please specify)

IV. Comments:

Monitoring Visit #1 _____

Monitoring Visit #2 _____

Monitoring Visit #3 _____

Monitoring Visit #4 _____

V. Regulatory Review:

Labor Standards

- _____ Prevailing Wage Decision
- _____ Construction Contract Documents
- _____ Bid Documents
- _____ Meeting Minutes
- _____ Contractor File Documentation/Payrolls
- _____ Other: (Please specify)

Section 3 Economic Opportunities

- _____ Contractor Certification/Economic Opportunity Plan
- _____ Recruiting and Hiring Procedures
- _____ Employment Documents
- _____ Subcontracting Report (MBE/WBE/Section 3)
- _____ Section 3 Monthly Status Report
- _____ Other: (Please specify)

IV. Monitoring Overview:

The above items have been monitored and/or discussed with Community Development Division staff.

DATE

PERSON(S) INTERVIEWED SIGNATURE

DATE

MONITOR(S) SIGNATURE



Housing and Community Development Division
Ed Ball Building
214 North Hogan Street, 7th Floor
(904) 255-8200
Jacksonville, FL 32202
www.coj.net

ONE CITY. ONE JACKSONVILLE.

MEMORANDUM

DATE:

TO: Account Technician

FROM: Asst. CD Manager _____
Housing and Community Development Division

THRU: Human Services Planner II
Housing and Community Development Division

SUBJECT: Payment Request for Community Development Contracts

Please cut a check for the following agency:

VENDOR NUMBER:

VENDOR NAME:

VENDOR ADDRESS:

AMOUNT OF REQUEST: \$

INDEX CODE:

SUBJECT:

GRANT:

GRANT DETAIL:

PROJECT NUMBER:

CT NUMBER:

Contract Exp

DESCRIPTION: Payment Request #

Contract Payment Checklist

(Complete and attach to invoice and submit to Accounting for payment)

Invoice Date	
Invoice Period	
Invoice Number	
Invoice Amount	
City Contract #	
Review of Invoice	Initial Certifying Compliance *
Does the invoice reflect the current approved contract amount?	
Are all submitted costs in compliance with requirements of the contract?	
Are all costs allowable under the contract?	
Is the invoiced period of service within the contract performance period?	
Are labor hours, overhead rates or any other unit rate (if applicable) invoiced at established contracted rates?	
Was the unit price and extended total for each contract line item verified?	
Verified costs do not exceed approved contract line item costs or total contract amount	
Has the product been delivered and/or the required services been performed?	
Did the supplies or products delivered and/or services performed conform to the scope of work and contract requirements?	
Was compliance achieved to all other contractual terms and conditions (discounts, inspections, progress reports/submittals, JSEB reports, updated schedules, etc.) if applicable?	
If performance based contract, performance standards were met and verified	
Invoice back-up documentation is provided (if applicable) (supplier billing statements, timesheets, subcontractor/subconsultant invoices, receiving reports, determinations for any adjustments, etc.)	
Verified there is sufficient funding available in the proper index code and sub-object to pay the invoice	

Invoice Amount Certified for Payment	\$	
---	----	--

Certified by: (Print Name)			
Signature:		Date:	

*Indicate N/A in lieu of initials where applicable

PAYMENT REQUEST FORM

Name: _____
 Address: _____
 Phone# (904) _____
 Tax ID #: _____

Request # _____
 Contract# _____
 Project# _____
 Date Submitted: _____ 20__

- 1. Contract funds received to date: \$ _____
- 2. Contract funds disbursed to date: \$ _____
- 3. Contract funds previously requested but not yet received: \$ _____
- 4. Amount of this request \$ _____

All contract funds must be disbursed within three (3) days of receipt. If line 2 does not equal line 1, please explain: _____

Line Item & Description	Budget	Amount Received to Date	Amount of this Request	Remaining Balance
	\$			
TOTAL	\$			

Comments: _____

Bank: _____ Account # _____

I certify that the data reported above is correct and the amount of the cash requested does not exceed current needs.

Signed: _____
 Print Name: _____
 Title: _____



**Housing and Community
Development Division (HCDD)**

**COMPLIANCE REVIEW
CERTIFICATION FORM
(Tri-Annual)**

Liens/Taxes/Litigation/Breaches/Other

Subrecipient:

COMPLIANCE REVIEW QUESTIONS

1. Compliance Review: Is Subrecipient on the Council Auditor's Non-Compliance List pursuant to Chapter 118 of the Ordinance Code? YES / NO <input type="checkbox"/> BACKUP IS ATTACHED	<input type="checkbox"/> COMPLIANT/ <input type="checkbox"/> NON-COMPLIANT Initial: _____ Date: _____ <input type="checkbox"/> COMPLIANT/ <input type="checkbox"/> NON-COMPLIANT Initial: _____ Date: _____
2. Is Subrecipient on the Vendor Debarment List pursuant to Chapter 126 of the Ordinance Code? YES / NO <input type="checkbox"/> BACKUP IS ATTACHED	<input type="checkbox"/> COMPLIANT/ <input type="checkbox"/> NON-COMPLIANT Initial: _____ Date: _____ <input type="checkbox"/> COMPLIANT/ <input type="checkbox"/> NON-COMPLIANT Initial: _____ Date: _____
3. Does Subrecipient owe payment for liens (including demolition or nuisance liens) on real property owned by the Subrecipient and incurred <u>after</u> Subrecipient took ownership of the real property? YES / NO <input type="checkbox"/> BACKUP IS ATTACHED	<input type="checkbox"/> COMPLIANT/ <input type="checkbox"/> NON-COMPLIANT Initial: _____ Date: _____ <input type="checkbox"/> COMPLIANT/ <input type="checkbox"/> NON-COMPLIANT Initial: _____ Date: _____
4. Does the Subrecipient have delinquent taxes on real property owned? YES / NO <input type="checkbox"/> BACKUP IS ATTACHED	<input type="checkbox"/> COMPLIANT/ <input type="checkbox"/> NON-COMPLIANT Initial: _____ Date: _____ <input type="checkbox"/> COMPLIANT/ <input type="checkbox"/> NON-COMPLIANT Initial: _____ Date: _____
5. Mortgage Loan Processor (MLP) Review: Is the Subrecipient in litigation against the City (other than as an agent, attorney, guardian, or personal representative of an estate)? YES / NO <input type="checkbox"/> BACKUP IS ATTACHED	<input type="checkbox"/> COMPLIANT/ <input type="checkbox"/> NON-COMPLIANT Initial: _____ Date: _____ <input type="checkbox"/> COMPLIANT/ <input type="checkbox"/> NON-COMPLIANT Initial: _____ Date: _____
6. Finance Review: Has the Subrecipient's audit report been approved by the HCDD Finance Director? YES / NO If not, is it required for compliance? YES / NO <input type="checkbox"/> BACKUP IS ATTACHED	<input type="checkbox"/> COMPLIANT/ <input type="checkbox"/> NON-COMPLIANT Initial: _____ Date: _____ <input type="checkbox"/> COMPLIANT/ <input type="checkbox"/> NON-COMPLIANT Initial: _____ Date: _____
7. Housing Property Administrator Review: Is Subrecipient in breach of any prior donation agreement or City code provisions by which the City donates property to the Subrecipient for the development of affordable housing? YES / NO <input type="checkbox"/> BACKUP IS ATTACHED	<input type="checkbox"/> COMPLIANT/ <input type="checkbox"/> NON-COMPLIANT Initial: _____ Date: _____ <input type="checkbox"/> COMPLIANT/ <input type="checkbox"/> NON-COMPLIANT Initial: _____ Date: _____

SENIOR MANAGEMENT TEAM (SMT) REVIEW

DIRECTIONS: 1) List Program Manager(s) (PM) assigned to project. Give form to PM. 2) When returned from PM, review form and sign off.

SMT NAME	SIGNATURE	DATE	COMMENTS
Chynequa King:			
Travis Jeffrey			
Laura Stagner-Crites:			
Robert Ownby			
Kelly Mierkowski			

PROJECT MANAGER REVIEW

DIRECTIONS: 1) Review, answer question, and sign/initial/date accordingly. 2) Return form to supervising SMT for their final sign-off.

PM NAME	SIGNATURE	DATE	Is the Subrecipient currently in breach of any conditions or requirements of a city grant award or program?					
			YES / NO	Initial: _____	Date: _____	YES / NO	Initial: _____	Date: _____
			YES / NO	Initial: _____	Date: _____	YES / NO	Initial: _____	Date: _____
			YES / NO	Initial: _____	Date: _____	YES / NO	Initial: _____	Date: _____

CONTRACT COMPLIANCE (CC) STAFF CERTIFICATION

CC STAFF NAME	SIGNATURE	DATE	I hereby certify this Subrecipient is:				
			<input type="checkbox"/> COMPLIANT/ <input type="checkbox"/> NON-COMPLIANT	Initial: _____	Date: _____		
			<input type="checkbox"/> COMPLIANT/ <input type="checkbox"/> NON-COMPLIANT	Initial: _____	Date: _____		
			<input type="checkbox"/> COMPLIANT/ <input type="checkbox"/> NON-COMPLIANT	Initial: _____	Date: _____		



City of Jacksonville, Florida

Lenny Curry, Mayor

Housing & Community Development Division
 Ed Ball Building
 214 N. Hogan Street, 7th Floor
 Jacksonville, Florida 32202

ONE CITY. ONE JACKSONVILLE.

CONFLICT OF INTEREST POLICY – Attachment 3

PURPOSE

This policy establishes that no employee of the Housing and Community Development Division shall participate in the selection, award or administration of a contract supported by Federal or State funds if a conflict of interest, financial or otherwise, real or apparent, would be involved. Such a conflict would arise when the employee, any member of his or her immediate family; his or her partner; or an organization which employs or is about to employ any of the above, has a financial or other interest in the firm selected for the award.

APPLICABILITY

This policy applies to all Employees and Officials of the City of Jacksonville Housing and Community Development Division who are to annually execute and certify the acknowledgement below.

EMPLOYEE ACKNOWLEDGEMENT

I hereby certify that no conflict of interest, financial or otherwise, real or apparent exists between me or any member of my immediate family; my partner; or an organization which employs or is about to employ any of the above, in any firm applying for or selected to receive Federal or State grant funds from the City of Jacksonville's Housing and Community Development Division.

CONFLICT OF INTEREST POLICY	
Acknowledgement and Acceptance Form	
Name of Employee:	Employee's Department/Division:
Employee's Title:	Employee's Supervisor Name:
I acknowledge that I have been provided with a copy of the Conflict of Interest policy. I understand that it is my responsibility to abide by its stipulations.	
Employee Signature:	Date:
The employee's signature must be witnessed by the employee's supervisor or a management designee.	
Witness Signature:	Date:
Witness Printed Name:	Witness Title: