

Overcharges conflict of interest cited in audit

By MICHAEL MATUSZEWSKI

Oakland County auditors formally closed their investigation of the practices and alleged irregularities in the Community Development Program, and submitted 40 pages of findings and 19 pages of recommendations to the board of trustees for follow-up action.

The program specializes in helping local communities to rehabilitate low- and middle-income housing and sponsors other community projects. Since 1973, the program has handled more than \$8 million in federal funds.

The auditors' report is a far-ranging document covering many aspects of the program. Deputy Director Donald MacKenzie and technician Maureen Lowe were named in many of the findings.

While the report covers many areas, it was prompted by complaints concerning its role in home improvements.

OAKLAND COUNTY FACILITIES and Operations experts estimated that in many of the cases inspected, the Community Development Program was overcharged for work done.

According to the audit, the program

paid \$550 for a porch repair. Facilities and Operations inspectors said the work was over-priced by \$800 to \$700.

On June 23, according to the audit, Facilities and Operations inspectors investigated six homes which had been rehabilitated through the Community Development Program. They reported that the program had been overcharged by more than \$4,000.

One firm, Aztec Construction Co., which is named throughout the report, had been overpaid more than \$2,300.

THE AUDIT ALSO investigated the alleged conflict of interest of two of the program's employees, MacKenzie and Mrs. Lowe, and a former project specification investigator, Tim Ashley.

Ashley, according to the audit and the reports of other county officials, was simultaneously employed by Oakland County and the Aztec Construction Co.

The report said, "After Tim Ashley started as superintendent of Aztec Construction Company, (the company) was receiving a majority of the work. Twenty-one jobs totaling \$48,942 were awarded to the Aztec Construction Company out of 47 that were processed by (the program) through March 31.

'It didn't seem right that an individual who was writing the specifications and working for the county, should also be working for one of the companies that was bidding on the projects.'

—Commissioner John McDonald

1977. One of the jobs they bid on and received, they were the only bidder. On the remainder of the jobs they received, there was only one other bidder."

Commissioner John McDonald (R-Farmington Hills), who requested the investigation, said, "It didn't seem right that an individual who was writing the specifications and working for the county, should also be working for one of the companies that was bidding on the projects. It just gave them an unfair advantage."

According to the audit, Ashley wrote 12 specifications for the program. Nine of the projects were awarded to Aztec Construction Co.

"IT SHOULD BE NOTED," the report said, "that some personnel in the Community Development Office were aware that Ashley was working for these contractors at the time he was writing the job specifications."

"It is the opinion of this office," it continued, "that this gave Tim Ashley first-hand knowledge and a bidding advantage over other contractors. Also, he has the availability to include work in the specifications that is not really needed."

Ashley left the area "some time near the end of April 1977" and has not been located.

Other areas of the report deal with

either MacKenzie or Mrs. Lowe or both.

Audit findings which named Mrs. Lowe include:

• Having her husband bid on Community Development Program projects. He received a number of contracts. Mrs. Lowe's responsibilities included handling the sealed bids.

• Allegedly notifying one contractor of the amount of money available for a project. The contractor, according to the report, was able to adjust his bid accordingly.

• Apparently failing to enforce or record a homeowner's eligibility as is required by federal guidelines.

• Misrepresenting her qualifications for the job she was performing for the Community Development Program.

FINDINGS WHICH INVOLVED MacKenzie include:

• Allegedly approving contracts bid in excess of federal ceilings.

• Potential violation of state law by offering Pontiac Township additional Housing and Urban Development funds, if they would hire his brother,

Douglas MacKenzie, as a police officer. According to the audit, Pontiac Township Supervisor Robert Grusnick made the charge.

Murphy said no action will be taken against the employees named until John Madole, program director, makes his recommendations.

"It depends on whether or not they can continue to perform their present duties satisfactorily," he said.

Madole said he was in no position to make any decisions at this time.

COMMISSIONER HENRY HOOT, (R-Troy), chairman of the Public Services committee which is formally reviewing the audit, said the county executive is the only person who could make the decision to fire MacKenzie and Mrs. Lowe.

"If I were the executive, I would ask for their resignations," he added.

According to the audit, Milton Handorf, director of public works, had asked Mrs. Lowe to resign May 16. She refused and the "issue did not proceed any further," the audit said.

Hoot said his committee may be ready to introduce resolutions based on the audit in mid-October.

Charges groundless, official claims

Two Oakland County Community Development Program employees specifically named in an audit of that office have denied the audit's findings.

Mrs. Maureen Lowe, the program's technician, and Deputy Director Donald MacKenzie were cited for various irregularities.

Mrs. Lowe, who had been named in findings describing various bidding and procedural irregularities, reserved comment saying: "You can hear what I have to say Oct. 1." She said she will appear before the Oakland County Board of Commissioners

Public Services Committee on that date.

In earlier reports, she had denied the allegations.

Donald MacKenzie said, "The information is unfounded. The auditors never interviewed or questioned me. Their allegations are groundless."

According to the audit, MacKenzie had approved contracts which had been bid over federal ceilings. It also said he had approved contracts which were found to have been unnecessary and overpriced.

He said he handles no contract mat-

ters. "We don't run the bids. We don't publish the bids. Each (governmental) unit runs its own ads. Their own board orders the bids and selects the contractor," he said.

MacKenzie added, "We would have no qualms about approving a contractor who was not the lowest bidder as long as that unit agreed to pay the difference between the lowest bid and the contractor they wanted."

The Community Development Program helps local units fund community projects including housing rehabilitation, parks, bike paths and

walkways.

According to the audit, Pontiac Township Supervisor Robert Grusnick said that MacKenzie would get the township additional Housing and Urban Development funds if the township would hire his brother as a police officer.

MacKenzie denied the allegation. "I don't believe Mr. Grusnick would say that. I feel the auditors misunderstood what he said."

"There's no way that I could have, given Grusnick one nickel more than the (funding) formulas provided for," he said.

Northwestern opponents ready

A coalition of citizen organizations working for four years against the proposed Northwestern Highway extension expects Wednesday's meeting of the State Highway Commission to be crucial.

The primary decision on the commission's agenda is the selection of an alternative, if any, to the cancelled M-275 freeway through western Oakland County.

But George E. Snyder, chairman of the East Michigan Environmental Action Council and spokesman for the coalition, believes the fate of the Northwestern project depends on whether M-275 alternative the commission selects.

Plans were for Northwestern, which

now dead-ends at Orchard Lake Road in West Bloomfield Township, to be extended to link up with M-275.

When M-275 was cancelled by the commission, the highway department staff recommended any plans to extend Northwestern be killed.

Members of the anti-Northwestern coalition say a move to reincarnate M-275 will revive the notion of extending Northwestern.

"WE FEEL that the commission is attracted to the problems which freeway construction brings to communities and that it will decide on an alternative to M-275 which will aid the smooth flow of local traffic rather than bring

through traffic into the area," Snyder said in a statement issued Friday.

He pointed out that if the commission chooses to upgrade local roads, such as the group opposed to Northwestern's extension has advocated, "not only does the proposed Northwestern project become an anachronism, but the role of citizens in the area becomes extremely important in focusing the necessary local road improvements for the entire area."

The East Michigan Environmental Action Council is one of nine area groups which submitted letters to State Highway Commission Chairman Peter Fletcher last month outlining specific alternatives to Northwestern if the commission voted to cancel its

proposed extension.

Most endorsed the upgrading of local roads.

JANET LYNN of the Citizens Council for Land Use Research and Education (CLURE), which in the summer of 1973 initiated an ultimately successful request to Gov. Milliken for an environmental impact study on Northwestern, wrote: "Roads and highways should serve the needs of people and their communities as opposed to purely market forces."

She asked that "citizen participation in planning Michigan's transportation system occur prior to major commitments" and called for a Citizen Advisory Committee to serve this goal.

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