

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Christine C. Quinn
Speaker of the Council

Council Member Jumaane D. Williams
Chair, Committee on Oversight & Investigations



Hearing on the Fiscal 2014 Preliminary Budget & the Fiscal 2013 Preliminary Mayor's Management Report

Department of Investigation

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Department of Investigation

The Department of Investigation (DOI) promotes and maintains integrity and efficiency in government operations. Through its Inspector General (IG) and other investigative staff, the Department investigates and refers for prosecution City employees and contractors engaged in corrupt or fraudulent activities or unethical conduct. Investigations may involve any agency, officer, or employee of the City, as well as those who do business with, or receive benefits from, the City. The Department provides the Mayor with recommendations for corrective actions to assist City agencies in the design and interpretation of strategies to limit opportunities for criminal misconduct and waste.

Fiscal 2014 Preliminary Budget Highlights

This report provides a review of DOI's Preliminary Budget for Fiscal 2014 as well as the initiatives included in the November 2012 Plan and the Fiscal 2014 Preliminary Budget. It also provides a summary of DOI's contract budget, and key statistics from the Preliminary Mayor's Management Report for Fiscal 2013. DOI has no capital budget.

032 - Department of Investigation (DOI)					
	2012	2013	2013	2014	*Difference
<i>Dollars in Thousands</i>	Actual	Adopted	Jan. Plan	Jan. Plan	2013 - 2014
Personal Services	\$14,727	\$15,297	\$16,149	\$15,772	\$475
Other Than Personal Services	6,562	5,394	19,960	5,394	0
Agency Total	\$21,288	\$20,691	\$36,109	\$21,166	\$475

**The difference between the Fiscal 2013 Adopted Budget and the Fiscal 2014 January Plan funding.*

- Confidential Investigators.** The Department will receive \$51,000 in Fiscal 2013 growing to \$76,000 in Fiscal 2014 in additional funding to hire two Confidential Investigators to process an anticipated increase in the number of background investigations.

DOI Financial Summary

<i>Dollars in Thousands</i>	2012 Actual	2013 Adopted	2013 Jan. Plan	2014 Jan. Plan	*Difference 2013 - 2014
Budget by Program Area					
Agency Operations	\$15,356	\$16,529	\$29,462	\$16,355	(\$174)
Inspector General	5,933	4,162	6,646	4,811	650
TOTAL	\$21,288	\$20,691	\$36,109	\$21,166	\$475
Funding					
City Funds	NA	\$16,129	\$15,673	\$15,955	(\$174)
Other Categorical	NA	604	1,119	604	0
Federal - Other	NA	0	12,875	0	0
Intra City	NA	3,957	6,442	4,607	650
TOTAL	\$21,288	\$20,691	\$36,109	\$21,166	\$475
Positions					
Agency Operations	132	155	157	153	(2)
Inspector General	59	62	75	66	4
TOTAL	191	217	232	219	2

**The difference between Fiscal 2013 Adopted Budget and the Fiscal 2014 January Plan funding.*

The Fiscal 2014 Preliminary Budget for the Department of Investigation is \$475,000 greater than its Fiscal 2013 Adopted Budget. The Department’s City-funded budget is reduced over that period by \$174,000 while its non-City funds have increased by \$650,000. DOI took PEG reductions in the November Plan totaling \$587,000 in Fiscal 2013 and \$331,000 in Fiscal 2014. It received funding to hire two Confidential Investigators totaling \$51,000 in Fiscal 2013 and \$76,000 in Fiscal 2014. Headcount in Agency Operations will drop by four city-funded positions in Fiscal 2014 while the two investigators will increase the headcount within the “Inspector General” area of the Department. The Department always has a large fluctuation in its non-City funding, especially in federal funds. These funds are never part of the Department’s Adopted appropriation but, are modified into the budget over the course of the fiscal year creating a mid-year spike in non-City funding. These spikes are a normal feature of the Department’s budget. About 75-percent of the \$12.9 million in federal funds for Fiscal 2013 (as shown in the chart above) are for contract monitoring.

Agency Operations (001 & 002)

<i>Dollars in Thousands</i>	2012	2013	2013	2014	*Difference
	Actual	Adopted	Jan. Plan	Jan. Plan	2013 - 2014
Spending					
Personal Services	\$10,446	\$11,792	\$11,535	\$11,617	(\$174)
Other Than Personal Services	4,909	4,738	17,927	4,738	0
TOTAL	\$15,356	\$16,529	\$29,462	\$16,355	(\$174)
Funding					
City Funds	NA	\$15,976	\$15,520	\$15,802	(\$174)
Other Categorical	NA	400	915	400	0
Federal - Other	NA	0	12,875	0	0
Intra City	NA	153	153	153	0
TOTAL	\$15,356	\$16,529	\$29,462	\$16,355	(\$174)

**The difference between the Fiscal 2013 Adopted Budget and the Fiscal 2014 January Plan funding.*

Funding in the Agency Operations Personal Services unit of appropriation (U/A 001) supports the administrative functions of the agency, as well as its principal function of promoting integrity and efficiency in City government. The PS appropriation funds DOI’s inspectors general and other investigative staff through whom the agency investigates and refers for prosecution City employees and contractors engaged in corrupt or fraudulent activities or unethical conduct. Funding in the Other Than Personal Services unit of appropriation (U/A 002) enables the agency to purchase supplies, materials and other services required to support agency operations.

- Vacancy Reduction.** The November 2012 Financial Plan introduced PEGs for the Department amounting to 5.4-percent of its Fiscal 2013 budget and 8-percent of its Fiscal 2014 budget. The Department will meet its reduction target by eliminating four vacancies and by surrendering PS accruals. This cut will generate savings of \$239,000 in Fiscal 2013 growing to \$331,000 in Fiscal 2014. The PEG value reflects the total savings associated with the headcount reduction, but the fringe benefits portion of the savings is budgeted elsewhere in the city’s budget. Therefore the Financial Plan includes a related action that adds \$80,000 in Fiscal 2013 and Fiscal 2014 to DOI’s budget as an adjustment for the PEG credit.

Inspector General (003 & 004)

<i>Dollars in Thousands</i>	2012	2013	2013	2014	*Difference
	Actual	Adopted	Jan. Plan	Jan. Plan	2013 - 2014
Spending					
Personal Services	\$4,280	\$3,506	\$4,614	\$4,155	\$650
Other Than Personal Services	1,653	656	2,033	656	0
TOTAL	\$5,933	\$4,162	\$6,646	\$4,811	\$650
Funding					
City Funds	NA	\$153	\$153	\$153	\$0
Other Categorical	NA	204	204	204	0
Federal - Other	NA	0	0	0	0
Intra City	NA	3,804	6,289	4,454	650
TOTAL	\$5,933	\$4,162	\$6,646	\$4,811	\$650

**The difference between the Fiscal 2013 Adopted Budget and the Fiscal 2014 January Plan funding.*

Intra City funding in the Inspector General (IG) PS unit of appropriation (U/A 003) pays for staff in the fingerprint unit. The Inspector General offices have jurisdiction over the Department of Juvenile Justice, Public Assistance and Grant Unit, Department of Social Services, Department of Buildings and the Department of Environmental Protection. Funding in the Inspector General OTPS unit of appropriation (U/A 004) enables the agency to purchase supplies and equipment through Intra-City funds for IG offices.

- **Confidential Investigators.** The Department will receive additional funding to hire two Confidential Investigators to process an anticipated increase in the number of background investigations. The additional funds will total \$51,000 in Fiscal 2013 growing to \$76,000 in Fiscal 2014.

Fiscal 2013 PMMR Performance Measures

The Department of Investigation provides the city with two primary services:

- ✓ To investigate possible fraud, waste and corruption within city government the goals of which are to
 1. *Maintain the integrity of City agencies, employees, contract vendors and other recipients of City funds.*
 2. *Improve the impact and effectiveness of investigations.*

- ✓ Conduct background and fingerprint checks for certain City employees, contractors and day care workers the goal of which is to
 1. *Ensure that all background investigations and fingerprint checks are conducted in a timely manner.*

Performance Statistics	Actual			Target		4-Month Actual	
	FY10	FY11	FY12	FY13	FY14	FY12	FY13
★ Complaints	13,825	13,639	12,595	*	12,000	4,152	4,088
★ Written policy and procedure recommendations to City agencies	357	310	369	*	300	100	101
★ Corruption prevention and whistleblower lectures conducted	625	446	478	300	375	192	119
Integrity monitoring agreements	5	12	15	*	*	13	15
VENDEX checks completed within 30 days (%)	60%	98%	98%	95%	95%	98%	97%
Average time to complete a VENDEX check (days)	34	15	15	*	*	14	21
Vendex checks completed	63,542	58,421	44,869	*	*	14,344	13,576
★ Average time to complete an investigation (days)	296	275	229	*	225	239	187
- Major investigations	904	502	819	*	*	313	1,035
- Significant investigations	682	617	324	*	*	293	188
- Routine investigations	269	259	216	*	*	237	177
Current investigations	2,258	1,955	1,917	*	*	1,086	982
Investigations closed	1,427	1,205	1,348	*	*	392	431
★ Referrals for civil and administrative action	1,876	1,100	1,304	*	1,000	368	330
★ Referrals for criminal prosecution	753	1,017	1,001	*	750	207	313
★ Arrests resulting from DOI investigations	822	790	805	*	*	170	253
★ Financial recoveries to the City ordered/agreed (\$)	\$18,086,520	\$20,985,513	\$523,355,872	*	\$18,000,000	\$1,624,568	\$3,701,324
★ Financial recoveries to the City collected (\$)	\$8,537,930	\$9,973,645	\$477,784,197	*	\$8,500,000	\$1,120,622	\$3,033,346
Financial recoveries to individuals and non-City entities ordered/agreed (\$)	\$16,840,648	\$21,001,578	\$93,690,369	*	*	\$1,184,156	\$1,821,374
★ Average time to complete a background investigation (days)	451	370	313	*	300	364	270
★ Background investigations closed within six months (%)	53%	60%	52%	60%	60%	51%	55%
Background investigations for Mayoral agencies	1,674	1,415	1,385	*	*	457	467
Background investigations for non-Mayoral agencies	656	746	543	*	*	183	163
★ Time to notify agencies of prospective childcare workers with criminal records after receipt from State Division of Criminal Justice Services (days)	4	2	1	4	3	2	1
Time to notify agencies of arrest notifications for current childcare workers after receipt from State Division of Criminal Justice Services (days)	NA	2	1	*	*	2	2

Preliminary Performance Summary for Fiscal 2013:

- Complaints decreased by 2 percent during the first four months of Fiscal 2013 compared to the same period of Fiscal 2012.
- The Department prioritized conducting and completing investigations during the reporting period which resulted in a 38 percent decrease in corruption lectures.
- The overall average time to complete an investigation decreased by 22 percent during the reporting period.
- Arrests resulting from DOI investigations increased 49 percent during the reporting period due to DOI's expeditious handling of significant and routine investigations, and partnering with other agencies to address chronic corruption and public safety hazards.
- During the first four months of Fiscal 2013 financial recoveries to the City increased 128 percent due primarily to a case in which a defendant was ordered to pay \$1.7 million in restitution.
- Recoveries collected from previously closed cases increased by 171 percent.
- Background investigations closed within six months increased by 4 percentage points, and the average time to complete a background investigation decreased by 26 percent due to procedural changes within DOI's Background Unit that lead to greater efficiency in completing a significant volume of cases.
- The average time to notify agencies of prospective childcare workers with criminal records decreased to one day during the first four months of Fiscal 2013.

Appendix A

Budget Actions in the November and Preliminary Plans

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
DOI as of Fiscal 2013 Adopted Budget	\$16,130	\$4,561	\$20,691	\$16,130	\$4,561	\$20,691
Program to Eliminate the Gap (PEGs)						
PS Accruals	(349)	0	(349)	0	0	0
Vacancy Reduction	(239)	0	(239)	(331)	0	(331)
Total PEGs	(\$587)	\$0	(\$587)	(\$331)	\$0	(\$331)
New Needs						
Confidential Investigators	51	0	51	76	0	76
Total New Needs	\$51	\$0	\$51	\$76	\$0	\$76
Other Adjustments						
Vacancy Reduction PEG Offset	\$55	\$0	\$55	\$80	\$0	\$80
PS Accruals PEG Offset	25	0	25	0	0	0
Other Categorical Adjustments	0	515	515	0	0	0
Federal Adjustments	0	9,600	9,600	0	0	0
Intra-City Adjustments	0	2,485	2,485	0	650	650
Total Other Adjustments	\$80	\$12,600	\$12,680	\$80	\$650	\$730
Total All Changes	(\$457)	\$12,600	\$12,143	(\$174)	\$650	\$476
DOI as of Fiscal 2014 Preliminary Budget	\$15,673	\$17,161	\$32,834	\$15,956	\$5,211	\$21,167

Appendix B

Contract Budget

DOI Fiscal 2014 Preliminary Contract Budget			
Contract Category <i>(Dollars in 000's)</i>	Number of Contracts	Value	Pct. of DOI Total
Contract Services General	1	\$234	56.0%
Telecommunications Maintenance	3	12	3.0%
Maintenance & Repair General	2	4	0.8%
Office Equipment Maintenance	3	5	1.2%
Data Processing Equipment	3	7	1.7%
Printing Contracts	4	11	2.7%
Security Services	1	2	0.4%
Temporary Services	5	11	2.6%
Training Program City Employees	1	1	0.2%
Prof Service Computer Services	2	6	1.4%
Professional Services Other	5	125	29.9%
Preliminary Budget	30	\$418	100.0%