



**New York City Council**

Christine C. Quinn, Speaker

**Finance Division**

Preston Niblack, Director

Jeffrey Rodus, First Deputy Director

**Hearing on the Mayor's Fiscal Year 2012 Preliminary Budget &  
the Fiscal Year 2011 Preliminary Mayor's Management Report**

**Department of Investigation**

March 14, 2011

**Committee on Oversight & Investigations**

Councilmember Jumaane D. Williams, Chair

Andy Grossman, Deputy Director, Finance Division

Lionel Francois, Legislative Financial Analyst

# Summary and Highlights

## Department of Investigation

<i>Dollars in Thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	Difference 2011 – 2012
Personal Services	\$16,483	\$16,638	\$14,298	\$15,382	\$14,723	\$425
Other Than Personal Services	7,725	6,081	5,047	6,515	5,187	140
<b>Total</b>	<b>\$24,208</b>	<b>\$22,720</b>	<b>\$19,345</b>	<b>\$21,896</b>	<b>\$19,910</b>	<b>\$565</b>

*\*Difference refers to the variance between the Fiscal 2011 Adopted Budget and the Projected Fiscal 2012 Budget.*

The proposed Fiscal 2012 Preliminary Budget for the Department of Investigation (DOI) is \$565,000 above its Fiscal 2011 Adopted Budget. This increase occurs in part because the Department's November PEG target was met with two Revenue PEG items (see below in "Highlights" section) and it received no PEG reduction targets for the 2011 February Financial Plan. In addition, OMB supplemented its Fiscal 2011 appropriation with a New Needs adjustment totaling \$260,000 to cover its PS expenses for both Fiscal 2011 and Fiscal 2012. Beyond these two items, there were no other major items impacting upon DOI's Fiscal 2012 Preliminary Budget.

## Highlights of DOI's Fiscal 2012 Preliminary Budget

- **Marshals Unclaimed Funds.** DOI will transfer a portion of its Bureau of City Marshals Trust and Agency Account to meet its 2010 November Financial Plan PEG Target. This Revenue PEG item will only impact DOI's Fiscal 2011 budget.
- **Investigative Restitution.** DOI will realize additional revenues in connection with an investigation.
- **Surplus/(Needs) Adjustment.** OMB will supplement DOI's budget with a New Needs appropriation totaling \$260,000 to help cover projected PS deficits in Fiscal 2011 and Fiscal 2012.

# 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.

### Key Public Service Area

- Maintain the integrity of City agencies, employees, contract vendors and recipients of City funds.

### Critical Objectives

- Improve the impact and efficiency of investigations.
- Ensure the timely completion of background investigations and fingerprint checks.
- Assist City agencies in preventing corruption and waste.

SOURCE: Mayor’s Management Report

<b>Department of Investigation</b>						
<i>Dollars in Thousands</i>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2011</b>	<b>2012</b>	<b>Difference</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Feb Plan</b>	<b>Feb Plan</b>	<b>2011 – 2012</b>
<b>Budget by Program Area</b>						
Agency Operations	\$17,189	\$17,046	\$15,265	\$16,222	\$15,762	\$498
Inspectors General (IG)	7,019	5,673	4,080	5,675	4,148	67
<b>TOTAL</b>	<b>\$24,208</b>	<b>\$22,720</b>	<b>\$19,345</b>	<b>\$21,896</b>	<b>\$19,910</b>	<b>\$565</b>
<b>Funding</b>						
City Funds			\$15,256	\$15,294	\$15,342	\$85
Other Categorical			524	1,104	633	109
State			0	29	0	0
Federal - Other			0	7	0	0
Intra City			3,564	5,462	3,935	371
<b>TOTAL</b>			<b>\$19,345</b>	<b>\$21,896</b>	<b>\$19,910</b>	<b>\$565</b>
<b>Positions</b>						
Full-Time Positions - Agency Ops.	180	157	157	158	158	1
Full-Time Positions - IG	53	59	62	71	62	0
<b>TOTAL</b>	<b>233</b>	<b>216</b>	<b>219</b>	<b>229</b>	<b>220</b>	<b>1</b>

### Expense Budget Summary

DOI will see an increase to its Fiscal 2012 Preliminary budget for the “Agency Operations” program area of \$498,000 above its Fiscal 2011 Adopted Budget, with an increase to its “Inspectors General (IG)” program area of \$67,000 resulting in a total departmental increase of \$565,000.

## Agency Operations

Funding in this program area supports the administrative functions of the agency, as well as its principal function of promoting integrity and efficiency in City government. These funds support investigative staff through whom the agency investigates, and refers for prosecution, City employees and contractors engaged in corrupt or fraudulent activities or unethical conduct.

<i>Dollars in Thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	Difference 2011-2012
<b>Spending</b>						
<b>Personal Services</b>						
Full-Time Salaried - Civilian	\$12,523	\$12,117	\$10,578	\$11,029	\$10,936	\$358
Other Salaried and Unsalari ed	45	58	80	80	80	-
Additional Gross Pay	288	228	97	97	97	-
Overtime - Civilian	18	34	40	40	40	-
Fringe Benefits	-	-	57	57	57	-
P.S. Other	(3)	0	-	-	-	-
<b>Subtotal, PS</b>	<b>\$12,871</b>	<b>\$12,437</b>	<b>\$10,852</b>	<b>\$11,302</b>	<b>\$11,210</b>	<b>\$358</b>
<b>Other Than Personal Services</b>						
Supplies and Materials	\$191	\$177	\$161	\$231	\$198	\$37
Property and Equipment	387	307	361	356	385	25
Other Services and Charges	3,629	3,979	3,767	4,116	3,820	53
Contractual Services	104	128	101	204	122	22
Fixed and Misc Charges	7	18	23	12	27	4
<b>Subtotal, OTPS</b>	<b>\$4,318</b>	<b>\$4,609</b>	<b>\$4,413</b>	<b>\$4,920</b>	<b>\$4,553</b>	<b>\$140</b>
<b>TOTAL</b>	<b>\$17,189</b>	<b>\$17,046</b>	<b>\$15,265</b>	<b>\$16,222</b>	<b>\$15,762</b>	<b>\$498</b>
<b>Funding</b>						
City Funds			\$14,792	\$15,141	\$15,189	\$397
Federal - Other			0	7	0	0
Intra City			153	153	153	0
Other Categorical			320	892	421	101
State			0	29	0	0
<b>TOTAL</b>			<b>\$15,265</b>	<b>\$16,222</b>	<b>\$15,762</b>	<b>\$498</b>
<b>Positions</b>						
Full-Time Positions	180	157	157	158	158	1

Agency Operations would sustain a PS increase of 1 position and \$498,000 chiefly as a result of proposed increases to its "Full-Time Salaries" (\$358,000).

## Performance Measures

	FY 08	FY 09	FY 10	FY 10 4-Month Actual	FY 11 4-Month Actual
Complaints	13,837	14,594	13,825	4,791	4,378
Caseload	2,481	2,396	2,285	1,387	1,157
Cases closed	1,418	1,438	1,427	446	335
Referrals for criminal prosecution	452	483	753	278	410
Arrests resulting from DOI investigations	676	728	822	329	342
Financial recoveries to the City ordered/agreed (\$)	\$18,315,332	\$16,184,024	\$18,086,520	\$11,246,312	\$2,097,761
Financial recoveries to the City collected (\$)	\$10,576,694	\$6,633,626	\$8,537,930	\$3,130,734	\$1,506,398
Average Time to Complete a Case (days)	329	277	296	313	299
- Major investigations	1,269	934	904	749	375
- Significant investigations	514	497	682	672	1,165
- Routine investigations	310	267	269	285	262
Average time to complete a background investigation (days)	342	310	451	591	459
Background investigations closed within six months (%)	53%	60%	53%	47%	58%
Average time to complete a VENDEX check (calendar days)	NA	NA	34	49	14
VENDEX checks completed within 30 days (%)	NA	NA	60%	31%	99%

## Performance Measure Highlights

- During the reporting period the Department's caseload and cases closed decreased by 17 percent and 25 percent, respectively, due to a reduced number of complaints received necessitating investigation, and the closing of more complex cases during the period. The overall average time to complete a case decreased by 4 percent. Turnaround times for major and routine investigations decreased by 49 percent and 8 percent, respectively, while turnaround time for significant investigations increased by 73 percent due to the closure of a number of older significant investigations.
- Arrests resulting from investigations during the reporting period increased by 4 percent, and referrals for criminal prosecution increased by 32 percent. Referrals for civil and administrative action decreased by 58 percent due to a significantly higher than average increase in referrals during Fiscal 2010 following a special investigation conducted by the Department.
- During the first four months of Fiscal 2011 there was an 81 percent decrease in financial recoveries to the City as a result of less sizeable restitution orders. Recoveries collected from previously closed cases decreased by 52 percent. Recoveries to individuals and non-City entities increased by 36 percent.
- Background investigations closed within 6 months increased 11 percentage points and the average time to complete a background investigation decreased by 22 percent. The average time to complete a VENDEX check decreased by 71 percent during the reporting period and the number of VENDEX name checks completed within 30 days increased substantially. The Department attributes this increase to the elimination of the backlog caused by the conversion to the citywide VENDEX Master Inquiry system.

## Relevant Budget Actions

- **Marshals Unclaimed Funds.** DOI's Bureau of City Marshals holds unclaimed funds, collected from marshal judgment activity, in a Trust and Agency account. \$407,000 will be transferred from this account into the City's General Fund to cover part of DOI's Fiscal 2011 November Plan PEG target. This is a revenue PEG item.
- **Investigative Restitution.** As part of its mission, DOI recovers restitution from settlements resulting from many of its investigations. DOI will realize additional revenues totaling \$571,000 in Fiscal 2011 and \$1.5 million in Fiscal 2012 in connection with one of these investigations which it will use to cover its November Financial Plan PEG target.
- **Surplus/(Needs) Adjustment.** OMB will supplement DOI's budget with a New Needs appropriation totaling \$260,000 to help cover projected PS deficits in Fiscal 2011 and Fiscal 2012.

## Inspectors General (IGs)

Funding in the Inspectors General (IG) program area supports positions funded through Intra-City agreements for current IG functions and projects with the Human Resources Administration (HRA), the Department of Juvenile Justice (DJJ), the Economic Development Corporation (EDC), the Department of Environmental Protection (DEP), the Department of Buildings (DOB), the Administration for Children's Service (ACS) and the Department of Health and Mental Health (DOHMH).

<i>Dollars in Thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	Difference 2011 – 2012
<b>Spending</b>						
<b>Personal Services</b>						
Full-Time Salaried - Civilian	\$3,504	\$4,166	\$3,383	\$4,017	\$3,451	\$67
Other Salaried and Unsalaries	10	1	-	-	-	-
Additional Gross Pay	97	34	16	16	16	-
Overtime - Civilian	1	0	6	6	6	-
Fringe Benefits	-	-	41	41	41	-
<b>Subtotal, PS</b>	<b>\$3,612</b>	<b>\$4,201</b>	<b>\$3,446</b>	<b>\$4,080</b>	<b>\$3,514</b>	<b>\$67</b>
<b>Other Than Personal Services</b>						
Supplies and Materials	\$59	\$47	\$62	\$83	\$62	\$0
Property and Equipment	97	66	72	54	72	-
Other Services and Charges	404	417	439	439	439	-
Contractual Services	2,847	942	62	1,019	62	-
<b>Subtotal, OTPS</b>	<b>\$3,407</b>	<b>\$1,472</b>	<b>\$634</b>	<b>\$1,595</b>	<b>\$634</b>	<b>\$0</b>
<b>TOTAL</b>	<b>\$7,019</b>	<b>\$5,673</b>	<b>\$4,080</b>	<b>\$5,674</b>	<b>\$4,147</b>	<b>\$67</b>
<b>Funding</b>						
City Funds			\$465	\$153	\$153	(\$312)
Intra City			3,411	5,309	3,782	371
Other Categorical			204	212	212	8
<b>TOTAL</b>			<b>\$4,080</b>	<b>\$5,674</b>	<b>\$4,147</b>	<b>\$67</b>
<b>Positions</b>						
Full-Time Positions	53	59	62	71	62	-

The IG will sustain a City-funds reduction to its "Full-Time Salaries" of \$312,000 but will see a net increase in this code because of an increase of \$371,000 in its Intra-City funding. This is no doubt due, in large measure, to the fact that DOI's IG's work with other city agencies to investigate malfeasance of various kinds or to train agency internal investigative staff. These arrangements are mostly funded through Intra-City agreements.

## Fiscal 2012 Preliminary Contracts Budget

Category	Number	Budgeted	Pct of DOI Total	Pct of City Total	Pct. Change from 2011 ADP
Telecommunications Maint.	3	12,468	6.8%	0.03%	0.0%
Maint. & Repair General	2	3,500	1.9%	0.00%	0.0%
Office Equipment Maintenance	3	4,980	2.7%	0.03%	0.0%
Data Processing Equipment	3	7,229	3.9%	0.01%	0.0%
Printing Contracts	4	11,190	6.1%	0.03%	36.6%
Security Services	1	1,500	0.8%	0.00%	0.0%
Temporary Services	5	11,010	6.0%	0.03%	22.2%
Training Pgm City Employees	1	725	0.4%	0.01%	0.0%
Prof Serv Computer Services	2	6,000	3.3%	0.00%	0.0%
Prof Services Other	5	125,035	68.1%	0.10%	15.2%
<b>Preliminary Budget</b>	<b>29</b>	<b>\$183,637</b>	<b>100.0%</b>	<b>0.00%</b>	<b>13.3%</b>



### Appendix A: Budget Actions in the November and February Plans

<i>Dollars in Thousands</i>	FY 2011			FY 2012		
	City	Non-City	Total	City	Non-City	Total
<b>Agency Budget as of July 2010 Plan</b>	\$15,256	\$4,089	\$19,345	\$15,220	\$4,089	\$19,309
<b>Program to Eliminate the Gap (PEGs)</b>						
			\$0			\$0
<b>Total, PEGs</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>PEG Restorations</b>						
			\$0			\$0
<b>Total, PEG Restorations</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>New Needs</b>						
Surplus/(Needs) Adjustment	\$260	\$0	\$260	\$260	\$0	\$260
<b>Total, New Needs</b>	\$260	\$0	\$260	\$260	\$0	\$260
<b>Other Adjustments</b>						
Intra-City Adjustments	\$0	\$1,898	\$1,898	\$0	\$371	\$371
Technical Adjustments	(222)	0	(222)	(139)	0	(139)
Other Categorical Grants	0	580	580	0	109	109
State Grants	0	29	29	0	0	0
Federal Grants	0	7	7	0	0	0
<b>Total, Other Adjustments</b>	(\$222)	\$2,514	\$2,292	(\$139)	\$480	\$341
<b>Total Changes to Agency Budget</b>	\$38	\$2,514	\$2,552	\$121	\$480	\$601
<b>Agency Budget as of February 2011 Plan</b>	\$15,294	\$6,603	\$21,897	\$15,341	\$4,569	\$19,910