

THE COUNCIL OF THE CITY OF NEW YORK

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Speaker of the Council

Hon. Vincent J. Gentile
Chair, Committee on Oversight and Investigations



Report on the Fiscal 2016 Preliminary Budget and the
Fiscal 2015 Preliminary Mayor's Management Report
Department of Investigations

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Department of Investigations Overview

The Department of Investigation (DOI or the Department) 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.

The report provides a review of DOI's Preliminary Budget for Fiscal 2016 and the Fiscal 2015 Preliminary Mayor's Management Report (PMMR). The first section presents significant highlights of the \$29.9 million Fiscal 2016 expense budget. The report follows with a presentation of the Department's budget by units of appropriation and then a review of the PMMR report for Fiscal 2015. Finally, the appendices highlight budget actions in the November and Preliminary Financial Plans and DOI's Fiscal 2016 Contract Budget.

Fiscal 2016 Preliminary Budget Highlights

	2013	2014	2015	Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	2015	2016	2015 - 2016
Spending						
Personal Services	\$15,566	\$16,050	\$21,151	\$23,198	\$23,416	\$2,265
Other Than Personal Services	20,805	12,980	6,475	20,028	6,550	75
Total	\$36,371	\$29,030	\$27,626	\$43,226	\$29,966	\$2,340

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.*

DOI's Fiscal 2016 Preliminary Budget totals \$29.9 million, which represents an increase of 8.5 percent or \$2.3 million from its Fiscal 2015 Adopted Budget. The \$2.3 million increase represents new needs of \$1.2 million and other adjustments of \$1.1 million.

- **Collective Bargaining Increase.** In the November Plan, the Department added \$832,000 to the Fiscal 2015 Personal Services (PS) budget for collective bargaining agreements. Of the \$832,000, \$821,000 is City funding and \$11,000 is intra-city payments. This funding grows to \$1.1 million in the Fiscal 2016 PS budget. The funding for Fiscal 2016 includes \$1.06 million in City funds and \$15,000 in intra-city funds.
- **Headcount Increase.** The Fiscal 2016 Preliminary Budget introduced several changes, detailed in the next sections, which resulted in a headcount increase of 16 positions. Of the 16 positions, nine positions will focus on improving technology needs and investigatory tools for the agency, six positions will be dedicated to the Department of Correction investigations squad and one position will oversee DOI's criminal justice information services unit, which oversees Vendex, the complaint bureau, and the fingerprinting unit.

Financial Summary

DOI Financial Summary

	2013	2014	2015	Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	2015	2016	2015 - 2016
Spending						
Personal Services	\$15,566	\$16,050	\$21,151	\$23,198	\$23,416	\$2,265
Other Than Personal Services	20,805	12,980	6,475	20,028	6,550	75
Total	\$36,371	\$29,030	\$27,626	\$43,226	\$29,966	\$2,340
Budget by Program Area						
Agency Operations	\$6,163	\$3,933	\$4,915	\$5,558	\$5,164	\$249
Inspector General	30,207	25,097	22,712	37,668	24,803	2,091
Total	\$36,371	\$29,030	\$27,626	\$43,226	\$29,966	\$2,340
Funding						
City Funds			\$21,572	\$23,050	\$23,871	\$2,299
Other Categorical			604	1,854	604	0
Federal - Community Development			0	6,537	60	60
Federal - Other			740	6,621	706	(33)
Intra City			4,710	5,164	4,725	15
Total	\$36,371	\$29,030	\$27,626	\$43,226	\$29,966	\$2,340
Budgeted Headcount						
Agency Operations	142	155	223	241	239	16
Inspector General	57	55	66	69	66	0
Total	199	210	289	310	305	16

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.*

The Fiscal 2016 Preliminary Budget for DOI is \$2.3 million greater than its Fiscal 2015 Adopted Budget of \$27.6 million. The Department's City-funded budget increases by \$2.3 million due to new positions and collective bargaining agreements. DOI's non-city funds increase by \$42,000 from Fiscal 2015 Adoption to the Fiscal 2016 Preliminary Budget.

The Fiscal 2015 budget has increased by \$15.6 million since adoption which represents a typical mid-year increase in the Department's non-City funds. DOI's non-city funds for Fiscal 2015 since adoption has grown by \$13.6 million, where approximately 87 percent represents increases in federal funding. Federal funding is generally not part of the Department's preliminary appropriations, but is modified into the budget over the course of the fiscal year when the funding is received or granted. The Department has received federal funding from asset forfeiture cases and other federal grants. Other categorical funds and intra-city funds received by the Department support agreements the DOI has with specific agencies to conduct specialized investigations or oversight.

From Fiscal 2015 Adoption to the Fiscal 2016 Preliminary Budget, the Department's budgeted headcount increases by 16 due to several headcount needs in various divisions at DOI.

Units of Appropriation

The following two tables display the budgets for each of the program areas for the Department from Fiscal 2013 actual spending through the Fiscal 2016 Preliminary Budget. The program areas, agency operations and inspector generals, are comprised of units of appropriation pairing. Each shows spending, funding summaries, and budgeted headcount.

Agency Operations (001 & 002)

	2013	2014	2015	Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	2015	2016	2015 - 2016
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$10,671	\$12,830	\$16,695	\$17,866	\$18,708	\$2,013
Full-Time Salaried - Uniformed	0	5	0	0	0	0
Additional Gross Pay	157	130	97	97	97	0
Fringe Benefits	0	0	96	96	96	0
Other Salaried	0	0	10	10	10	0
Overtime - Civilian	125	326	40	290	40	0
P.S. Other	0	(1)	0	0	0	0
Unsalaries	11	30	70	72	73	3
Subtotal	\$10,965	\$13,320	\$17,008	\$18,432	\$19,024	\$2,016
Other Than Personal Services						
Contractual Services	\$14,771	\$442	\$355	\$1,168	\$435	\$81
Fixed & Misc. Charges	53	19	27	367	27	0
Other Services & Charges	3,897	10,712	4,747	15,437	4,720	(27)
Property & Equipment	360	402	380	1,996	388	8
Supplies & Materials	162	202	194	268	208	14
Subtotal	\$19,243	\$11,777	\$5,703	\$19,237	\$5,778	\$75
TOTAL	\$30,207	\$25,097	\$22,712	\$37,668	\$24,803	\$2,091
Funding						
City Funds			\$21,419	\$22,707	\$23,483	\$2,064
Other Categorical			400	1,650	400	0
Federal - Community Development			0	6,537	60	60
Federal - Other			740	6,621	706	(33)
Intra City			153	153	153	0
TOTAL	\$30,207	\$25,097	\$22,712	\$37,668	\$24,803	\$2,091
Budgeted Headcount						
Full-Time Positions - Civilian	142	155	223	241	239	16
TOTAL	142	155	223	241	239	16

*The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.

Funding in the Agency Operations units of appropriations (U/A 001-PS and U/A 002-OTPS) supports the administrative functions of DOI, 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. U/A

001 also captures the Commission to Combat Police Corruption, Special Commissioner of Investigation to the Department of Education, the Department's outreach efforts, New York City Marshals, policy and program development, and the technical support unit. Funding in the Other Than Personal Services (OTPS) unit of appropriation (U/A 002) enables the agency to purchase supplies, materials and other services required to support agency operations.

Changes to the Agency Operation program area include the following:

- **Collective Bargaining Increase.** The November Plan included an increase of \$821,000 in City funds in the Fiscal 2015 PS budget and an increase of \$1.1 million in City funds in Fiscal 2016 to adhere to the City's collective bargaining agreements.
- **Digital Forensics Staff.** The Fiscal 2016 Preliminary Plan includes \$75,000 in City funds in the Fiscal 2015 budget for the half-year value of two digital forensic positions. The funding for the digital forensics positions grows to \$150,000 in Fiscal 2016 and the outyears. The additional digital forensic positions are part of DOI's initiative to address the growing role technology plays in its investigative work. The additional staff will support all investigative squads.
- **Department of Correction (DOC) Investigations.** The Fiscal 2015 Budget adds \$205,000 in the PS budget and \$75,000 in the OTPS budget for a total of \$280,000 in City funds for six additional investigative positions. The additional positions will support the investigative squad overseeing DOC. DOI plans to hire three investigators, one senior supervising investigator, one supervising attorney and one clerical assistant. The total funding grows to \$485,000 in the Fiscal 2016 Preliminary Budget for the full-year cost of the six additional positions. The Fiscal 2016 cost of \$485,000 is baselined in the outyears.
- **Internal Auditor.** The Fiscal 2015 PS budget increases by \$35,000 in City funds for the half-year cost of one internal auditor. The internal auditor will provide oversight of DOI's spending of non-City funding. The full-year cost, which is recognized in Fiscal 2016, is \$70,000. This funding is baselined in the outyears.
- **Intra-City Funding Adjustment.** The Fiscal 2015 PS budget includes \$60,000 in City funds for an Assistant Commissioner to oversee DOI's Criminal Justice Information Services Unit. This unit oversees operations related to fingerprinting, background checks, complaints, and Vendex. The funding for this position grows to \$120,000 in Fiscal 2016 and in the outyears.
- **Investigative Audit Staff.** To enhance DOI's Financial Auditing Unit, the Fiscal 2016 Preliminary Budget includes \$120,000 in City funds in the Fiscal 2015 PS budget. This funding adds four new investigative auditors to the existing five financial audit positions. The funding grows to \$240,000 for full-year cost in Fiscal 2016 and in the outyears.
- **Technical Services Staff and Wireless Area Network (WAN) Administrator.** The Fiscal 2016 Preliminary Budget includes \$87,500 in City funds for two Information Technology positions in the Fiscal 2015 PS budget. The funding grows to \$175,000 for both positions in Fiscal 2016 and in the outyears. The full year cost for the technical service positions is \$60,000, while the full-year cost for the WAN administrator is \$115,000.

Inspector General (003 & 004)

	2013	2014	2015	Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	2015	2016	2015 - 2016
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$4,388	\$2,628	\$4,080	\$4,704	\$4,329	\$249
Additional Gross Pay	126	33	16	16	16	0
Fringe Benefits	0	0	41	41	41	0
Overtime - Civilian	87	69	6	6	6	0
Subtotal	\$4,601	\$2,730	\$4,143	\$4,766	\$4,392	\$249
Other Than Personal Services						
Contractual Services	\$964	\$637	\$62	\$116	\$62	\$0
Fixed & Misc. Charges	16	16	17	17	17	0
Other Services & Charges	457	482	558	566	558	0
Property & Equipment	45	12	72	20	72	0
Supplies & Materials	80	56	63	72	63	0
Subtotal	\$1,562	\$1,203	\$772	\$792	\$772	\$0
TOTAL	\$6,163	\$3,933	\$4,915	\$5,558	\$5,164	\$249
Funding						
City Funds			\$153	\$343	\$387	\$234
Other Categorical			204	204	204	0
Intra City			4,557	5,011	4,572	15
TOTAL	\$6,163	\$3,933	\$4,915	\$5,558	\$5,164	\$249
Budgeted Headcount						
Full-Time Positions - Civilian	57	55	66	69	66	0
TOTAL	57	55	66	69	66	0

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.*

The Inspector General (IG) PS unit of appropriation (U/A 003) covers inspector generals and other investigative staff funded through intra-city funds to provide specialized investigations and oversight of agencies, such as the Administration for Children's Services (ACS), the Economic Development Corporation, the Human Resources Administration (HRA), the Department of Environmental Protection (DEP), the Department of Buildings (DOB), and the Department of Design and Construction (DDC). These agencies have agreements with DOI to investigate specific programs or areas of corruption within their agency. This U/A also includes the Fingerprint Unit. Funding in the IG OTPS unit of appropriation (U/A 004) enables the agency to purchase supplies and equipment.

- **Collective Bargaining Increase.** The November Plan includes an increase of \$11,000 in intra-city funds in the Fiscal 2015 PS budget and an increase of \$15,000 in intra-city funds in Fiscal 2016 to adhere to the City's collective bargaining agreements.

Fiscal 2015 PMMR Performance Measures

The Fiscal 2015 PMMR outlines the responsibilities and goals of DOI. According to the Fiscal 2015 PMMR, DOI promotes and maintains integrity and efficiency in City government operations by investigating City employees and contractors who may be engaged in corrupt activities. DOI has oversight of more than 45 Mayoral agencies, 200 City boards and commissions.

According to the Fiscal 2015 PMMR, DOI has three service goals. The first goal is to maintain the integrity of City agencies, employees, contract vendors and other recipients of City funds. The second service goal is to improve the impact and effectiveness of investigations. The last service goal is to ensure that all background investigations and fingerprint checks are conducted in a timely manner. The chart below from the PMMR provides performance statistics for Fiscal 2012 to 2014, target data for Fiscal 2015 and Fiscal 2016, and four-month actual data for Fiscal 2015 and Fiscal 2016.

DOI's Performance Indicators	Actual			Target		4-Month Actual	
	FY12	FY13	FY14	FY15	FY16	FY14	FY15
★ Complaints	12,595	12,659	12,622	*	*	4,656	4,029
★ Written policy and procedure recommendations to City agencies	374	564	280	300	300	40	51
Written policy and procedure recommendations implemented by City agencies (%)	NA	72%	45%	75%	75%	N/A	N/A
★ Corruption prevention and whistleblower lectures conducted	478	611	535	400	400	214	78
Integrity monitoring agreements	15	21	18	*	*	16	17
VENDEX checks completed within 30 days (%)	98%	93%	88%	95%	95%	98%	98%
Average time to complete a VENDEX check (days)	15	21	25	*	*	21	21
Vendex checks completed	44,869	41,977	42,134	*	*	11,679	12,303
★ Average time to complete an investigation (days)	229	163	160	185	185	138	172
- Major investigations	819	650	357	*	*	135	N/A
- Significant investigations	332	219	327	*	*	235	156
- Routine investigations	217	157	156	*	*	136	172
Current investigations	1,916	1,870	1,650	*	*	949	707
Investigations closed	1,352	1,298	1,127	*	*	367	301
★ Referrals for civil and administrative action	1,334	1,235	929	*	*	317	211
★ Referrals for criminal prosecution	1,000	1,053	612	*	*	269	89
★ Arrests resulting from DOI investigations	808	840	517	*	*	255	82
★ Financial recoveries to the City ordered/agreed (\$000)	\$523,356	\$38,428	\$11,144	↑	↑	\$1,330	\$1,810
★ Financial recoveries to the City collected (\$000)	\$477,784	\$6,041	\$33,248	↑	↑	\$28,804	\$1,240
Financial recoveries to individuals and non-City entities ordered/agreed (\$000)	\$93,690	\$49,692	\$24,300	*	*	\$300	\$96
★ Average time to complete a background investigation (days)	313	266	230	300	300	254	196
★ Background investigations closed within six months (%)	52%	59%	55%	60%	60%	56%	58%
Background investigations for Mayoral agencies	1,385	1,328	2,150	*	*	616	684
Background investigations for non-Mayoral agencies	543	551	482	*	*	141	163

DOI's Performance Indicators	Actual			Target		4-Month Actual	
	FY12	FY13	FY14	FY15	FY16	FY14	FY15
★ Time to notify agencies of prospective childcare, home care and family care workers with criminal records after receipt from State Division of Criminal Justice Services and FBI (days)	1	1	1	2	2	1	1
Time to notify agencies of arrest notifications for current childcare, home care and family care workers after receipt from State Division of Criminal Justice Services (days)	1	2	1	*	*	1	1
Completed requests for interpretation	37	38	17	*	*	N/A	N/A
Letters responded to in 14 days (%)	100%	100%	100%	*	*	100%	100%
E-mails responded to in 14 days (%)	100%	100%	100%	*	*	100%	100%
Number of emails sent to an agency (through NYC.gov or a publicized agency email address)	1,869	1,954	2,453	*	*	810	685
Number of letters sent to an agency	3,157	3,043	3,268	*	*	1,284	1,067
Average wait time to speak with a customer service agent (minutes)	3	3	3	*	*	N/A	N/A
CORE facility rating	95	93	93	*	*	N/A	N/A
Number of agency customers surveyed for overall customer satisfaction	26	275	103	*	*	N/A	N/A

DOI has placed increased emphasis on conducting large-scale comprehensive investigations. Several indicators have been impacted by this new focus.

- Complaints received by DOI decreased by 13 percent in the first four-months of Fiscal 2015 when compared to the same period in Fiscal 2014.
- The number of current investigations in the first four months of Fiscal 2015 was 707, which is 242 investigations less than the same period in Fiscal 2014.
- The number of corruption prevention and whistleblower lectures conducted significantly decreased by 63 percent when comparing the same four month period in Fiscal 2014 and Fiscal 2015.
- Cases referred to civil and administrative action, criminal prosecution and arrests decreased 33 percent, 67 percent and 68 percent respectively. DOI notes that as it engages in several large investigations which will be completed in the second half of the fiscal year, these indicators may see a significant increase.

The indicators discussed below have been positively impacted by DOI's focus on comprehensive investigations.

- Written policy and procedure recommendation to City agencies grew by 28 percent in the first four months of Fiscal 2015 when compared to the same period in Fiscal 2014.
- Recent policy recommendations made by DOI have included more integrity monitor agreements. An Integrity Monitor is an entity or group of entities or individuals with legal, auditing, investigative, and other technical skills, who act as monitors for business entities that enter into contracts with the City of New York where circumstances warrant such oversight. In the first four months of Fiscal 2015, DOI engaged in 17 integrity monitor agreements or one more agreement than the same reporting period in Fiscal 2014.

Appendix A: Budget Actions in the November and the Preliminary Plans

<i>Dollars in Thousands</i>	FY 2015			FY 2016		
	City	Non-City	Total	City	Non-City	Total
DOI's Budget as of the Adopted 2015 Budget	\$21,572	\$6,053	\$27,625	\$21,572	\$6,020	\$27,592
New Needs						
Digital Forensics Staff	\$75	\$0	\$75	\$150	\$0	\$150
DOC Investigations	280	0	280	485	0	485
Internal Auditor	35	0	35	70	0	70
Intra-City Funding Adjustment	60	0	60	120	0	120
Investigative Audit Staff	120	0	120	240	0	240
Technical Services Staff	30	0	30	60	0	60
WAN Administrator	58	0	58	115	0	115
Subtotal New Needs	\$658	\$0	\$658	\$1,240	\$0	\$1,240
Other Adjustments						
DC37 Collective Bargaining Increase	\$58	\$8	\$66	\$91	\$12	\$103
L237 Collective Bargaining Increase	2	0	2	2	0	2
L300 Collective Bargaining Increase	5	3	8	5	3	8
PS Adjustment	755	0	755	962	0	962
FY15 DOI Fingerprint	0	1	1	0	0	0
IC W/ DOI - Fingerprinting	0	182	182	0	0	0
Federal Funding Adjustments	0	3,000	3,000	0	0	0
DEP-DOI MOU 3 Positions & OTPS	0	260	260	0	0	0
FAF Eligible Overtime	0	250	250	0	0	0
FY15 FAF Funds Transfer	0	399	399	0	0	0
FY15 Build It Back	0	6,507	6,507	0	0	0
FY15 AFMID-YEAR ADD	0	2,233	2,233	0	0	0
FY15 HROHC Integrity Monitor	0	30	30	0	60	60
NYCHA Bond B	0	1,250	1,250	0	0	0
Subtotal Other Adjustments	\$821	\$14,123	\$14,943	\$1,059	\$75	\$1,134
Total All Changes	\$1,478	\$14,123	\$15,601	\$2,299	\$75	\$2,374
DOI's Budget as of the Preliminary 2016 Budget	\$23,050	\$20,176	\$43,226	\$23,871	\$6,095	\$29,966

Appendix B: Contract Budget

The New York City Charter mandates the preparation of a Contract Budget to identify expenditures for contractual services, which are defined as any technical, consultant or personal service provided to the City by means of a contract. The Contract Budget is actually a subset of the OTPS portion of the City's Expense Budget. The Administration prepares a Contract Budget twice each fiscal year. In January, it is prepared with the Departmental Estimates, and in late April it is submitted to the Council with the Executive Budget.

The following table provides DOI's Preliminary Contract Budget for Fiscal 2016.

DOI Fiscal 2016 Preliminary Contract Budget				
Category	Fiscal 2015 Adopted	Number of Contracts	Fiscal 2016 Preliminary	Number of Contracts
Contractual Services General	\$233,861	1	\$233,861	1
Telecommunications Maintenance	11,468	3	11,468	3
Maintenance & Repair General	3,500	2	33,500	2
Maintenance & Repair of Motor Vehicle Equipment	0	0	17,000	1
Office Equipment Maintenance	4,980	3	5,367	3
Data Processing Equipment	7,229	3	47,229	3
Printing Contracts	11,190	4	11,190	4
Security Services	1,500	1	1,500	1
Temporary Services	11,010	5	11,010	5
Training Programs for City Employees	725	1	725	1
Professional Services: Computer Services	6,000	2	6,000	2
Professional Services: Other	125,035	5	118,150	5
Total	\$416,498	30	\$497,000	31

The City's Contract Budget totals \$12.4 billion in Fiscal 2016, an increase of \$437.9 million or 3.7 percent when compared to the Fiscal 2015 Adopted Budget of \$11.9 billion. DOI's contract budget for Fiscal 2016 Preliminary Plan is \$497,000 with 31 contracts. This is an increase of \$80,502 when compared to the Fiscal 2015 Adopted Budget, which totals \$416,498 with 30 contracts.