



**NEW YORK CITY COUNCIL
FINANCE DIVISION**

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**Report on the Fiscal 2023
Preliminary Plan and the Fiscal 2022
Mayor's Management Report for the**

**Department of
Investigation**

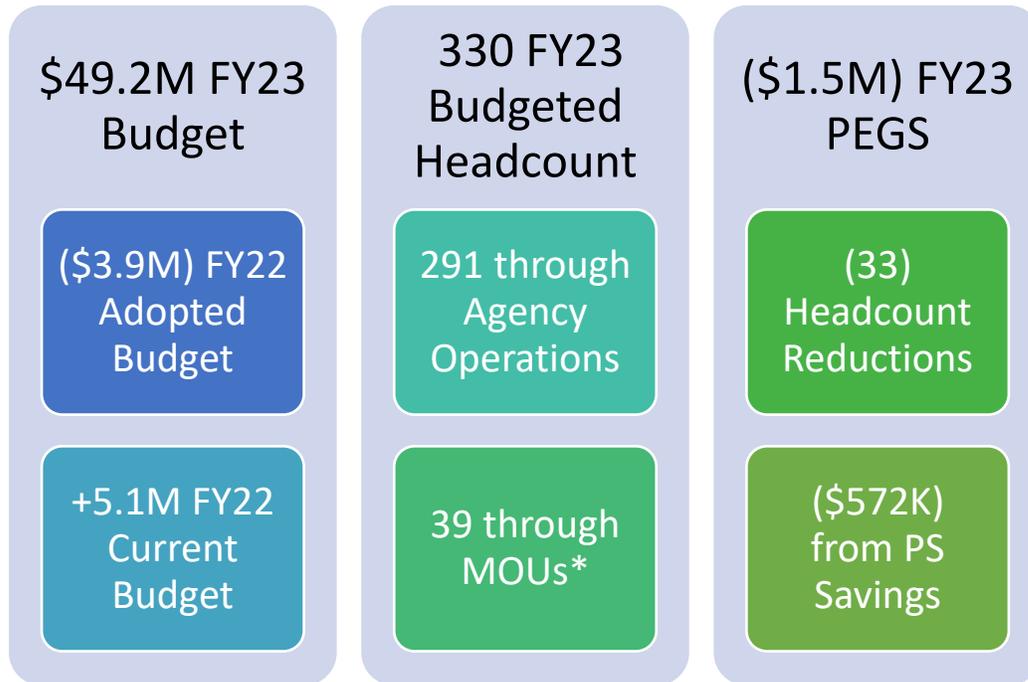
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(Report Prepared by Jack Kern)

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Department of Investigation Fiscal 2023 Budget Snapshot



*Memorandum of Understanding (MOU) are agreements between two or more parties that are not legally binding.

Department of Investigation Financial Plan Overview

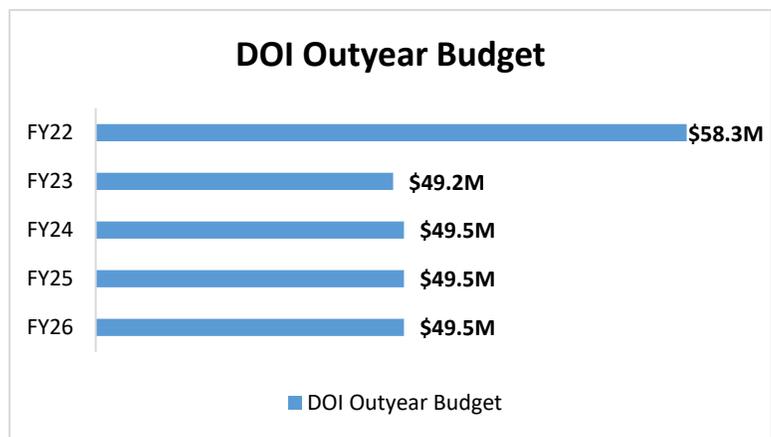
The New York City Department of Investigation’s (DOI or the Department) Fiscal 2023 Preliminary Budget totals \$49.2 million, or less than one percent of the City’s Fiscal 2023 budget of \$98.5 billion. DOI promotes and maintains integrity and efficiency in New York City government by investigating City employees and contractors who may be engaged in corrupt activities or unethical conduct and by examining gross mismanagement and abuse in City agencies and entities. It has oversight of more than 45 Mayoral agencies with over 300,000 employees and dozens of City boards and commissions. DOI’s strategy involves investigations that lead to arrests, public reports, and recommended preventative internal controls and operational reforms. DOI aims to prevent criminal misconduct and waste, remove corrupt officials, ensure wrongdoers are held accountable, and improve City government functions. DOI serves New Yorkers by acting as an independent and nonpartisan watchdog for City government.

In the Financial Plan for Fiscal 2022-2026, Mayor Adam’s administration has decreased the Department’s outyear budget with long-term savings; the current year budget has also decreased, from the initial prorated impact of the long-term savings. However, over the past six years, DOI has grown as an agency, from actual spending of \$35 million in Fiscal 2015, to \$51.4 million in Fiscal 2021, an increase of \$16.4 million or 47 percent. This Plan indicates the Adams administration is reversing years of growth, by decreasing the agency’s outyear budget by 33 positions and \$1.3 million annually.



Financial Plan Projections

The Financial Plan presents a \$49.2 million budget for the Department of Investigation in Fiscal 2023 and projects that agency spending will slightly increase to \$49.5 million by the end of the Plan period in Fiscal 2026. This is an unrealistic projection of future spending given consistent budget growth since Fiscal 2014, growing from an Adopted Budget of \$29 million to actual spending of \$53.2 million in Fiscal 2020. See Financial Plan Summary on page 3.



Federal COVID-19 and Stimulus Funding

The federal government provided funding to states, cities, and localities for COVID-19 response and recovery. The Fiscal 2021 Adopted Budget included \$1.7 million in COVID-19 funding, and the Fiscal 2022 Adopted Budget included \$1.2 million. The Fiscal 2021 funding was used to support City contracts funding the New York City Housing Authority (NYCHA) and Federal Emergency Management Administration (FEMA) Integrity Monitor, to aid in registration of the contracts. The Fiscal 2023 Preliminary Budget includes \$1.2 million to support integrity monitorships and funding for nine positions, the funding was added in the Fiscal 2022 Adopted Budget. DOI’s Fiscal 2023 budget includes \$305,500 in Fiscal 2023 for the NYCHA FEMA integrity monitor.

DOI Financial Summary

The following Financial Summary provides actuals for Fiscal 2020 and Fiscal 2021, the Adopted Budget for Fiscal 2022 and planned spending for Fiscal 2022 and Fiscal 2023 as of the Fiscal 2023 Preliminary Budget. This information is broken down by Unit of Appropriation, funding, and headcount.

Department of Investigation Financial Summary						
<i>Dollars in Thousands</i>						
	2020	2021	2022	Preliminary Plan		*Difference
	Adopted	Adopted	Adopted	2022	2023	2022 - 2023
Budget by Type						
Personal Services	\$30,662	\$28,704	\$29,376	\$29,450	\$28,010	(\$1,366)
Other Than Personal Services	22,513	22,708	23,779	28,829	21,191	(2,588)
TOTAL	\$53,175	\$51,412	\$53,155	\$58,278	\$49,200	(\$3,955)
Budget by Program Area						
Agency Operations	\$47,050	\$46,436	\$48,410	\$51,951	\$44,455	(\$3,955)
Inspector General	6,125	4,976	4,745	6,328	4,745	0
TOTAL	\$53,175	\$51,412	\$53,155	\$58,278	\$49,200	(\$3,955)
Funding						
City Funds			\$45,759	\$44,087	\$42,725	(\$3,034)
Other Categorical			604	631	604	0
State			0	113	0	0
Federal - Community Development			0	472	0	0
Federal - Other			1,226	5,828	305	(921)
Intra City			5,566	7,148	5,566	0
TOTAL	\$53,175	\$51,412	\$53,155	\$58,278	\$49,200	(\$3,955)
Budgeted Headcount						
Agency Operations	297	274	311	291	291	(20)
Inspector General	64	57	52	61	39	(13)
TOTAL	361	361	363	352	330	(33)

*The difference of Fiscal 2022 Adopted Budget compared to Fiscal 2023 Preliminary Budget.

- DOI's Fiscal 2023 Preliminary Budget of \$49.2 million is approximately \$4 million less than its Fiscal 2022 Adopted Budget of \$53.2 million. The Personal Services (PS) and Other Than Personal Services (OTPS) budgets decrease by nearly \$1.4 million and \$2.6 million respectively.
- While the Fiscal 2023 Preliminary Plan shows a decrease, the Fiscal 2022 Preliminary Plan increases by \$5.1 million compared to the Fiscal 2022 Adopted Budget. The increase is largely driven by \$4.6 million in Federal Asset Forfeiture added in the November 2021 Plan, and \$1.3 million for Memorandum of Understanding (MOUs) with the Department of Environmental Protection and the Department of Correction.
- The Department's \$49.2 million Fiscal 2023 Preliminary Budget is funded by two main sources. The largest is City tax-levy, which is approximately 87 percent of DOI's funding. The second source of funding is Intra-city, which makes up 11 percent of the budget and funds agreements with other City agencies. Finally, other categorical and federal funding makes up

less than two percent of DOI's Fiscal 2023 Preliminary Budget. This will increase during the course of Fiscal 2023 as federal asset forfeiture funds are realized.

- DOI's Fiscal 2022 and 2023 headcount decreases by 33 positions in this Plan, 20 of the positions are within Agency Operations and 13 are from MOUs with other city agencies, this decreases the Department's outyear budget by \$1.3 million annually. More details are provided in the next section.

Fiscal 2023 Preliminary Budget Changes

The Department of Investigation does not have any new needs in this Plan. The Plan does however include one other adjustment and two savings one of which affects the Departments baseline budget

Other Adjustments

- **Fingerprint Services.** The Fiscal 2023 Preliminary Plan adds one-time funding of \$264,500 for an Intra-city agreement with DOI and the Department of Health and Mental Hygiene (DOHMH) to provide fingerprinting services and process criminal records for DOHMH employees that work in a Child Care program. The program is changing and has been operating at centers around the City by appointment. Applicants must pay a fee of \$101.75 for fingerprinting.

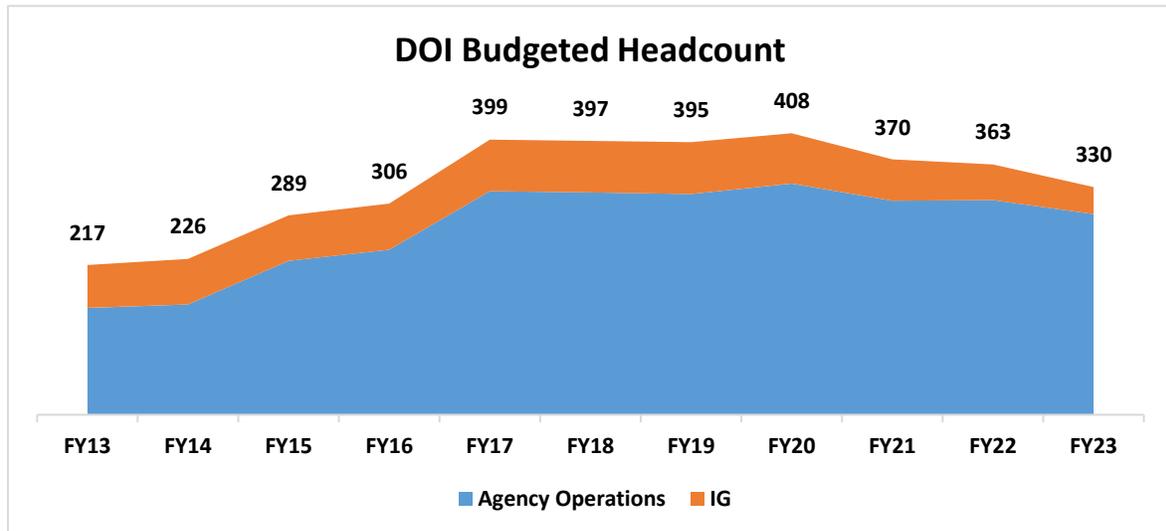
Program to Eliminate the Gap

- **Vacancy Reduction.** The Fiscal 2023 Preliminary Plan includes savings of \$625,000 in Fiscal 2022 and \$1.5 million in Fiscal 2023 and \$1.3 million in the outyears for the reduction of 33 positions. Twenty of the positions are a part of the Department's core agency operations, in positions as confidential investigators, administrative roles, and more. The remaining 13 are from MOUs with other agencies including 10 with the Human Resources Administration and three with New York City Health + Hospitals. The positions were mostly administrative positions and may be added back at a later date but would need to be approved by the Office of Management and Budget (OMB).
- **Personal Services Savings.** The Fiscal 2023 Preliminary Plan includes savings for personal services of \$573,000 in Fiscal 2022 only. While the Plan removes funding, there is a savings associated with previous vacancies and vacancy reductions, and DOI has had to find PS savings from the vacant positions.

Headcount

DOI's headcount is comprised mostly of confidential and special investigators. Generally, the Agency Operations staff are paid out of DOI's budget, and Inspector General staff that perform investigative functions are paid through the budgets of other agencies through Intra-city transfers, DOI also works with staff from other agencies that are funded by those agencies. In the Fiscal 2023 Preliminary Plan, Agency Operations has 291 budgeted positions, and Inspector General has 39. The forecast for headcount decreases by 28 positions in Fiscal 2022, and 33 positions in Fiscal 2023 and the outyears, leading to a budgeted headcount of 330 in Fiscal 2023

and the outyears. The decrease of the MOU positions in the Inspector General section is a deviation from previous years, for example, the Inspector General section had 57 active positions at the end of Fiscal 2021. This decrease brings down support positions, such as information technology and administrative positions for DOI’s agreement with the Human Resources Administration.



Fiscal 2023 Preliminary Mayor’s Management Report (PMMR)

The Fiscal 2022 PMMR reports on two service areas and three goals for DOI. Noteworthy changes are detailed below.

- Complaints.** The Department receives complaints that allege criminal activity, corruption or conflicts of interest. The Department can receive complaints through the internet, telephone, and conventional mail; it has suspended its walk-in complaints during the pandemic. Through the first four months of Fiscal 2022, DOI has received 4,308 complaints, an increase of 443 or 11 percent compared to the same period in Fiscal 2021, when DOI received 3,865 complaints.
- Corruption Prevention and Whistleblower Lectures.** DOI conducts in-person lectures to new City employees, agencies undergoing major investigations, and vendors conducting business with or receiving benefits from the City. These lectures educate participants on corruption prevention and whistleblower protections. Through the first four months of Fiscal 2022, DOI conducted 36 lectures, 19 more or 112 percent compared to the same period in Fiscal 2021, when DOI conducted 17 lectures. This figure has been heavily influenced by the pandemic, in Fiscal 2019, DOI offered 449 of these lectures, compared to 67 in Fiscal 2021.
- E-learning corruption prevention lectures.** A potential alternative to in-person lectures are. According to the PMMR, the target audience for the e-learning lectures differs slightly from the in-person lectures, with online lectures being for employees at agencies under major investigations, and consultants. The number of attendees at the e-lectures decreased by 12 percent during the first four months of Fiscal 2022 compared to Fiscal 2021, from 2,934 to 2,592. The e-learning attendees have decreased over the past three years during COVID-19,

which may seem counterintuitive given the focus on digital and remote work. However, the number of attendees decreased by 8,511, or 25 percent, from 33,539 in Fiscal 2019 to 25,028 in Fiscal 2021.

- **Background Check Backlog.** The Department of Investigation performs background checks on certain City employees, including those who have a salary of \$125,000 or more, those that may enter into financial agreements of \$10,000 or more, and have administrator access to security systems. In February 2020, the Committee on Oversight and Investigations held a hearing regarding the backlog of background investigations (cases) that existed in the Department of Investigation. In July 2019, the backlog reached its peak of 6,500 cases. The Department then made adjustments to decrease the backlog and support the existing flow of new background investigations, so new cases would not contribute to the existing backlog. As of October 31, 2022, the backlog was down to 2,099 cases, a decrease of nearly 68 percent compared to the original backlog. The Department has increased the rate it completes backlogged investigations during COVID-19. From July 1, 2019 to June 30, 2020, the Department reduced the backlog by 1,901 cases; in Fiscal 2021 from July 2020 to June 2021, the Department reduced the backlog by 1,879, and since then, the Department has closed 621 cases. While the difficulties of remote work would likely slow the rate at which background investigations were completed, DOI directed additional resources toward those teams due to the reduction in hiring across the City during the hiring freeze. The background investigation teams are flexible, and due to the flexibility and additional resources, the Department is able to continue clearing background checks at a high rate.

Budget Issues and Concerns

- **Staffing.** The Department has a projected budgeted headcount of 330 positions for Fiscal 2023. As of the end of January, DOI had 301 active positions in Fiscal 2022. Throughout the last two years, DOI has had to find savings through its PS budget, primarily through vacancy reductions. The Department stated its mission to combat fraud, waste, and abuse has suffered from decreasing headcount, inability to hire through the hiring freeze. Furthermore, delays on promotions and merit raises have hindered the Department's ability to retain and hire qualified staff. The rigid and slow process of acquiring approval from the Office of Management and Budget (OMB) to fill vacated positions has hurt the Department, and in turn DOI's oversight impact on the City.

Appendices

A. Budget Actions in the November and Preliminary Plans

<i>Dollars in Thousands</i>	FY22			FY23		
	City	Non-City	Total	City	Non-City	Total
DOI Budget as of the Fiscal 2022 Adopted Budget	\$45,758	\$7,396	\$52,827	\$44,691	\$6,476	\$51,167
November New Needs						
Vaccine Incentive	\$7	\$0	\$7	\$0	\$0	\$0
Subtotal, New Needs	\$7	\$0	\$7	\$0	\$0	\$0
November Other Adjustments						
DEP/ DOI MOU 3 Pos & OTPS	\$0	\$260	\$260	\$0	\$0	\$0
DEP DOI MOU BT 02	0	794	794	0	0	0
DOI Telephone Monitoring	0	264	264	0	0	0
Financial Plan Headcount Adjustments	0	0	0	0	0	0
FY22 Asset Forfeiture	0	4,715	4,715	0	0	0
OSA Collective Bargaining Adjustment	9	0	9	10	0	10
OTPS Savings	(245)	0	(245)	(245)	0	(245)
PS Savings	(245)	0	(245)	(245)	0	(245)
Roll FY21 Remaining Balance	0	27	27	0	0	0
Roll Remaining Balance	0	472	472	0	0	0
Subtotal, November Other Adjustments	(\$481)	\$6,531	\$6,050	(\$480)	\$0	(\$480)
November Savings						
N/A	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal, Savings	\$0	\$0	\$0	\$0	\$0	\$0
Total All Changes in November 2021 Plan	(\$474)	\$6,531	\$6,057	(\$480)	\$0	(\$480)
DOI budget as of the November 2021 Plan	\$45,284	\$13,927	\$58,884	\$44,211	\$6,476	\$50,687
January New Needs						
N/A	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal, January New Needs	\$0	\$0	\$0	\$0	\$0	\$0
January Other Adjustments						
IC W/ DOI - Fingerprint Services	\$0	\$265	\$265	\$0	\$0	\$0
Subtotal, January Other Adjustments	\$0	\$265	\$265	\$0	\$0	\$0
January Savings						
PS Savings	(\$573)	\$0	(\$573)	\$0	\$0	\$0
Vacancy Reduction	(625)	0	(625)	(1,487)	0	(1,487)
Subtotal, January Savings	(\$1,198)	\$0	(\$1,198)	(\$1,487)	\$0	(\$1,487)
Total All Changes in Fiscal 2023 January Plan	(\$1,198)	\$265	(\$933)	(\$1,487)	\$0	(\$1,487)
Total, All Changes	(\$1,671)	\$6,795	\$5,124	(\$1,968)	\$0	(\$1,968)
DOI Budget as of the Fiscal 2023 Preliminary Budget	\$44,087	\$14,191	\$58,278	\$42,724	\$6,475	\$49,199

B. Contract Budget

Contract Budget	FY22 ADP	Number of Contracts	FY23 Preliminary	Number of Contracts
Contractual Services General	\$3,079,204	1	\$229,204	1
Telecommunications Maintenance	11,468	3	11,468	3
Maintenance and Rep General	3,500	2	3,500	2
Office Equipment Maintenance	5,367	3	5,367	3
Data Processing Equip	26,659	3	26,659	3
Printing Contracts	11,190	4	11,190	4
Security Services	1,500	1	1,500	1
Temporary Services	77,010	5	77,010	5
Training Program City Employees	725	1	725	1
Prof Serv. Computer Services	6,000	2	6,000	2
Prof Serv. Other	203,150	5	203,150	5
TOTAL	\$3,425,773	30	\$575,773	30

C. Program Areas

Agency Operations

Agency Operations						
<i>Dollars in Thousands</i>						
	FY20	FY21	FY22	Preliminary Plan		*Difference
	Actual	Actual	Adopted	FY22	FY23	FY22-FY23
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$24,602	\$23,543	\$24,706	\$23,002	\$23,340	(\$1,366)
Other Salaried	0	0	10	10	10	0
Unsalaries	20	21	66	66	66	0
Additional Gross Pay	302	267	94	101	94	0
Overtime - Civilian	590	123	40	311	40	0
P.S. Other	0	0	0	0	0	0
Fringe Benefits	0	0	96	96	96	0
Subtotal	\$25,514	\$23,954	\$25,012	\$23,585	\$23,646	(\$1,366)
Other Than Personal Services						
Supplies and Materials	\$2,037	\$1,836	\$2,021	\$3,683	\$1,776	(\$245)
Fixed and Misc. Charges	14	1	100	231	100	0
Property and Equipment	664	613	647	2,136	691	44
Other Services and Charges	17,437	19,499	17,266	17,992	17,729	463
Contractual Services	1,385	533	3,364	4,324	514	(2,850)
Subtotal	\$21,536	\$22,482	\$23,398	\$28,366	\$20,809	(\$2,588)
TOTAL	\$47,050	\$46,436	\$48,410	\$51,951	\$44,455	(\$3,955)
Funding						
City Funds			\$44,953	\$43,281	\$41,919	(\$3,034)
Other Categorical			400	427	400	0
State			0	113	0	0
Federal - Other			1,226	5,828	305	(921)
Intra City			1,831	1,831	1,831	0
Federal - Community Development			0	472	0	0
TOTAL	\$47,050	\$46,436	\$48,410	\$51,951	\$44,455	(\$3,955)
Budgeted Headcount						
Full-Time Positions - Civilian	297	274	311	291	291	(20)
TOTAL	297	274	311	291	291	(20)

*The difference of Fiscal 2022 Adopted Budget compared to Fiscal 2023 Preliminary Budget.

Inspector General

Inspector General						
<i>Dollars in Thousands</i>						
	FY20 Actual	FY21 Actual	FY22 Adopted	Preliminary Plan		*Difference
				FY22	FY23	FY22-FY23
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$4,982	\$4,685	\$4,230	\$5,730	\$4,230	\$0
Unsalariated	18	19	1	1	1	0
Additional Gross Pay	41	24	27	27	27	0
Overtime - Civilian	106	23	65	65	65	0
Fringe Benefits	0	0	41	41	41	0
Subtotal	\$5,148	\$4,750	\$4,363	\$5,864	\$4,363	\$0
Other Than Personal Services						
Supplies and Materials	\$91	\$74	\$92	\$200	\$92	\$0
Fixed and Misc. Charges	0	0	18	48	18	0
Property and Equipment	72	58	87	81	87	0
Other Services and Charges	726	80	122	99	122	0
Contractual Services - Professional Services	0	0	56	15	56	0
Contractual Services	88	13	6	20	6	0
Subtotal	\$977	\$226	\$381	\$463	\$381	0
TOTAL	\$6,125	\$4,976	\$4,745	\$6,328	\$4,745	\$0
Funding						
City Funds			\$806	\$806	\$806	\$0
Intra City			3,734	5,317	3,734	0
Other Categorical			204	204	204	0
TOTAL	\$6,125	\$4,976	\$4,745	\$6,328	\$4,745	\$0
Budgeted Headcount						
Full-Time Positions - Civilian	64	57	52	61	39	(13)
TOTAL	64	57	52	61	39	(13)

**The difference of Fiscal 2022 Adopted Budget compared to Fiscal 2023 Preliminary Budget.*