World Bank Group’s International Corruption Hunters Alliance:
Integrity in Public Spending Through New York City Department of Investigation’s IPSIG Program

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The World Bank
What is CAPI?

- New research center
- Partnership between NYC Department of Investigation and Columbia Law School
- Dedicated to improving the capacity of practitioners to deter, identify, and combat public corruption around the globe
CAPI Activities

• Building and supporting a vibrant public integrity community
• Providing practitioners with more helpful resources and tools
• Hosting events that bring together scholars, practitioners, and policymakers
• Advancing research with practical implications
CAPI Focus Areas

• Bridging the gap between practitioners, scholars, and civil society groups
• Corruption in cities worldwide
CAPI Projects: Website Resources

(http://web.law.columbia.edu/CAPI)

- Recent News articles and other items of interest
- Directory of public integrity-related organizations and news sources
- Best Practice Guides
- Videos and materials from conferences and events
- Profiles in Public Integrity
- Community contributions
- Member’s Forum (forthcoming)
CAPI’s Work

• State by State Oversight Survey
  – Comprehensive analysis of emerging trends and oversight gaps

• Transparency and corruption in Bell, CA
  – Policy recommendations following city manager corruption scandal, with lessons for other small cities

• Educational Events
  – Speaker series: Perspectives on Public Integrity
  – Financial Investigations 3-Day training

• Community Contributions
  – Practitioner-driven legal briefs

• Study of sub-national anti-corruption authorities
CAPI Events

Global Cities Against Corruption: Shared Challenges and Responses (April 2015)

- Comparing local oversight structures, tools, tactics
- Exploring common issues in municipal corruption
- Promoting cities as testing grounds for new approaches in the battle against corruption
- Participating cities include New York, Chicago, Mexico City, Lima, Sydney, and more!
DOI: Origins

• Created in 1873, in the wake of the William “Boss” Tweed regime
• Tweed stole over $200 million, exposed by whistleblower
• Public outcry led to creation of DOI
DOI: Authority

• The City Charter (Chapter 34) establishes DOI and sets forth its powers and jurisdiction.

• Broad authority to investigate city office holders, employees (300,000), agencies (45), vendors, city business operations, and beneficiaries of city services (e.g. public assistance).

• Vets candidates for high-level office and bidders for city contracts.

• Has subpoena power, can examine all city agency records, can confer immunity, and take sworn testimony.
DOI: Structure

- The Mayor appoints the DOI Commissioner, with City Council approval
- 250 employees
  - Investigators, auditors, forensic computer specialists, and lawyers
- Roughly $20 million budget
- Independent of agencies it investigates
DOI Programs

• CompStat
• Educations Lectures (500/year)
• Policy and Procedure Recommendation Program
  – 2,500 over the last 10 years
  – 80% implementation rate
• Integrity Monitor Program
• Public Reports
  – Department of Corrections
  – FDNY Emergency Response System
• 14,000 public communications per year
  – City employees must report corruption
  – City has whistleblower protection statute
DOI IPSIG Program

- **1990s**
- **World Trade Center Attacks – 2001**
- **Proactive vs. Reactive**
  - Proactive: WTC, Hurricane Sandy
    - For large, problematic and often emergency situations
    - City must pay, but IPSIG has saved more than its cost many times over
  - About 25 reactive IPSIGs at any given time
  - Reactive: Company wanting to do business with city has an issues – usually a criminal case
How IPSIG Works

• DOI keeps open list – anyone can apply
• Mix of law firms, accounting firms, and investigative firms
  – Often former law enforcement
  – Team will often have auditor, investigator, and/or former prosecutor
• Company wanting to contract with city bids on contract; DOI vets all bidders before a “responsibility determination” is made.
• DOI will require or suggest monitor where appropriate
How IPSIG Works, cont.

• DOI sends out RFP for a particular job
• Monitor chosen by matching job requirements to applicants’ expertise
  – Qualified subset put into computer for randomized selection of 5 finalists
  – DOI chooses from finalists
• Monitor meets with DOI to determine monitoring plan and enter monitoring agreement
  – Evaluate and adjust compliance mechanism
  – Audit work
    • Look at books, payroll
    • Vet subcontractors
    • Field work
• 3 year monitoring period is typical
What are IPSIGs Looking For?

- MWBE fraud
- Prevailing wage fraud
- Safety problems
- Organized crime ties
- Criminal Records of Principals
How Effective is IPSIG

- Has been extremely effective
- Only one company has defaulted
- Cleaner business
- No cost to city
- Hopefully encouraging lasting effects
- Monitor is paid by company, but reports to DOI
  - DOI reviews bills on company’s behalf to keep costs in check