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**DEPARTMENT OF  
INSPECTOR GENERAL  
CITY OF YONKERS**

**TO:** Mike Spano, Mayor  
Chuck Lesnick, City Council President  
All City Council Members

**FROM:** Dan Schorr, Inspector General *DS*

**SUBJECT:** 2011 Annual Report

**DATE:** January 26, 2012

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**Overview**

In 2011, the Department of Inspector General (IG) actively continued its role as the City's watchdog, despite working its first full calendar year with reduced staffing. We issued reports on the City's vehicle tows and impounds, teacher overtime policy and payments, ethics allegations involving public officials, and the appointment of a new Yonkers Parking Authority (YPA) Executive Director.

Following our 2010 successful court challenge to the Board of Education (BOE) Trustees' policy of denying the IG access to School District information for the purpose of conducting independent audits of the District's administrative operations, we continued to push for more accurate and prompt records from the Yonkers Public Schools (YPS). Additionally, we successfully sued the Yonkers Federation of Teachers (YFT) Welfare Fund to compel compliance with an IG subpoena seeking information regarding how it spends taxpayer funds and are in the process of completing our review.

We continued to work with the District Attorney's office in the prosecution of a former Yonkers Public Library employee who was indicted following an IG investigation revealed that she stole over \$150,000 in cash from the City. We also audited two Community Based Organizations that received grant money from the City, conducted numerous vendor background screenings, investigated cases of alleged employee misconduct, and tackled a wide variety of other City fiscal, ethical, and organizational issues.

## **Mission**

The mission of the IG is to conduct objective and independent audits, reviews, and investigations relating to the Yonkers City government and the administration of the Yonkers Public Schools in order to:

- Promote economy, efficiency, and effectiveness
- Detect and deter fraud, waste, and abuse
- Promote ethical, fiscal, and legal accountability

The focus of the Department's efforts is to foster efficient and honest governmental administration and to aid in the prevention of conduct which undermines the integrity of government. The Department has several core functions:

### *Performance Auditing and Review*

According to the City Charter, a main function of the IG is to monitor City administrative operations. To meet this mandate, the Department conducts operational and financial audits and reviews of City administrative programs to ensure compliance with applicable policies and procedures. The objective of these audits and reviews is to ensure that there are adequate internal control procedures in place that promote the efficiency and integrity of agency operations and reduce vulnerability to fraud, abuse, and corruption. We also make recommendations to management to improve the effectiveness of the agency, and provide information to elected officials as to the details of the work involved in specific municipal operations.

### *Investigations into Allegations of Employee and Official Misconduct*

The City Charter provides that the Department shall conduct investigations at the direction of the Mayor or City Council, or as deemed necessary by the IG. Discretionary investigations that the IG undertakes are based on complaints or tips, both signed and anonymous, information provided by City officials and employees, information reported in the media, and information developed independently by the Department. The IG also regularly provides informal ethics advice to City employees and elected officials regarding potential conflicts of interest and other issues, although requests for formal ethics opinions are referred to the Board of Ethics.

### *Vendor Background Screening*

An important function of the Department is to conduct background screening of potential vendors in an effort to ensure that only "responsible" vendors and contractors are hired to provide goods and services to the City and the School District. Vendors and contractors for City and School District contracts complete vendor background questionnaires (VBQs). The questionnaires of vendors for contracts exceeding \$100,000, or for lesser amounts when requested, are verified for accuracy before final contracts are approved. In verifying the accuracy of the VBQs, we seek to uncover undisclosed arrests, indictments, convictions, criminal associations of company principals, debarments, defaults, suspensions, and/or terminations by other government entities. We also check for undeclared bankruptcy proceedings and undisclosed investigations involving the vendors. If we

find discrepancies in a VBQ, we notify the appropriate City or School District officials and participate in integrity hearings, when required. Material misstatements on a VBQ can lead to the disqualification for a vendor for City or School District contracts. As a result of the IG's staffing cut in 2010, we unfortunately had to suspend background screenings of School District vendors, although we continue to screen potential City vendors.

### *Review of Community Based Organizations*

In 2008, the City Council adopted a resolution which directed the IG to implement an ongoing program to monitor Community Based Organizations (CBOs) and other entities that receive grant funding from the City. We provide an independent assessment of how City grant funds are being spent. Based on our review of documents, interviews with appropriate CBO staff members, and inspection of operations, we issue a report with findings regarding whether grant funds are being spent in accordance with an approved grant application, whether the CBO properly accounts for grant funds, and whether the CBO has the appropriate accounting policies and procedures in place to safeguard the grant funds. Our reports also make recommendations to address any deficiencies that we may find.

### **Legislative Authority**

The legislative authority of the IG is set forth in Article VII of the Yonkers City Charter. §C7-2 grants the IG the authority to conduct "any investigation directed by the Mayor or the Council" and "any investigation or review which in his or her opinion is necessary to uncover any wrongdoing in City government." This section further states that the "jurisdiction of the Inspector General shall extend to any agency, officer, or employee of the City, or any person or entity doing business with the City, or any person or entity who is paid or receives money from or through the City or any agency of the City." Furthermore, it provides that failure to obey IG subpoenas for records or witness testimony "shall constitute a misdemeanor."

### **Department Staffing**

The Department received a significant budget cut in the summer of 2010, reducing the number of staff and hampering its ability to monitor City government and taxpayer funds. Previously, the Department consisted of an annual budget of \$432,487 and four full-time staff members: the Inspector General, Deputy Inspector General, Senior Investigator, and Assistant to the Inspector General. The current IG annual budget is now \$351,047, with Ed Benes serving as the Deputy Inspector General and Alison Carpentier working as a part-time Senior Investigator. Thus, the Department currently has only two full-time staff members and one part-time employee.

### **2011 Activities**

The Department opened thirty-six new intake files in 2011. This number does not include the ongoing vendor background screening that the Department continuously conducts, nor does it include other daily activities such as issuing advice regarding municipal ethics and other matters.

For every new intake, we conduct a preliminary review to determine whether a comprehensive investigation or review is warranted. After the preliminary review, matters which do not require further IG involvement are either closed or referred to the appropriate agencies.

Set forth below is a summary of our significant 2011 activities, findings, and recommendations.

## **Reports**

The Department issues written reports for various reviews and investigations. The following are highlights of selected reports issued in 2011. All public reports issued by the IG are available online at [www.yonkersny.gov/Index.aspx?page=96](http://www.yonkersny.gov/Index.aspx?page=96).

### *Vehicle Tows and Impounds*

We conducted a review of how the City awards and monitors tow and impound contracts. New contracts are scheduled to be awarded in early 2012. We found that although the City had taken positive steps towards improving its procedures for awarding tow and impound contracts, additional transparency and objective criteria are needed. For example, City employees who interact with the companies should provide written performance evaluations prior to the next contract. Additionally, requiring tow companies to bid on the price of impounding vehicles would provide an important objective criteria and could bring increased funds to the City. We also noted that City records for tow company activity are often hand-written and inconsistent, resulting in instances of under-billing the tow companies. Improved record-keeping and better communication are needed to increase the efficiency and accuracy of the billing process.

We specifically found that:

- City billing records for the months of October-December 2010 revealed that in each month the City under-billed all three impound companies by hundreds of dollars as impounds were not correctly counted.
- One impound company failed to pay the City in the last year of its contract, leaving a balance due to the City of approximately \$16,000.

We specifically recommended that:

- Written evaluations of all current impound companies should be created by relevant City employees and forwarded to those assisting in the selection process for the next contract.
- Documented criteria for company selection should include timely payment of monthly City invoices, consumer complaints, compliance with local zoning and workers compensation requirements, and maintenance and security of facilities.
- Interested tow and impound companies should bid on the contract price, resulting in potential increased funds to the City and an additional objective criteria for deciding which companies are awarded the contract.
- Tow and impound records should be kept in a more organized and accessible format, such as in an Excel file, so that billings are more accurate and records are more easily reviewed and analyzed.

- The City should review 2010 and 2011 billings to tow companies and send out revised invoices to correct prior under-billing.
- The City should pursue legal remedies to collect past due tow and impound fees.
- Tow and impound billings should itemize the amount the company owes, the amount of reduction for each applicable waiver, and a final net amount that must be paid.

Following the issuance of this report, then-Mayor Philip A. Amicone and Council President Chuck Lesnick each sent a letter to the IG and the Ethics Board alleging that the other inappropriately used his office to help a favored tow company earn a City impound contract. We thoroughly investigated the allegations and provided a detailed analysis of facts and issues to be considered by the Ethics Board. However, much of the charges involved accusations that, while possibly appropriate in the realm of political discourse, involved questions of intent that could not be resolved. The Ethics Board did not find either individual to be in violation of the Ethics Code. We reiterated that, in the future, tow and impound company bidding and publicly available objective analysis of competing companies would clarify the justification for awarding impound contracts and minimize any appearances of impropriety.

#### *Appointment of Yonkers Parking Authority Executive Director*

In response to letters from then Mayor-elect Mike Spano and four City Council members, we reviewed the appointment and four-year contract of new Yonkers Parking Authority (YPA) Executive Director Lisa Mrijaj. The letters raised questions regarding the selection of Ms. Mrijaj, civil service requirements for the position, and contractual clauses regarding hours of employment, benefits, and a lump sum payout if the YPA is consolidated with the City.

We concluded that:

- The position of YPA Executive Director has been classified as exempt pursuant to New York State Civil Service Law since 1994. As long as the position is exempt, the YPA does not have to interview other candidates and can hire any individual it prefers.
- Civil Service Law requires the YPA to first ask the state or municipal Civil Service Commission to “study and evaluate” whether the position should remain exempt before the YPA appoints a new Executive Director. The YPA did not do so. Furthermore, such action by the Yonkers Civil Service Commission is rarely, if ever, taken for exempt positions.
- Without action from the state or municipal Civil Service Commission, the YPA may make only a temporary appointment for up to three months if the need for an Executive Director is “important and urgent.”
- Prior Executive Director contracts contained similar language regarding hours of employment and benefits.
- The new contract’s language regarding a lump sum payment to the Executive Director in the event of YPA/City consolidation reduces the potential financial benefits of such a consolidation.

We were also asked to investigate the benefits and obstacles to consolidating the YPA with the City. We have begun this review and will release our findings in a subsequent report.

### *Councilwoman Patricia McDow and the Yonkers Parking Authority*

We investigated allegations that then-City Council Majority Leader Patricia McDow parked her personal vehicle, a 1984 BMW, at the YPA Buena Vista Garage for at least three years without making the required payment and without proper New York State vehicle registration. We concluded that it was improper for Ms. McDow to park her personal car at the YPA Buena Vista Garage without payment. It was similarly improper for the YPA administration not to charge Ms. McDow. Ms. McDow stated she was not aware that she had to pay for the use of the garage because of her status as a City official which afforded her free parking at the Government Center Garage.

During our review and after several discussions with the YPA, the YPA and Ms. McDow arranged to have the vehicle removed and Ms. McDow was billed for money owed for prior utilization of the garage. We could not determine when the vehicle was first parked in the garage, as there were incomplete and inconsistent accounts among those interviewed. However, YPA records indicate that under former Executive Director Michael Dalton it gave Ms. McDow permission to park there without payment as early as October 2007. She was billed for use from October 2007 until the car was finally removed in December 2010. We referred the matter to the Board of Ethics, which concluded that Ms. McDow should pay the YPA for the time that her car was parked at the Buena Vista Garage.

A payment plan was created and commenced, with full payment due by the end of 2011. However, as of this date, YPA records showed that Ms. McDow still owes \$780. The YPA reports that it is considering legal action if Ms. McDow does not pay the balance this month.

### **Inspector General's Dispute with the Board of Education and the YFT Welfare Fund**

#### *YFT Welfare Fund*

In 2009, the IG sought records from the BOE regarding its annual payments to the YFT Welfare Fund and issued a subpoena requesting such documents. Instead of cooperating, the BOE sued the Department, arguing that the IG does not have the authority to conduct audits and investigations of the School District, even though the School District currently receives approximately \$218 million per year from the City.

On July 1, 2010, Judge William J. Giacomo ruled in favor of the IG's right to subpoena the Board. In *The Board of Education of the City of Yonkers v. The Office of the Inspector General of the City of Yonkers*, Judge Giacomo held that "local law as well as state law provide defendant with the power and authority to investigate and/or audit the plaintiff with respect to matters not strictly educational or pedagogic." The court also found there to be "an authentic basis for the investigation" of the "health care and union trust and welfare payments."

Following the court ruling, the School District did comply with the IG's subpoena, providing documentation showing annual payments in excess of \$4 million to the YFT Welfare Fund. The IG then sought details of specific expenditures from the YFT Welfare Fund to determine how these funds were being utilized. The YFT Welfare Fund refused to comply with requests for detailed payment information, even when subpoenaed to provide it.

On December 2, 2010, the IG filed a motion in Supreme Court to compel compliance with the subpoena. On July 8, 2011, Judge Giacomo ruled for the IG, stating that “the Office of the Inspector General possesses the authority to audit organizations which receive substantial funds from the City of Yonkers. Therefore, the Fund is directed to comply with the October 25, 2010 subpoena.” Nevertheless, for over two weeks after Judge Giacomo’s order, the YFT Welfare Fund did not turn over the subpoenaed check registers. On July 26, Judge Giacomo issued a further order, giving the Welfare Fund until noon on July 29 to comply. The YFT Welfare Fund then finally provided the IG with the subpoenaed information.

Since that date, we have made requests for additional documents and information, which the YFT Welfare Fund has provided, with the most recent production of documents occurring in December 2011. We intend to issue a final report on our review of the YFT Welfare Fund in the near future.

### *School District Internal Auditor Benefits Audit*

Despite Judge Giacomo’s 2010 ruling that the Board of Education must comply with IG investigations and requests for information, in 2011 we continued to have significant problems obtaining accurate and timely records from the School District. One example concerns a benefits audit conducted by the School District’s internal auditor.

In a May 15, 2006 memo to the School District, then-IG Philip Zisman suggested that the IG conduct a review of the School District’s employee fringe benefits payments, including the then-\$50 million in annual health insurance payments, in order to “determine whether there are adequate internal controls in the benefits programs and identify possible cost savings.” IG Zisman then spoke at a School Board Audit, Budget and Finance Committee meeting on June 21<sup>st</sup> and wrote a follow-up memo on June 27<sup>th</sup>.

Following a Risk Assessment Analysis performed by internal auditor D’Arcangelo & Co. (D’Arcangelo), IG Zisman reiterated the proposed review in a January 4, 2008 memo to the School District. Then-President of the Board of Education Bernadette Dunne responded in a February 7<sup>th</sup> letter that the IG “services are not required” because, in part, the internal auditor would be performing such work. After several discussions, IG Zisman informed the School District on December 1, 2008 that the IG would proceed with the benefits review, despite a lack of BOE support. At a meeting on December 15<sup>th</sup>, IG Zisman was told by the School District that the BOE did not want the IG to perform the review and reiterated that it would be unnecessary because internal auditor D’Arcangelo was already conducting such an analysis of health insurance payments.

On May 1, 2009, the BOE issued a written statement that referred to IG Zisman’s “proposed audit of health insurance costs” as “redundant and unproductive” and “a waste of taxpayers’ dollars” because such an audit was already being conducted by the internal auditor. The statement asserted that “the health insurance issue is being addressed” by the internal auditor and that IG Zisman should “wait for the results before deciding what action he should take.” Similar language was utilized in a letter from the BOE to City Council Members on May 5<sup>th</sup>.

A May 28, 2009 memo from the School District to IG Zisman referred to the proposed “examination of the District’s benefit administration” and stated that “the D’Arcangelo audit would cover the same substantive areas that the IG planned to examine.” In response, IG Zisman wrote in a June 1<sup>st</sup> e-mail to the School District that the IG would at that time not proceed with the benefits review and would “reserve judgment until we have reviewed the final report and underlying work papers” of the D’Arcangelo audit. He wrote that he is “requesting that the firm’s work papers regarding the audit of the health insurance payments be provided to my office when they are available.”

On June 25, 2009, the BOE issued a news release which stated that D’Arcangelo “is now conducting an audit of our payroll and benefits systems. The audit will include an examination and audit of health and welfare payments. The Inspector General has requested to do a similar audit of our health and welfare payments...such an audit would be unnecessarily duplicative of the internal auditor’s work and be unnecessarily disruptive of the day-to-day operations of the District.” The BOE then adopted a resolution on July 15, 2009 which withdrew the IG’s status “as Inspector General of the Yonkers Public Schools.” This resolution has not been rescinded.

As mentioned previously, the BOE subsequently sued the IG to prevent enforcement of an IG subpoena. This issue was not resolved until July 1, 2010, when Judge Giacomo ruled in favor of the IG. Following the decision, IG Schorr met with School District officials on July 29<sup>th</sup> and asked for the internal auditor report for the audit the BOE had repeatedly said that D’Arcangelo was conducting over a year earlier. The officials stated that the report should be available in August.

Over the next several months, the IG continued to repeatedly follow-up with School District officials regarding the internal auditor benefits report. The report was not produced in August, or any time in 2010. In October, the School District wrote in an e-mail that the report was anticipated to be available “just before Thanksgiving.” Numerous e-mails, phone calls, and in-person conversations between the IG and School District officials occurred over the next several months, and the internal auditor benefits report was not produced.

On April 6, 2011, the IG informed School District officials that it would proceed with its own benefits audit, as the IG had originally proposed in May 2006, because the promised internal auditor report which had led the IG to put its review on hold in June 2009 still had not been issued. The School District then arranged a meeting with the IG, School District and BOE officials, and representatives of D’Arcangelo on April 27<sup>th</sup>, at which the firm stated that the report would be produced by late May or early June. Finally, in mid-July 2011, the School District provided the IG with a D’Arcangelo report dated September 30, 2010. We immediately asked School District officials why, considering the date of the report, the School District had said that it had not received the report and the auditor had said that he needed more time. As of this date, we have not received a direct answer to these questions, despite repeated attempts. Additionally, this fifty-page internal auditor report only addressed benefits for six pages. The IG hopes to undertake a more extensive review in the future, as staff resources allow.

Furthermore, we reviewed the School District contracts with D’Arcangelo. Since 2006, there have been two contracts. An initial October 2006 contract called for “a comprehensive risk assessment and audit plan” at a cost of \$114,000. The report was completed in June 2007 and



D'Arcangelo was paid in full. A second contract was created in March 2008, involving three separate areas of work for a total cost of \$224,000. First, D'Arcangelo would be paid \$98,000 to "update" the "prior risk assessment". This project was never completed and payment was not made. Second, the firm was tasked with performing "internal audits of Purchasing and Accounts Payable functions" for \$52,500. This work was completed in September 2008 and the School District made payments of \$26,500 in June 2008 and \$26,000 in October 2009.

Finally, the contract called for D'Arcangelo to audit "Human Resources and Payroll functions" including "benefits administration" at a cost of \$73,500. The School District made payments of \$18,375 in October 2009 and \$55,125 in February 2011, paying D'Arcangelo in full for the benefits review while continuing to tell the IG that it had not received the report until July 2011.

### *Teacher Overtime Policy and Payments*

The IG received anonymous complaints regarding overtime payments to YPS teachers and salaries paid to YPS retired teachers who have been re-hired as hourly employees while they collect New York State pensions. We found that the School District appears to be effectively enforcing its current teacher overtime policy. However, exceptions to the overtime policy allow for extra teacher earnings that in some cases significantly exceed the \$15,000 stated overtime cap. We concluded that all extra pay that is not part of a teacher's base salary should be counted towards the annual overtime cap. Furthermore, we found that the School District's stated rationales for how much to pay teachers for summer hours and weekend overtime are inconsistent and lack clarity.

Despite the \$15,000 annual cap on teacher overtime, publicly available records, such as those on Lohud.com, list higher amounts. For example, in calendar year 2008, published overtime figures for two of the teachers mentioned in one of the complaint letters were \$31,730 for "Teacher A" and \$21,472 for "Teacher B" (actual names withheld). The overtime figures for these teachers significantly exceeded the annual cap regardless of whether they were calculated based on a calendar year or the School District's fiscal year, which runs from July 1 to June 30. Additionally, other teachers also had overtime amounts that exceeded \$15,000.

We asked the School District to explain these figures. For weeks we sought a breakdown of overtime payments to these two teachers for one calendar year, and were provided with inconsistent and incomplete responses to our repeated requests. Only after we informed the School District that we intended to subpoena this basic information did it finally provide accurate and complete details of overtime payments for these two individuals. We continued to have difficulty obtaining additional relevant information from the School District, and ultimately had to issue a subpoena for other records we had repeatedly requested. The School District complied with that subpoena the same day, with the Superintendent telling News 12 that the failure to provide the information sooner was attributable to problems with "oversight on our [BOE] part."

Data from the School District showed that in 2008 Teacher A earned \$31,730 in what was publicly classified as "overtime" but that \$19,771 was earned during the summer, thus excluded from the overtime cap. Teacher A earned \$11,959 in overtime during the school year and therefore did not exceed the School District overtime cap. Similarly, Teacher B earned \$21,472 in 2008 "overtime"

according to public records. In this case, \$14,796 was earned in the summer and \$6,676 was earned during the school months, well under the overtime cap.

We asked School District officials why extra summer payments for teachers and administrators do not count towards their overtime cap but summer overtime for non-certificated personnel such as CSEA workers do count towards their overtime cap. We were told that “teachers and administrators work a 10 month school year and are salaried employees” and that they “are not employed by us for July and August as salaried employees, therefore they cannot be earning ‘overtime’ pay.” However, even though teachers are supposedly “not employed” in the summer “as salaried employees,” they are paid during the summer based on their annual salaries.

We also asked the School District why summer teachers were paid at the higher 1/200 per diem rate during the summer instead of the hourly rate specified in the contract. The School District provided an unsigned final draft copy of a 1991 agreement which includes a section entitled “extension of normal teaching duties”. This section states that “teachers who perform full time (6 hours) duties which are the same as their regular duties during the summer or other non-regularly scheduled teaching days shall be paid at the rate of 1/200 of their normal pay for each day worked.” Thus, for working a six-hour summer day, Teacher A would receive a per diem payment of \$581.51, rather than \$275.16 based on the hourly rate of \$45.86. Teacher A would thus earn approximately \$96.92 per hour, over twice the hourly summer rate in the contract.

The School District asserted that this 1991 agreement trumps the hourly rate set forth in the current teacher contract. It also wrote that “the YFT has been successful in two arbitrations defining weekend and summer work as being calculated at 1/200.” We asked for copies of these arbitration rulings and the School District ultimately provided one arbitration ruling that addressed payments “for social histories submitted by School Social Workers and for psychological evaluations submitted by School Psychologists.” However, the ruling did not address summer school teachers or the contract’s clear, specific language providing for hourly pay for teacher summer work. The ruling itself noted that “at issue in the instant case” was how much “the District pays for work product delivered, not for specific hours spent performing tasks assigned by the District.” The ruling did nothing to contradict the appearance that, based on the plain language of the contract, the School District has been expending significantly more funds for summer teachers than are specified in the contract at a time that it is also unsuccessfully asking teachers for a salary freeze.

We specifically recommended that:

- All extra pay that is not part of a teacher’s base salary, including payments for summer earnings and D1 Schedule work (for coaches of varsity athletics and intramural sports), should be counted towards the annual overtime cap.
- Summer teachers should be paid based on the hourly rate that is set forth in the teacher contract, or the contract should be amended to reflect any superseding payment agreement or arbitration ruling between the BOE and the YFT.
- The School District should adopt a clear policy that specifically addresses weekend payments.
- The School District should be more responsive when providing information to the IG. Answers to IG inquiries should be timely, accurate, and complete without the IG having to resort to issuing a subpoena for routine information requests.

Following our report, Superintendent Pierorazio issued public statements to the media and at a Board of Trustees meeting that were very critical of the report. He said, among other things, that “the IG was given numerous invitations to visit the BOE and directly discuss the overtime policy with staff. He declined because he did not have the staff or manpower to make these visitations.” This statement was untrue and particularly troublesome, as we had repeatedly requested information and meetings regarding overtime policy and had great difficulty receiving accurate and responsive records. For example, the IG wrote to the Superintendent in an email dated October 19, 2011, approximately two months before the release of the report:

“We continue to have major delays every time we ask for basic information from the School District....I know everyone is busy over there, but we can’t do our job if every request for basic information is going to take weeks and months for us to receive a response. I’d like to meet and discuss the problems we continue to have with receiving information from the School District.”

The Superintendent did not comply with this request for a meeting, and at no time did the IG ever turn down an opportunity to meet with him or anyone at the BOE regarding overtime policy or any other matter. Following the Superintendent’s public statements, we sent an email to him and the Board of Trustees requesting a meeting to address the inaccuracies in his public statements “and to discuss any questions or concerns that you and/or the Board have regarding our recent report or any other matter.” It is now over a month later and we have still not received any response.

### **Investigations into Allegations of Employee and Official Misconduct**

In 2011 we conducted several investigations into allegations of misconduct by government officials and employees. In addition to the reports mentioned previously, we worked with the District Attorney’s office to indict former Yonkers Public Library employee Margo Reed for Grand Larceny. Ms. Reed was arrested in December 2010 after an IG investigation revealed that she had stolen over \$150,000 in cash from the City over the course of several years. This case is now pending in Westchester County Court.

We also conducted an investigation into Department of Public Works (DPW) employees who were repeatedly picking up construction materials from a private construction company at a private residence with their City sanitation vehicle in return for money, in violation of the Yonkers City Code. Three DPW employees were observed on several occasions by an IG investigator and others backing their City sanitation truck into a private driveway and removing large construction items, such as bathtubs, toilet bowls, and concrete. The DPW employees were questioned under oath and admissions were made of picking up commercial garbage in violation of the City Code and receiving financial compensation in exchange from the residence owner, who also owns a construction company. DPW subsequently disciplined the employees involved, including removing them from their permanent route.

## **CBO Inspection and Review Program**

As part of the ongoing CBO Inspection and Review program, we issued two reports regarding CBOs Westhab and the YWCA, both of which received grant funding and loans from the City. In both of these reviews, we found that the City's grant funding and loans were accounted for and that there were adequate internal controls to safeguard the City funds. The scope of the Inspection and Review Program has unfortunately been reduced due to the Department's 2010 staffing cut.

## **Vendor Background Reviews**

We conducted forty-six vendor background screenings for proposed contracts with a total value in excess of \$25 million. In several instances, the screening process either resulted in the rejection of a contractor's bid or led to a mitigated arrangement, thus helping to protect the City from liability and undesirable vendors while strengthening compliance with public contracting laws. A couple of examples are listed below:

- Renovation of ball fields and other aspects of lower Fleming Field  
An investigation of a vendor revealed that it was a subsidiary of another company with recent litigation and significant judgments against it. The vendor failed to disclose this information in its VBQ. The vendor was subsequently disqualified.
- Renovation of bathrooms at the DPW Service Center  
A vendor was disqualified because our screening process revealed unsatisfied judgments from the New York State Tax Commission and Workers Compensation Board. The vendor failed to disclose these judgments in its VBQ.

## **Conclusion**

In 2012, the Department looks forward to working with the new Spano Administration, other government officials, and the public in order to safeguard taxpayer funds and to advance government that operates consistent with applicable laws and policies in an efficient and effective manner. We will be concluding our review of the YFT Welfare Fund, analyzing possible consolidation of the YPA with the City, starting a review of the Finance Department's cash receipts at the request of Mayor Spano, and updating our web site to allow for anonymous tips to be submitted electronically to the IG at [www.YonkersIGTips.com](http://www.YonkersIGTips.com).

We will continue to advocate for the City and School District to operate in a more transparent manner, to maintain better financial controls, and to seize opportunities for consolidation that would streamline government operations and save resources. In the next budget we will seek to restore our staffing level to that of the previous year's budget so that we can better monitor City and School Board administrative operations. We aim to save taxpayer dollars and promote government integrity through audits and reviews, vendor background screenings, examinations of City-funded Community Based Organizations, investigations into allegations of employee and official misconduct, and assistance in other matters of concern to government officials and the Yonkers community.