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DOI ISSUES PRELIMINARY REPORT ON INVESTIGATION INTO DELAYS AND COST OVERRUNS CONNECTED TO THE CITY'S EMERGENCY COMMUNICATIONS TRANSFORMATION PROGRAM ("ECTP")

MARK G. PETERS, Commissioner of the New York City Department of Investigation ("DOI"), has issued preliminary findings and recommendations on DOI's investigation into delays and cost overruns of the Emergency Communications Transformation Program ("ECTP"), which have been provided to the Mayor and his relevant senior staff. DOI's preliminary findings, attached to this release, include:

- ECTP struggled with vague lines of authority and ineffective governance;
- ECTP suffered from a lack of advanced planning with respect to specifications and objectives of the project, and
- ECTP failed to engage an independent integrity monitor to audit the progress and cost of the project.

As a result of these findings, DOI's recommends the City should:

- empower one individual to lead ECTP and make executive decisions;
- establish the specific scope of each ECTP component moving forward, making that plan flexible so it can adapt easily to necessary changes; and
- engage an integrity monitor to identify potential risks of fraud, corruption, waste, and mismanagement, oversee the rest of the implementation, and report to DOI its findings.

DOI Commissioner Mark G. Peters said, "ECTP has suffered from significant mismanagement which at times was nothing short of governmental malpractice. The good news is: We can fix this. Going forward, the City can correct these problems and our preliminary report recommends several initial steps that are necessary to begin that recovery."

A team of DOI investigators are currently reviewing hundreds of thousands of documents regarding contracts, progress reports, and other related records and conducting witness interviews, in addition to visiting the emergency call-taking and dispatching facilities in the Bronx and Brooklyn. DOI has not yet identified any overt illegal activity in connection with the delays and cost overruns; however, because DOI is still receiving documents regarding contractor invoices a conclusive review of ECTP's budget or billings has not been completed. Since this is the first of three reports DOI will issue on this investigation, the results of those reviews will be contained in our subsequent reports.

DOI is one of the oldest law-enforcement agencies in the country. The agency investigates and refers for prosecution City employees and contractors engaged in corrupt or fraudulent activities or unethical conduct. Investigations may involve any agency, officer, elected official or employee of the City, as well as those who do business with or receive benefits from the City.

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July 18, 2014

BY HAND DELIVERY

Mayor Bill de Blasio
The City of New York
City Hall
New York, New York 10007

Dear Mayor de Blasio:

You have asked the Department of Investigation ("DOI") to conduct an "independent review" of the significant delays and cost overruns associated with the Emergency Communications Transformation Program ("ECTP" or "the Program"). A thorough and comprehensive investigation of ECTP – a ten-year, multibillion-dollar project – is a significant undertaking, and will take some months to complete. However, you requested that we provide you with any preliminary findings we might have within sixty days of your original May 19 referral and prior to the City's re-starting the ECTP process. This letter meets that immediate request.[1]

Status of Investigation

DOI has made a wide range of document requests to City agencies involved in ECTP, including requests for copies of contracts, bids, progress reports, invoices, and budget documents. To date, the agencies have produced more than 80,000 documents, which a team of DOI investigators is currently reviewing. We are also in contact with major contractors involved in ECTP, and are in the process of collecting information from them. Additionally, we have conducted 20 interviews (most ranging from two to four hours) with individuals who have been involved in ECTP. Finally, we have made site visits to the emergency call-taking and dispatching facility located at Public Safety Answering Center ("PSAC") 1 in Brooklyn and PSAC 2, the emergency call-taking and dispatching center currently under construction in the Bronx. Over the

[1] We will provide you with an interim report summarizing the initial findings of our investigation by early fall, followed by a comprehensive final report thereafter.

next several months, we will continue to collect and review a significant volume of additional documents, as well as conduct a substantial number of additional interviews.

Preliminary Observations

At this early stage in our investigation, we have not yet identified any overt illegal activity in connection with the delays and cost overruns in ECTP; however, various City agencies are still in the process of producing contractor invoices to us and therefore we have not yet conducted an in-depth review of the Program's budget or billings. Once that process is complete, it is certainly possible that we will uncover illegal activity. The results of our review will be contained in our subsequent reports.

Despite the fact that we have found no overt examples of fraud or corruption, even at this early point in our investigation it is clear that there has been significant mismanagement of ECTP.[2] While it will take additional time to fully evaluate the scope of that mismanagement, at a minimum the following patterns and issues have become apparent: (1) ECTP struggled with insufficiently clear lines of authority and ineffective governance; (2) ECTP suffered from a lack of preliminary advanced planning with respect to Program specifications and objectives; and (3) ECTP does not have, nor has it ever had, an integrity monitor. Each of these points, along with recommended corrective actions, is discussed seriatim, below.

First, ECTP struggled with insufficiently clear lines of authority and ineffective governance. Specifically, the Department of Information Technology and Telecommunications ("DoITT") and the Mayor's Office of Citywide Emergency Communications ("OCEC"), which have both been tasked with Program management at various times, appear, in the past, to have lacked the decision-making authority to direct the Program and coordinate the stakeholder agencies. Indeed, in May 2009 – before OCEC was created – former ECTP quality assurance consultant Gartner, Inc. ("Gartner") wrote that Program stakeholders, which include the NYPD and FDNY, did not support DoITT's role as lead agency and "battle[d with DoITT] over approaches without a clear approach to making decisions." Gartner, *ECTP Planning Lessons Learned* at 6 (May 2009). Although we understand that OCEC was created, in part, to provide centralized leadership and governance to ECTP, our investigation to date indicates that stakeholders did not accept OCEC as an authoritative leader of the Program.

Ineffective leadership and governance appear to have been at least partially responsible for multiple inefficiencies in the Program. For example, the City has deviated from its original plan to build a single, unified computer-aided dispatch ("CAD") system for NYPD and FDNY, instead permitting each agency to develop their own individual CAD systems.[3] Similarly, the City has

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[2] As you know, Executive Order 16 requires that DOI consider not only "criminal activity," but also "misconduct and incompetence." Executive Order 16 § 1.

[3] A computer-aided dispatch system is a tool used by 911 call-takers and dispatchers to electronically enter and manage the information they receive in connection with a 911 call.

strayed from its plan to build a single physical network at PSAC 2 for both NYPD and FDNY, instead allowing the creation of separate networks for the two agencies.[4] As Winbourne Consulting highlighted in its May 2012 report, the existence of "duplicate technology systems" is one of the Program's significant challenges. Winbourne Consulting, LLC, *City of New York 911 Call Processing Review Final Report* at 13-14 (May 1, 2012).[5] Our investigation has yielded some evidence suggesting that NYPD and FDNY have historically resisted joint solutions that would require the agencies to share systems. Moreover, ECTP does not have the sort of formal, central decision-making authority needed to resolve disputes between NYPD and FDNY, even when such disputes undermine the overall objectives of the Program. And, as indicated above, OCEC failed to fulfill its role. Indeed, there were disputes between OCEC and the stakeholder agencies that were not adequately resolved.

Another example of ineffective leadership and governance has been the lack of participation at various times by the "Executive Sponsors" of the Program, including City Hall.[6] For example, in a series of monthly reports from at least July 2004 through 2006, Gartner repeatedly identified the "lack of executive sponsorship participation" as a high risk for the Program. *See* Gartner, *Executive Risk Report* (Dec. 1, 2006). Gartner stated that "a majority of City Hall meetings have been cancelled regularly since 6/05," and a July 2006 report reflects DoITT's confirmation that "All City Hall meetings have been cancelled eliminating formal communication between executive sponsor and the Program." Gartner, *Draft QA Risk Report* at 2-3 (July 14, 2006). Gartner noted that the lack of Executive Sponsor participation resulted in, among other things, "difficulty generating consensus," a "lack of buy-in" to a unified ECTP vision, and "agencies maintaining [a] hard-line on their current operational practices without a need to be flexible for the sake of a 'unified' [] vision." *Id.*

Second, ECTP has suffered from a lack of preliminary advanced planning with respect to Program specifications and objectives. Our investigation to date indicates that the scope and specifications of the Program were insufficiently defined. Indeed, in May 2009, Gartner wrote that "[t]he Program contains high level strategies only . . . so resulting lack of detail allows for a broad application of approaches that are largely governed at the lower levels of the organizations and are not necessarily aligned with primary objectives (function, scope, budget, etc.)." Gartner, *ECTP Planning Lessons Learned* at 5 (May 2009). Several of our interviews have strongly confirmed this concern. As a result, rather than defining the Program scope and specifications through advance planning, it was defined through a substantial number of task order amendments and change orders.

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[4] A network is an infrastructure that provides data transport capabilities for call-taking, dispatch, and other ECTP applications.

[5] The City engaged Winbourne Consulting in or around 2011 to perform an independent assessment of New York City's 911 call-taking and dispatch operations.

[6] The original Executive Sponsors of the Program were the Mayor's Office, the director of the Office of Management and Budget, and the respective Commissioners of the NYPD, FDNY, and DoITT. The OCEC Director and Commissioner of the Department of Design and Construction are now included in the Executive Sponsors.

The recently-discovered need to remediate multiple radio remote sites – purportedly unanticipated work that may cost millions of dollars and substantially delay completion of ECTP – appears to present one such example of inadequate Program planning. The scope of work to be done on the existing remote radio sites was not clearly defined in the original Northrop Grumman contract and Statement of Work. Though our inquiry into the remote site remediation work is by no means complete, preliminary evidence – including interviews with senior planning staff – suggests that there was insufficient inquiry and investigation as part of the original determination of project scope and during the course of the project into whether the remote sites would be ready for installation of radio network equipment. The failure to do such planning and/or coordination before work began created a strong risk that such work would require extensive corrections later.

Additionally, the process for implementing change orders, where actually required, may have further contributed to increased costs and project delays. For instance, with respect to the aforementioned radio remote sites, DOI has learned that it took several months to approve a change order allowing consultants to conduct site surveys necessary to evaluate the extent of the remediation work needed.

Third, ECTP does not have, nor has it ever had, an integrity monitor. Undertaking any City project with the size and scope of ECTP without an effective integrity monitor is wholly irresponsible and disregards well-established best practices. Although consultants have been engaged during the course of ECTP to provide various quality assurance services, these consultants have not provided integrity monitoring for the Program. An integrity monitor acts independently and identifies programmatic risks of fraud, corruption, waste, and mismanagement including by, among other things, conducting audits of invoices and payments. Quality assurance, by contrast, seeks to evaluate whether the product being developed meets specified requirements.

Had the City retained an integrity monitor at the outset of the Program, that monitor would have undertaken the task of reviewing invoices in real time and would have been able to determine, as the project progressed, whether any fraud or corruption in billing occurred. Instead, DOI is now forced to undertake a ten-year review post-hoc, after any damage may long have occurred and evidence spoliation set in. Additionally, an integrity monitor would have noted the project's failure to meet internal deadlines and budgets and allowed the City to address those problems as they occurred and not ten years into the project. Without such an independent integrity monitor, such warning signs went unheeded.

Recommendations

With those findings in mind, DOI strongly recommends that the following steps be taken before ECTP is resumed:

- *First*, one individual should be empowered by the Mayor to lead ECTP and to make executive decisions in connection with the Program. Going forward, the leader of ECTP must have the political mandate to make final decisions, the technological

savvy to ensure that the work is performed properly, and the management skills to bring all of the stakeholders together to work collaboratively.

- *Second*, Program objectives and the specific scope of each component of ECTP must be well defined and a written plan setting out the details of the final scope and specifications should be drafted and agreed upon by all stakeholders before further work is started. When changes are necessary, however, the Program must be equipped to adapt quickly and decisively.

- *Third*, it is imperative that an independent integrity monitor be engaged to see ECTP through its completion. DOI has selected and supervised such monitors for other projects and with appropriate resources can do so here.

We look forward to providing you with additional reports over the coming months. In the meantime, please do not hesitate to contact me with any questions.

Very truly yours,

Mark G. Peters
Commissioner

cc: First Deputy Mayor Anthony Shorris
Commissioner Anne Roest, DoITT
Commissioner William J. Bratton, NYPD
Commissioner Daniel A. Nigro, FDNY