



**NEW YORK CITY COUNCIL
COMMITTEE ON FIRE AND CRIMINAL JUSTICE SERVICES JOINTLY
WITH THE COMMITTEE ON PUBLIC SAFETY, COMMITTEE ON
TECHNOLOGY, COMMITTEE ON CONTRACTS AND COMMITTEE ON
OVERSIGHT AND INVESTIGATIONS**

**TESTIMONY OF MARK G. PETERS
COMMISSIONER, NEW YORK CITY DEPARTMENT OF INVESTIGATION**

**CONCERNING EXAMINING THE NEW YORK CITY DEPARTMENT OF
INVESTIGATION REPORT ON THE CITY'S PROGRAM TO OVERHAUL
THE 911 SYSTEM**

February 25, 2015

Good morning Chair Gentile and members of the Committee on Oversight and Investigations, Chair Crowley and members of the Committee on Fire and Criminal Justice Services, Chair Gibson and members of the Committee on Public Safety, Chair Vacca and members of the Committee on Technology, and Chair Rosenthal and members of the Committee on Contracts. I am Mark Peters, Commissioner of the New York City Department of Investigation. I am joined here today by Inspector General Andrew Brunsten and Inspector General Andrew Sein. I am pleased to present testimony today on DOI's Report on the City's program to overhaul the 911 system.

Last May, upon learning about significant delays and cost overruns, Mayor de Blasio ordered a halt to work on the City's Emergency Communications Transformation Program ("ECTP"), pending a comprehensive review by DOI, the Department of Information Technology and Telecommunications ("DoITT") and the New York City Comptroller's Office. Pursuant to the Mayor's request, DOI undertook our review of the system.

By way of background, the City launched ECTP in 2004 as an initiative to modernize New York City's 911 emergency communications system. Specifically, the effort to modernize the system came after the terrorist attacks of September 11, 2001, as well as the blackout that affected the Northeast United States in August 2003, revealed significant deficiencies in the 911 system.

In ordering the temporary halt of ECTP, Mayor de Blasio cited the program's costs and delays, as well as "significant and long-standing technical design, systems integration, and project management risks and issues that necessitate immediate corrective action."

As requested by the Mayor, DOI issued a preliminary investigatory report on August 6, 2014. Over the course of seven months in total, DOI reviewed tens of thousands of documents, including copies of contracts, bids, progress reports, invoices, budget documents, and electronic communications. DOI conducted more than 50 interviews with individuals involved with ECTP, conducted site visits and analyzed financial records related to the project's budget. The conclusion of this investigation has culminated in our final report which was released on February 6, 2015. Our report documents a number of management, oversight, and performance failures which caused the program to be years behind schedule and hundreds of millions of dollars over its original budget. As a result, the program to date has yet to fully deliver on its promise of a modernized 911 system that will more effectively respond to the health and safety needs of New Yorkers.

Specifically, DOI has identified a variety of management failures, internal control weaknesses, and contractor performance deficiencies that, between 2004 and 2013, created the conditions for the substantial delays and rising costs which have plagued the Program.

While no evidence of overt criminal conduct was discovered, DOI did identify inadequate Program controls permitting inflated price estimates by contractors, as well as attempts to hide the significance of problems facing the Program. For instance, with

respect to inflated price estimates by contractors, the sheer amount of sub-contractors involved in the program resulted in inflated price estimates of as much as 600 percent on a specific service. Ultimately, the project will be more than \$700 million over budget.

In addition, our investigation reveals that, as late as the end of 2013, senior program officials created an environment that discouraged truthfulness – seeking to “spin,” “soften” or “sanitize” negative information about the program in reports to create the impression that ECTP’s status was better than it actually was. We also found more than \$200 million in costs that were hidden in the budgets of other agencies and thus not reflected in ECTP’s total overruns. Our report detailed the Program’s deficiencies as follows

First: a fundamental failure to adequately plan or sufficiently define the initial scope and direction of the Program;

Second: ineffective Program governance, both by officials at City Hall and at various agencies;

Third: inadequate contractor management, resulting in a failure to control consultant costs;

Fourth: undue pressure applied by Program officials upon employees to report positive information about the status of ECTP to City Hall;

Fifth: the failure to appoint an independent integrity monitor;

Sixth: a failure to present a clear picture of the Program’s total costs; and

Seventh: inconsistent recordkeeping practices at agencies involved in ECTP, including the NYPD, which did not have a document retention policy for Program records.

In order to mitigate the risks of similar management failures and internal weaknesses in the context of ECTP and other large-scale technology projects, DOI made the following recommendations—

First: ECTP’s scope and direction going forward must be well-defined in a written plan that should be drafted and agreed upon by all stakeholders.

Second: The City must appoint a Program Manager empowered by the Mayor to lead large-scale technology projects such as ECTP.

Third: Where possible, the City should establish direct contractual relationships with vendors and avoid layers of subcontracting. The City should also seek to avoid ceding complete responsibility over projects to outside contractors.

Fourth: The City should set forth written criteria for any reporting of ratings or metrics intended to measure the progress of the Program or particular projects.

Reporting should not take so much time and effort as to significantly detract from staff's ability to perform substantive Program work.

Fifth: The City should retain an independent integrity monitor for large scale technology projects.

Sixth: The City should account for all costs relating to large-scale technology programs like ECTP as costs of the program.

Seventh: The City should implement standardized recordkeeping practices on large scale, multi-agency technology projects. Agencies, including the NYPD, should create a document retention policy for ECTP and future large scale technology projects.

As noted in our report, the City has already made real progress on several of these recommendations. In the first instance, DoITT has begun efforts to analyze and redefine ECTP's scope. In response to our recommendation that there be a Program Manager, empowered by the Mayor, to run a program such as ECTP, the City has appointed DoITT Commissioner Anne Roest, who has recently taken significant steps to centralize the process. As to ECTP, the City has begun steps to reduce sub-contractor involvement, including the removal of a number of consultants. The City has taken some preliminary steps to simplify the process around the reporting of ratings or metrics intended to measure program performance. Finally, the City has committed to install an integrity monitor for ECTP. The process for appointing an integrity monitor is underway, and we are working closely with Commissioner Roest to complete that process as expeditiously as possible.

DOI's final report, which spans 105 pages, contains a wealth of additional detail that I will not repeat here, but commend it to the Committees as important reading.

DOI stands ready to assist agency heads and the Mayor as they navigate the completion of this important project.

I am happy to take any questions you may have at this time.