

Inspectors General in Mid-Sized Cities— The Yonkers, New York, Experience

By Phillip Zisman

In the wake of embarrassing financial and ethics scandals that have rocked municipal governments, many elected officials are seeking ways to restore the public trust. One idea that is increasingly being considered is the creation of inspectors general offices. According to the Association of Inspectors General,¹ interest in the IG concept is on the rise, as local officials try to ensure greater accountability and integrity within their governments.



In the United States, the IG concept can be traced back to George Washington and the Continental Congress.² It was not until 1978, however, when Congress passed the Inspector General Act³ that the modern concept of the IG began to take hold. In an effort to fight corruption and improve accountability, the IG Act created independent offices of inspectors general in twelve federal agencies. The major innovations of the IG Act included joining together in a single office investigative and audit functions, and authorizing the IG to monitor and review virtually every aspect of his or her agency's operations.

Deemed a successful and necessary reform, the IG concept spread throughout the federal government, to state and large municipal governments, and to public authorities around the country. Now, mid-size municipalities are beginning to consider adopting an IG function.⁴ In light of this increasing interest, this article provides an overview of the development of the Yonkers, New York, Inspector General's Office, which was one of the first mid-size cities to appoint an IG.

The origins of the Yonkers Inspector General can be traced back to a long and bitter dispute that took place during the mid-1990s between the city council and the mayor over the separation of powers. As part of its ongoing efforts to exert control over the mayor, the council passed legislation creating a council-appointed, city auditor position with broad investigative powers. The mayor vetoed the legislation and the council overrode his veto. The mayor then sued to stop the legislation as an unlawful curtail-

ment of his executive powers.⁵ In the interim, the mayor appointed his own auditor, who became something of a grand inquisitor, boasting that he was working with state and federal officials on major investigations involving widespread corruption throughout the government. (The auditor was ultimately discredited and his claims were never substantiated.)

The feud between the council and mayor and the controversy over the city auditor was not resolved until the following mayoral election, when the city council president defeated his political rival, the incumbent mayor. The new mayor proposed creating an inspector general's office out of the city-auditor position. With unanimous support of the city council, legislation creating the Department of Inspector General was adopted and was included in a comprehensive Charter reform that was approved by the voters in 1995.⁶ Funding for the office was first provided in 1998.

Based on the federal model, the newly created Yonkers Inspector General was granted broad powers to conduct investigations and audits into all aspects of municipal government, with a traditional focus on promoting economy, efficiency and effectiveness in government while detecting and preventing fraud, waste and abuse.⁷

As the city's first Inspector General,⁸ my immediate task was to create a vision for the office and establish achievable goals and objectives. From the outset, I wanted to gain acceptance for the office and integrate the IG function into overall government operations. This was particularly important because some city officials and employees initially viewed the IG with skepticism. They believed that the discredited former city auditor had done serious damage to the government and their own reputations by making specious allegations of widespread city corruption. They were concerned that an overzealous IG might further undermine their credibility and overshadow their accomplishments.

One of my first chances to publicly address these concerns was during my confirmation hearing before the city council. I agreed that the former city auditor had been a destructive force within government, and made clear that the focus of my office would be on the audit and review process, and not on criminal investigations. In my view, based on my previous

experience as the city's corporation counsel, Yonkers was not in pressing need of yet another level of law enforcement with jurisdiction to conduct public corruption investigations.⁹ However, the city's need for an internal audit function was dramatic. In many instances, departmental procedures were antiquated and inefficient, and operations had never been subject to an external review or evaluation. Thus, there was little objective information on how effective the city government was in delivering municipal services.

If the Inspector General were to be successful, I believed that the office should not be seen as an arm of law enforcement bent on developing criminal prosecutions. Criminal matters could be referred to an appropriate law enforcement agency.¹⁰ Instead, I wanted to build an office that was dedicated to assisting operating personnel to do a better job, and that provided guidance to city officials and employees to ensure that the decisions they made were lawful, ethical and furthered the public interest. To demonstrate these objectives, in our earliest projects, such as a review of departmental cash controls, we concentrated on assisting administrators in developing policies and procedures with the necessary internal controls to minimize opportunities for fraud and mismanagement in the handling of cash receipts.

In keeping with our focus on auditing municipal operations, the daily work of our office¹¹ now evolves around two core audit functions: 1) conducting performance reviews of governmental operations, and 2) monitoring the procurement process and auditing municipal contracts.

Over the past six years, we have conducted audit and review work in almost every governmental department. In some instances we have conducted performance reviews of entire city departments, including the building department, the assessment department, the clerk's offices, and the parking violations bureau. In the larger departments such as police, fire and public works, we have monitored specific aspects of their operations, including payroll, procurement, and overtime. We have also completed a number of comprehensive reviews of administrative functions of the Yonkers Public Schools,¹² including a review of the food services program, the fixed asset inventory system, and the teacher/administrator hiring process. During our reviews we work closely with commissioners and agency heads, as our mission is to help them improve the administration of their offices.

With respect to municipal contracts, our objective is to ensure the integrity of the city's contracting process, and to see that city administrators appropriately supervise their contracts. We conduct background checks on all competitively bid contracts that

exceed \$100,000. Utilizing vendor background questionnaires of low bidders, we focus on integrity, safety history, financial stability and quality of performance. We also conduct investigations into alleged violations of state and local bidding laws.

In our contract audits, which cover all facets of municipal contracting, we seek to determine whether the city's payments to vendors are consistent with the contract terms, and whether the vendor has appropriately performed under the contract. In one such review we discovered an extensive fraud perpetrated by an employee of the city's workers' compensation third-party administrator. Our contract reviews have led to significant reforms in the manner in which the city and board of education administer their contracts and oversee their vendors.

Although the office's focus and our general area of expertise is on auditing, when required we also conduct traditional IG investigations into such matters as employee misconduct and conflicts of interest. Despite our attempt to provide comprehensive IG services, nonetheless, some have criticized us for not doing enough, or being little more than a management consultant, and not the strong public watchdog who ferrets out mismanagement and abusive practices. Indeed, recently the local newspaper criticized our office for alleged nonfeasance in addressing a failure of some public officials to file personal financial disclosure forms.¹³

Although I believe the newspaper's criticism to be unjustified, it underlies perhaps the most difficult challenge facing an IG in a mid-size city where it is generally possible to have a professional relationship with every city administrator. By focusing on performance auditing, we have, by design, committed the office to working closely with the city administration. This relationship, however, raises the question of how we balance working within the government to promote economy and efficiency, and yet at the same time maintain independence so that we can also hold the government accountable for its shortcomings?

For the course that I have charted for the Yonkers IG, there is no easy answer to that question. Taking too strident a stance on exposing alleged government abuse, no matter how insignificant, would invariably lead to the office's ostracism within the city's administration, which would in turn limit our access and effectiveness. However, taking too passive an approach to disclosing mismanagement in the administration would have the same negative effect, because the office would lose its credibility and be subject to the claim that we have ignored public corruption.

Ultimately, I believe that the effectiveness of our office—and whether we have struck the appropriate balance between our watchdog and consultant roles—can only be measured by an evaluation of the work that we have performed, and the impact it has had on improving the government’s administration.

My experience in Yonkers has led me to believe that there is no generic inspector general’s office that will work for every municipality. As other mid-size cities officials consider IG offices of their own, they should give careful thought to the structure and function of those offices, and establish goals and objectives that are carefully tailored to meet the specific needs of their communities. In Yonkers, the auditing function has given our office an important structure that also provides the city with a long-neglected but important element of government oversight and administration.

Endnotes

1. The Association of Inspectors General is an umbrella organization of IGs that was created in 1995. The Association has developed standards for inspectors general, model legislation for establishing an IG office, and also conducts intensive training and certification of inspectors general and their staff. For more information see <http://www.inspectorsgeneral.org>.
2. See Paul C. Light, *Monitoring Government: Inspectors General and the Search for Accountability* (The Brookings Institute 1993).
3. The Inspector General Act of 1978, as amended, 5 U.S.C. App. (1982).
4. For example, Albuquerque, New Mexico is currently considering the creation of an IG office.
5. See Municipal Home Rule Law § 23(2)(f) (A local law must be subject to mandatory referendum if it abolishes, transfers or curtails any power of an elective officer.).
6. See Yonkers City Charter §§ C7-1-3.
7. *Id.*
8. The Yonkers IG is appointed by the mayor subject to the advice and consent of the city council. The IG serves a five-year term and can only be dismissed upon the consent of the mayor and a supermajority of the Council. The IG conducts reviews and investigations as requested by the mayor, city council and as determined by the IG. *Id.* § C7-2.
9. Although historically Yonkers has had its share of municipal scandals, there are numerous law enforcement agencies, including the District Attorney, U.S. Attorney, FBI, state Attorney General and the state Organized Crime Task Force, with overlapping jurisdiction to conduct public corruption investigations.
10. Over the years we have referred matters to both the Yonkers Police Department and the Westchester County DA regarding employee theft and contractor fraud.
11. In addition to myself, the Office’s staff members include two accountants with auditing experience and an administrative assistant.
12. In 2000, the Yonkers Board of Education designated the city’s inspector general as the inspector general for the Yonkers Public Schools.
13. See The Journal News, August 16, 2004, editorial.

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